



ADVISORY BOARD MEETING

<u>Board Member</u>	<u>Alternate</u>	<u>Board Member</u>	<u>Alternate</u>
David Morritt	Lyndon Barnes	Donald Milner	S. Bruce Blain
Robert Love	Kate Menear	Gordon Goodman	John Birch
Mike Swartz	Paul Wilson	Ken Crofoot	Eugene Cipparone
Julia Holland	James C. Tory	Laurence Detière	Melanie Koszegi
William Scott	David E. Woollcombe	Margaret McNee	Christopher Garrah

Tuesday, June 22, 2021 at 8:45 a.m.
 Goodmans LLP
 34th Floor, Bay Adelaide Centre, West Tower
 333 Bay Street
 Toronto, Ontario

ZOOM login information: Advisory Board of CLLAS

To join meeting using a computer:

<https://us02web.zoom.us/j/85795327632?pwd=aWFqOEVDdVBvaGxObUh3K2tUVDNKUT09>

Meeting ID: 857 9532 7632

Meeting Password: 188909

To join meeting by phone:

+1 647 558 0588 Canada

Meeting ID: 857 9532 7632

Meeting Password: 188909

AGENDA

	<u>Responsibility</u>	<u>Est. Time</u>	<u>Tab</u>
1. Constitution of Meeting	Ken Crofoot		
2. Appointment of Secretary	Ken Crofoot		
3. Approval of the Minutes of February 23, 2021 Meeting	Ken Crofoot	5 mins	3.0

Proposed Resolution: To approve the minutes.



	<u>Responsibility</u>	<u>Est. Time</u>	<u>Tab</u>
4. Business Arising Out of the Minutes	Ken Crofoot		
5. Comments of the Chair	Ken Crofoot	5 mins	
6. Pro-Form Insurance Services – Excess Insurance Renewal	Bob Wilson Scott Belton	15 mins	To Follow
7. Reinsurance Renewal	Ryan Durrell	45 mins	
7.1 Status of Reinsurance Renewal			7.1
7.2 Surplus Position and Impact on 2021/22 Premium			
<i>Proposed Resolution: To approve the 2021/22 rates, including premium credit as appropriate</i>			
8. Report of the General Manager's Office	Patrick Mahoney	15 mins	
8.1 Management Financial Statements – March 31, 2021			8.1
8.2 Surplus Policy Review and Recommendations - change in Alberta Regulator's approach			8.2
8.3 CLLAS 2021 Business Plan			8.3
9. Committee Reports		20 mins	
9.1 Audit Committee	Gordon Goodman		
9.2 Claims Committee	Bill Scott		9.2
9.3 Risk Management Committee	Julia Holland		
9.4 Policy Committee	Donald Milner		
10. Other Business			
10.1 Quarterly Report of the Investment Manager	Patrick Mahoney	5 mins	10.1
10.2 Updated Committee Membership	Ken Crofoot	5 mins	10.2
11. Next Meeting – September 14, 2021 at 8:30 a.m.			

Anticipated Adjournment Time: 10:45 a.m.

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

Minutes of a Meeting of the Advisory Board

8:30 a.m.

Goodmans LLP (via videoconference)

Tuesday, February 23, 2021

Present:

Ken Crofoot (Chair)	Goodmans LLP
Laurence Detière	Davies Ward Phillips & Vineberg LLP
Robert Love	Borden Ladner Gervais LLP
Gordon Goodman	Cassels Brock & Blackwell LLP
Donald Milner	Fasken Martineau DuMoulin LLP
Bill Scott	McCarthy Tétrault LLP
Margaret McNee	McMillan LLP
David Morritt	Osler, Hoskin & Harcourt LLP
Julia Holland	Torys LLP
Mike Swartz	WeirFoulds LLP
Patrick Mahoney	Office of the General Manager, CLLAS
Norma Ibbetson	Office of the General Manager, CLLAS
Ryan Durrell	Axxima

Absent:

1. Constitution of Meeting

The Chair brought the meeting to order.

2. Appointment of Secretary

Norma Ibbetson acted as Secretary.

3. Approval of Minutes of the December 8, 2020 Meeting of the Advisory Board

It was moved by Gordon Goodman and seconded by Robert Love that the minutes of the December 8, 2020 meeting of the Advisory Board be approved as amended. The motion was carried unanimously.

4. Business Arising Out of the Minutes

All business arising out of the minutes will be dealt with elsewhere in the agenda.

5. Comments of the Chair

No additional comments under the Comments from the Chair that will not be covered under other agenda items.

6. Market Update and Reinsurance Renewal Planning

Ryan Durrell updated the Board with respect to renewal planning for July 1, 2021.

Renewal timelines have moved up slightly from last year in an effort to get the submission into the marketplace earlier this year. All firms were reminded to please complete their renewal applications as early as possible.

As previously discussed, Allianz announced its intention to withdraw from the professional liability line of business. CLLAS will need to replace Alliance's 12.5% participation on the primary layer. We are preparing for the upcoming renewal by seeking early indications of support from the markets. To date we have not had any concerning responses.

We should expect continued upwards pressure on reinsurance premium. We are hopeful that we will be able to place the additional \$50 million layer this year as markets are now aware of it and will be able to build it into their 2021 business plans. CLLAS has requested terms for the additional layer for July 1st and this has been communicated to all syndicates.

Meetings will take place virtually again this year.

Cyber Insurance

The renewal of the cyber program will be difficult this year. The loss ratio in the Canadian marketplace is in the range of 130%. More strenuous underwriting is expected and premiums are expected to increase. CLLAS is well positioned as a group. Material from the recent cyber risk management webinar will be posted on the CLLAS site shortly. The renewal for all policies is October 1, 2021. We have heard of some programs experiencing a 400% increase in their cyber premiums this year. We are starting the CLLAS firm renewals early in an effort to mitigate the premium increases and will consider restructuring the program depending on how the market responds.

7. Report of the General Manager's Office

Financial Statements for the Period Ending December 31, 2020

Patrick Mahoney presented CLLAS' financial management report as at December 31, 2020.

CLLAS experienced an underwriting loss (i.e. premiums minus claims and expenses) of \$1.7 million in the fourth quarter. The total comprehensive loss (i.e. after taking into account realized and unrealized gains/losses on the investment portfolio) is about the same, leading to a total comprehensive loss for

the full year of just under \$1.2 million. The main reason for the loss is the emergence of two claims in CLLAS' drop-down layer in the latter part of the year. Also, the drop in interest rates has lowered CLLAS' discount rate which puts upward pressure on the actuarial reserves. CLLAS' surplus at December 31, 2020 stood at just over \$12.4 million. The Budget Variance shows that expenses finished the year about \$160,000, or 7.7% under budget.

Most of CLLAS' risk metrics are within its risk limits as shown on Exhibit V. Mr. Mahoney discussed those that exceed CLLAS' risk targets. Will address business continuity plan at the September 2021 meeting.

IFRS update

Mr. Mahoney advised that implementation of IFRS 17 was suspended for 2020 the International Accounting Standards Board delayed implementation of IFRS to January 2023 but implementation remains on track. The plan is to run parallel accounting statements starting in 2022. Management will prepare mock up financial statements on the new basis for an education session with the Audit Committee mid-year. It is likely that at the September Board meeting, the Board will have to make some decisions related to the implementation of IFRS 17.

Presentation of the Actuary to the Audit Committee

CLLAS' actuary, Julie-Linda Laforce presented the results of the 2020 valuation to the Audit Committee at a meeting held on February 11, 2021. The actuary's presentation was included in the Board material as an information item and the full valuation report will be posted to the website. The presentation highlights among other things, the development of incurred losses.

2021 Operating Budget

Mr. Mahoney presented the proposed operating budget for 2021. The budget letter addresses expenses incurred in 2020 and the budget being proposed for 2021. We continue to budget conservatively as reflected by finishing 2020 under budget by \$160,000. Premium taxes came in over budget due to accounting treatment of a premium deficient, i.e. this is a timing issue only. The Risk Management/Loss Prevention line item had been set to include a 50% reimbursement to firms of the risk management audits being done in 2020. Although not yet reimbursed this expense has been accrued.

Specific to the Axxima fees, the proposal is a small decrease for Axxima management fees (fixed fee) and in the budget lines proposed for Axxima professional fees (fee for service). Mr. Mahoney drew the Board's attention to the offset in the CLLAS budget for commissions that Axxima receives on the CLLAS Cyber and Associate Firm programs. Further, if the CLLAS Associate firm program is profitable, profit sharing amounts will be received from the insurers, and these amounts are also applied against the CLLAS budget. Details are included in the budget letter.

It was moved by Don Milner and seconded by Robert Love that the 2021 budget be approved. The motion was carried unanimously.

Confirmation of Surplus Policy

As part of the Own Risk and Insolvency Assessment (ORSA) process, the Board reconfirmed the internal surplus target of a Minimum Capital Test (MCT) ratio of 210%. The Surplus Policy, which is unchanged as a result, is to be reviewed by the Board. Of note the Alberta Regulator confirmed that they will not longer require reciprocals to monitor its MCT ratio. This raises the question as to whether CLLAS' Surplus Policy should be amended and Mr. Mahoney will report back to the June meeting on this issue.

It was moved by Margaret McNee and seconded by Michael Swartz that the Surplus Policy be re-confirmed as presented. The motion was carried unanimously.

8. Committee Reports

Report of the Audit Committee

Gordon Goodman reported on behalf of the Audit Committee.

The year-end meeting with CLLAS' auditor and actuary took place on February 11, 2021. An unqualified audit opinion was issued. Elaine Hultzer, who had served as audit partner in the past, is returning to that role for Deloitte. The Audit Committee had an opportunity to meet with the auditor without management. Nothing of note came out of that meeting. Copies of the Audit Findings Report and the Audited Financial Statements were included in the Board meeting material.

It was moved by Margaret McNee and seconded by David Morritt that the Financial Statements at December 31, 2020 be adopted. The motion was carried unanimously.

The P&C1 regulatory filing will be signed and filed after today's meeting.

Report of the Claims Committee

Bill Scott reported to the Board. While there are a number of claims being monitored closely, there is one file being actively monitored by the General Manager's office which relates to the issue of privilege. The Committee meets quarterly to review active files and met most recently in early January 2021.

Report of the Risk Management Committee

Julia Holland reported to the Board. In conjunction with the cyber insurer CLLAS is setting up a series of four webinars specific to cyber risks for the CLLAS firms. The first one took place February 17, 2021. The material is available on the CLLAS website.

Audit reports are expected to be delivered to the firms this Spring. The delay is primarily a result of the volume of information that has been collected and determining how to best present it. If there are trends that the firms have in common a presentation to the Board by Mr. Walker may be arranged.

Report of the Policy Committee

There was no report of the Policy Committee.

9. Other Business

Quarterly Report of the Investment Manager at December 31, 2020

This is an information item for the Board.

Associate Firm Initiative

Management continues to have discussions with potential new firms as the opportunity arises and a meeting with one prospect is set to take place on February 19, 2021.

Five-year Underwriting Period Renewal

The Chair reminded Board members that next year (June 30, 2022) is the end of the current five-year underwriting period. He asked Board members to communicate back to him or the Board if they have any feedback from within their firm.

There was no further business.

10. Next Meeting

The next regularly scheduled meeting of the Board will be on June 22, 2021.

There being no further business, the meeting was terminated.

Chairman

Secretary



PRIVATE AND CONFIDENTIAL

Date: June 14, 2021

To:	David Morritt Robert Love Mike Swartz Julia Holland William Scott	Donald Milner Gordon Goodman Ken Crofoot Laurence Detière Margaret McNee
------------	---	--

From: Patrick Mahoney, Ryan Durrell, and Christopher Marley

Re: Report on the CLLAS Reinsurance Renewal Placement for July 1, 2021

The purpose of this report is to provide the CLLAS Board with information on the reinsurance placement for the policy year commencing July 1, 2021.

CLLAS Renewal Objectives

The CLLAS renewal objectives for the period July 1, 2021/2022 are as follows:

- Obtaining the best renewal terms possible given current (re)insurance market conditions;
- Attract new markets;
- Maintain and enhance existing reinsurer relationships; and
- Continue to evaluate ability to distribute surplus to members through premium credits.

CLLAS Renewal Negotiations

We are presently entering the last year of the current five-year underwriting period.

Last year, we faced the headwinds of a hardening reinsurance market and continued to fight hard to resist pressure for significant rate increases. The market this year remains challenging. Despite some easing in the availability of capacity, the upward pressure on rates has not significantly subsided. COVID-19 has resulted in significant losses in specific market segments such as business interruption and contingency business but has not yet translated into losses across other lines of business like markets had initially feared. That said, there is apprehension about losses emerging down the road as a result of macro-economic deterioration, with negative impacts of the cessation of stimulus packages being among the cited concerns.

On the positive side, CLLAS' loss development and loss emergence over the past 12 months have been relatively benign. Although some markets are not quick to forget the significant incurred losses reported in 2019, another year of relative stability was the highlight of our "business as usual" theme during renewal presentations.



Ken Crofoot, Julia Holland, Patrick Mahoney, Ryan Durrell and Christopher Marley adapted again this year to the pandemic by delivering a pre-recorded presentation for underwriters, followed by Microsoft Teams-based meetings with key/lead markets in the reinsurance program. While the team continues to hone its video presentation skills, it is hoped we will be able to return to the more effective in-person meetings next year.

Julia and Ken provided significant comfort to underwriters on a variety of issues, including the Canadian legal marketplace, work from home experiences and risk management. These messages were very well received by underwriters, who took a keen interest in the firms' experiences, in particular zeroing in on the risk management benchmarking work being done by CLLAS. Other topics that seemed to surface in almost every meeting were:

1. The implementation of a standardized Cyber clause. This is a Lloyd's initiative following a recommendation by its regulator to ensure that insurance and reinsurance policies are clear about cyber coverage. The clause essentially states that cyber-related claims arising from "cyber incidents", e.g. the inadvertent disclosure of confidential nature over the internet, would be covered but "cyber acts", e.g. claims arising out the malicious acts of a third party, such as ransomware, would not be covered. The markets believe that "cyber acts" should be covered under a cyber policy. CLLAS' policy has been affirmative about coverage for both cyber incidents and cyber acts. We are pushing back on this, but some of our key markets contributed to the development of the standardized wording language, and they will likely insist on using it.
2. The SNC-Lavalin court ruling related to pyrrhotite, on which the Supreme Court of Canada denied leave to appeal in May. The ruling resulted in policy interpretations by the Quebec Court of Appeal which had a direct impact on several syndicates on the reinsurance program and piqued the interest of a number of others. The markets expressed concern that CLLAS' Quebec exposure might be negatively impacted by the ruling. For at least one market, the ruling has resulted in a management directive to stop writing Quebec risks entirely. We have been working hard with the underwriter from this market to allay management's fears and ensure they will not apply that edict to their involvement with CLLAS.

Based on CLLAS' internal actuarial rating work (which is used to assess CLLAS' cost for retained risk), current reinsurance rates are approximately 55% of the discounted expected loss costs. Underwriters may be in a position to be more aggressive with their actuarial analysis due to their ability to spread risk across multiple markets and lines of business, but the gulf between the rates and expected loss costs is wide enough that we could not reasonably expect to achieve a flat renewal, especially in current market conditions.

Our renewal submission proposed reinsurance rate increases by layer as follows:

CLLAS Primary (\$49MM xs \$1MM):	+10.0%
CLLAS Optional Excess (\$10MM-\$60MM xs \$160MM):	+20.0%
CLLAS Umbrella (\$30MM xs min\$65MM):	+10.0%

As of the date of this memo, we have had some support for the Primary and Optional Excess terms from the lead markets, but the lead market for the Umbrella layer is pushing for a 20% increase. The overall cost of the Optional Excess and Umbrella layers is minor in comparison to the Primary layer. The expiring CLLAS Primary rates for non-Quebec lawyers are presently eight times that of the Optional Excess and Umbrella layers combined. Larger increases the excess layers will have a minimal impact in the overall cost experienced by firms.

While the lead terms, as outlined above, seem encouraging overall, our immediate challenge is to gather sufficient support for the various layers in order to maintain CLLAS' current reinsurance structure. In addition, Allianz has exited



the market for Professional Liability, and so that 12.5% participation needs to be replaced by new capacity, or Colchester.

We are also working again to give firms an option for an Optional Excess Umbrella Layer, which would provide access to and additional \$50MM in limits for firms wishing to extend their total limits to \$300,000,000. We have thus far received some initial support, but again, capacity is hard to attract in the current marketplace, and it is not a given that we will be able to complete this placement for July 1, 2021.

An up-to-date report on the renewal will be provided at the Board meeting.

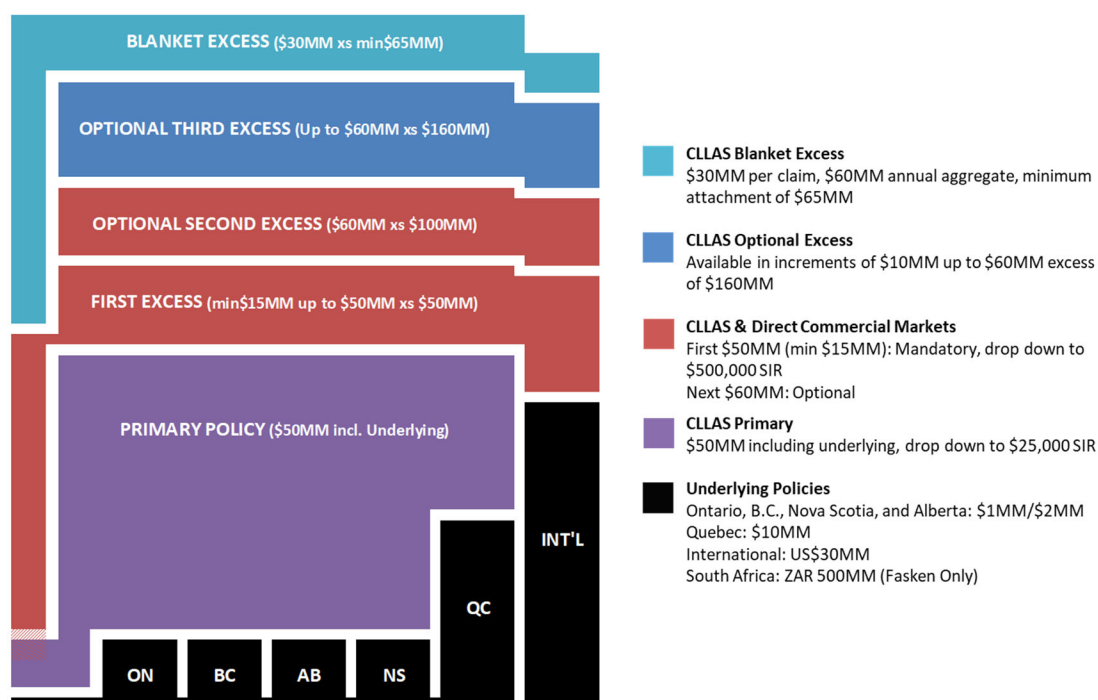
CLLAS Insurance Structure

CLLAS currently offers a \$50,000,000 primary policy, of which it retains only the drop-down exposure between \$25,000 and \$1,000,000 where underlying policies do not respond.

Beginning in 2017/2018, CLLAS began participating in the direct commercial market layers between \$50,000,000 and \$160,000,000. CLLAS provides 5% of those layers, and fully reinsures this exposure.

Above the commercial market layers are CLLAS' optional excess and blanket excess layers, which provide up to \$60,000,000 optionally before the blanket excess layer, which provides \$30,000,000 per claim with a \$60,000,000 aggregate. Again, these layers are fully reinsured.

Presently, the CLLAS insurance structure offers limits of up to \$250,000,000, as follows:



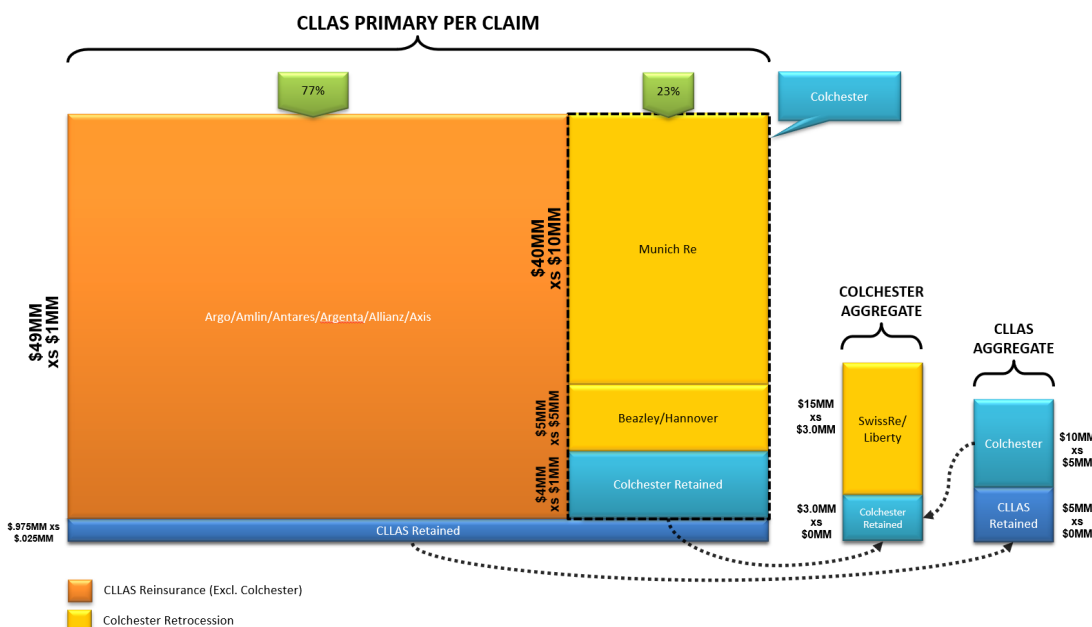


The current policies and limits issued by CLLAS are described in more detail below:

1. CLLAS Primary Policy of \$50M – A Primary Policy of \$50,000,000 each and every claim and in the annual aggregate, including costs, charges and expenses, inclusive of the minimum mandatory coverage provided by the applicable law society professional liability insurance program or by the professional liability insurance program of the governing body of a self-regulatory profession other than law and/or other applicable insurance and/or \$25,000 per claim self-insured retention. The rate for lawyers in Quebec is lower in this layer because of the higher underlying limit provided by Barreau du Quebec.
2. CLLAS First Excess Policy of Up to \$50M Excess of \$50M – CLLAS has a 5% participation on the First Excess Policy of up to \$50M excess of the CLLAS Primary \$50M and/or other specific underlying insurance arranged by certain CLLAS member firms for their offices in the U.S. and/or other international locations.
3. CLLAS Optional Second Excess Policy of Up to \$60M Excess of \$100M – CLLAS has a 5% participation on the Second Excess Policy of up to \$60M excess of \$100M. This policy follows the CLLAS First Excess Policy.
4. CLLAS Optional Third Excess Policy of Up to \$60M excess of \$160M – This is an existing layer issued 100% by CLLAS of up to \$60M excess of \$160M. This policy follows the First Excess and Optional Second Excess Policies.
5. CLLAS Blanket Excess Policy of \$30M per claim/\$60M aggregate – This policy is shared by all CLLAS member firms. This policy follows the CLLAS First Excess Policy (\$15M excess of \$50M must be purchased at a minimum) and also follows the Optional Second and Third Excess Policies, where purchased.

CLLAS Reinsurance Structure

The proposed reinsurance structure for the primary policy is unchanged from the expiring structure, depicted below:





The current reinsurance program is described in more detail below:

- a) Primary Policy Reinsurance: \$49MM excess of \$1MM – 100% reinsured.
 - 77% of this layer is proportionally reinsured with Lloyd's and other reinsurers.
 - 23% is reinsured with Colchester. Colchester's involvement is then layered and retroceded to various markets. A portion of Colchester's participation which is not transferred to other markets is retained by Colchester. Colchester also purchases stop-loss cover to manage its retained exposure.
 - CLLAS retains the entire drop-down exposure below \$1M.
 - Note: The 77%/23% split referred to above may change as this year's placement is finalized.
- b) First Excess Policy Reinsurance: Up to \$50MM excess of \$50MM – The 5% participation by CLLAS is fully reinsured.
- c) Second Excess Policy Reinsurance: Up to \$60MM Excess of \$100MM – The 5% participation by CLLAS is fully reinsured.
- d) Optional Excess Policy Reinsurance: Up to \$60MM excess of \$160MM – 100% reinsured.
- e) Umbrella Policy Reinsurance: \$30MM/\$60MM excess of \$65MM (minimum) – 100% reinsured.
- f) Optional Excess Umbrella Reinsurance: \$50MM/\$100MM excess of \$250MM (minimum) – 100% reinsured.
- g) Aggregate Stop-Loss Reinsurance: CLLAS aggregate protection of \$10MM excess of \$5MM in aggregate losses – 100% reinsured by Colchester.
- h) Loss Portfolio Transfer Reinsurance: Claims reserves and IBNR as at June 30, 2012 – 100% reinsured by Colchester.

Reinsurance Security

New markets are being approached for the renewal this year. All markets are vetted to ensure they meet CLLAS' reinsurance security requirements.

CLLAS performs a robust analysis of reinsurance security each fall which is reviewed by the Audit Committee and provides management with direction for the renewal. No special direction was provided for the current renewal.

Premium Reductions Through CLLAS Surplus Contributions

CLLAS' surplus remains sufficient to continue to provide a premium reduction. This topic will be discussed in more detail at the Board meeting.



Proposed CLLAS Structure and Rates – July 1, 2021/2022

Subject to unforeseen difficulties in achieving the renewal objectives on reasonable terms, we expect no substantive changes to the CLLAS insurance or reinsurance structures outside of the possible addition of the new Optional Excess Umbrella layer.

Our suggested rate increases of 10.0% on the primary layer and 20.0% on the optional excess are being supported by lead reinsurers, whereas a 20.0% rate increase is being sought on the umbrella layer. We continue to iron out details on the cyber terms and seek support for the proposed rates from the large number of following markets, both in London and domestically.

The overall increase in the per-lawyer rate for the CLLAS firms is being calculated and will be provided at the Advisory Board meeting. At this time, the rate increase looks like it will be less than 15% overall.

Proposed Policy Wording Changes at Renewal

CLLAS does not expect to amend any of the policy wordings for the coming year outside of the potential application of market-standard wording clarifying cyber coverage under the policy.

Conclusions

We continue to work hard to hold on to the exceptional risk transfer pricing achieved (relative to expected loss costs) over the past ten-plus years. As pricing moves closer to actuarially determined expected loss costs, CLLAS can expect to respond by retaining a meaningful share of the risk, as it has in the past.

More details, including premium indications and developments on the cyber endorsement will be provided at the upcoming Board meeting.



MEMORANDUM

DATE: May 27, 2021
 TO: CLLAS Advisory Board
 FROM: Patrick Mahoney
 COPY:
 RE: March 31, 2021 Financial Management Report

CLLAS' financial management report for the quarter ended March 31, 2021 is attached. Included are the following exhibits:

Exhibit I:	Statement of Financial Position
Exhibit II:	Statement of Comprehensive Income
Exhibit III:	Statement of Changes in Equity
Exhibit IV:	Budget Variance Analysis
Exhibit V:	Summary of Risk Metrics
Exhibit VI:	Alberta Maintenance of Reserve and Guarantee Fund

Financial Results

As shown on Exhibit II, CLLAS experienced an underwriting loss of \$128,000 for the quarter, with the total comprehensive loss (after taking into account realized and unrealized gains/losses on the investment portfolio) of \$205,000.

As shown on Exhibit I, CLLAS' surplus at March 31, 2021 stood at just over \$12.2 million.

The Budget Variance (Exhibit IV) shows that expenses were about \$98,000, or 16%, under budget for the quarter. Axxima fees are under budget for the first quarter but will likely normalize over the course of the second quarter given reinsurance renewal activities. Premium taxes were also under budget due to an accounting requirement which forced the recognition of part of the 2021 premium tax expense in 2020 (i.e. a timing issue).

Risk Metrics

Exhibit V presents the results of various "risk metrics" monitored by CLLAS based on what have been identified through the ORSA process as its material risks. The Exhibit shows the year-end results for 2019 and 2020, and the first quarter result for 2021 against risk targets and risk limits.



Most of the metrics at March 31, 2021 are within CLLAS' risk targets. The items of note are discussed below.

- Line 6: The Board had a discussion on the risk of systemic loss at its September 2020 meeting and some concerns were noted due to the pandemic, which results in this metric appearing in yellow. This metric will be reviewed again if circumstance change, or in any event, at the September 2021 meeting.
- Line 8: The insurance market continues to be very difficult and so this metric appears in yellow. Again, this metric will be reviewed again if circumstance change, or in any event, at the September 2021 meeting.
- Line 9: As has been discussed as part of CLLAS' Reinsurance Security Report, a couple of CLLAS reinsurers have A- ratings with AM Best and/or S&P.
- Line 10: As noted as part of CLLAS' Reinsurance Security Report, the Argo Syndicate (Lloyds) reinsures 19.3% of CLLAS' total liabilities. The percentage has reduced slightly from 19.6% in 2019 and exceeds CLLAS' risk limit. Appropriate moves to continue diversifying CLLAS' reinsurance support should be made when market conditions permit.

Please contact me if you have any questions with respect to the statements or the risk metrics.

Sincerely,

Patrick Mahoney, General Manager

Exhibit I

CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY
STATEMENT OF FINANCIAL POSITION
March 31, 2021

	As at March 31, 2021	As at March 31, 2020
ASSETS		
Cash	3,444,418	3,382,114
Short term investments	11,248,020	12,403,712
Bonds	6,160,979	6,121,481
Interest income due and accrued	42,200	43,787
Premium receivable	1,413,157	-
Other receivable	-	-
Prepaid expenses	120,083	113,777
Deferred policy acquisition costs	-	13,183
Unearned reinsurance premium ceded	2,162,563	1,813,263
Reinsurance recoverable	638,619	386,958
Provision for unpaid claims and adjustment expenses recoverable from reinsurers	67,327,069	60,811,000
	<u>92,557,108</u>	<u>85,089,275</u>
LIABILITIES		
Accounts payable & accrued charges	340,214	181,930
Premium taxes payable	-	-
Unearned premium	2,666,509	2,309,407
Due to reinsurers	1,239,550	1,055,977
Provision for unpaid claims and adjustment expenses	76,064,451	67,780,000
Premium deficiency liability	-	-
	<u>80,310,724</u>	<u>71,327,314</u>
SUBSCRIBERS' EQUITY		
Surplus	12,043,250	13,598,814
Accumulated Other Comprehensive Income (Loss)	203,133	163,146
	<u>12,246,384</u>	<u>13,761,960</u>
	<u>92,557,108</u>	<u>85,089,275</u>

Exhibit II

CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY
STATEMENT OF COMPREHENSIVE INCOME
For the Period Ending March 31, 2021

	Current Year		Prior Year	
	Quarter March 31, 2021	Year to Date March 31, 2021	Quarter March 31, 2020	Year to Date March 31, 2020
Written Premium	-	-	-	-
Gross Written Premiums	-	-	-	-
Less: Reinsurance Ceded	-	-	-	-
Net Written Premiums	-	-	-	-
Change in Unearned Premiums	498,408	498,408	496,144	496,144
Earned Premiums	498,408	498,408	496,144	496,144
Claims Paid	7,494	7,494	9,639	9,639
Change in IBNR	110,314	110,314	94,000	94,000
Change in Case Reserve	42,506	42,506	(9,000)	(9,000)
Premium Deficiency Expense	(30,774)	(30,774)	-	-
Incurred Claims	129,540	129,540	94,639	94,639
Management and operating expenses	424,664	424,664	396,125	396,125
Reinsurance fees	71,875	71,875	71,875	71,875
Premium taxes	-	-	13,183	13,183
Total Operating Expenses	496,539	496,539	481,183	481,183
Underwriting Gain (Loss)	(127,671)	(127,671)	(79,678)	(79,678)
Investment Income	37,386	37,386	105,329	105,329
Income on Claim Related Matters	-	-	-	-
Interest Income on Premium Tax	-	-	-	-
NET GAIN/(LOSS)	<u>(90,285)</u>	<u>(90,285)</u>	<u>25,651</u>	<u>25,651</u>
Other comprehensive income (loss)				
Unrealized gains (losses) on available for sale financial assets arising during the year	(114,704)	(114,704)	115,716	115,716
Recognition of realized (gain) loss included in income	-	-	-	-
Other comprehensive income (loss) for the year	(114,704)	(114,704)	115,716	115,716
Total comprehensive income (loss)	<u>(204,989)</u>	<u>(204,989)</u>	<u>141,367</u>	<u>141,367</u>

Exhibit III

CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY
STATEMENT OF CHANGES IN EQUITY
March 31, 2021

	Minimum Surplus	Additional Surplus	Unrealized gains and losses on AFS financial assets	Total Equity
Balance, beginning of year	50,000	12,083,536	317,837	12,451,373
Prior year adjustment		-		-
Comprehensive income (loss) for the year				
Net gain (loss) for the year		(90,285)		(90,285)
Other comprehensive income (loss)				
Change in unrealized gain on available-for-sale assets			(114,704)	(114,704)
Recognition of realized (gain) loss on available-for-sale assets			-	-
Total comprehensive income (loss) for the year		(90,285)	(114,704)	(204,989)
Distribution of premium surplus		-		-
Balance at March 31, 2021	50,000	11,993,250	203,133	12,246,384

Exhibit IV

CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY
STATEMENT OF OPERATIONS AND SURPLUS - VARIANCE ANALYSIS
FOR THE PERIOD ENDED March 31, 2021

	Annual Budget	Year to Date Budget %	Year to Date Budget \$	Year to Date Actual \$	Fav/(Unfav) Variance \$
MANAGEMENT SERVICES (See Note 1)	420,500	25%	105,125	101,961	3,164
PROFESSIONAL SERVICES (See Note 2)					
Actuarial Services	75,000	23%	17,250	30,599	(13,349)
Reinsurance Matters	281,770	23%	64,400	34,296	30,104
Strategic Matters	120,000	23%	27,600	20,900	6,700
Sub-Total Professional Services	476,770		109,250	85,794	23,456
GST/HST on Consulting Fees	116,645		27,869	24,408	3,461
Total Management & Professional Services	1,013,915		242,244	212,164	30,080
OTHER EXPENSES					
Audit Expenses	125,000	25%	31,250	31,750	(500)
Annual Dinner	-		-	-	-
Premium Taxes	170,000	25%	42,500	-	42,500
Chairman's Honourium	150,000	100%	150,000	150,000	-
Reinsurance Expense	2,500	25%	625	-	625
D&O Insurance	20,000	0%	-	-	-
Office Expenses	10,000	25%	2,500	684	1,816
Claims: Borderaux (LawPro/LIF)	16,800	88%	14,700	13,965	735
Special Services	25,000	25%	6,250	-	6,250
Reinsurance Fee (BWI) (See Note 3)	293,250	25%	73,313	71,875	1,438
I.B.C Statistical Plan Fees	3,000	25%	750	219	531
Assessment Fees	3,000	25%	750	-	750
Investment counsel fees	34,000	25%	8,500	7,532	968
Investment - Custodial	19,000	25%	4,750	4,851	(101)
Risk Management/Loss Prevention (See Note 4)	50,000	25%	12,500	-	12,500
License Fee	5,000	70%	3,500	3,500	-
Insurance: Sundry	-		-	-	-
Sub-total	926,550		351,887	284,376	67,512
TOTAL	1,940,465		594,131	496,539	97,592

* NOTE 1: MANAGEMENT SERVICES

The budget of \$420,500 has been increased from \$396,000 prior year budget due to:

- small decrease in annual fixed fee
- decrease in credit applied which is as a combined result of the increase in the commissions on CLLAS Associates and CLLAS cyber renewals, and commissions calculated in the current year on CLLAS Associate firms (i.e. \$44,500 in 2019)

* NOTE 2: 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	23%
Second Quarter, ending June 30th	40%
Third Quarter, ending September 30th	19%
Fourth Quarter, ending December 31st	18%
	100%

* NOTE 3: BWI INSURANCE FEES (Reins. Comm.)

The annual budget represents 4% increase from the fees on policy year 2020/2021.

* NOTE 4: RISK MANAGEMENT/LOSS PREVENTION

To finalize work on Risk Management Audit that took place in 2020.

CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY
SUMMARY OF RISK METRICS
March 31, 2021

Exhibit V

Risk Category	Risk Metric	December 31, 2019	December 31, 2020	March 31, 2021	Green Zone (Meets Target)	Yellow Zone	Red Zone (Limit Exceeded)
General	(1) AMRGF - Excess of Cash/Appr. Securities Over Reg. Req'ment	\$11,670,500	\$6,421,000	\$9,391,000	5,000,000 and above	\$2,500,000 to \$5,000,000	Less than \$2,500,000
	(2) MCT Ratio	712%	538%	534%	210% and above	n/a	Less than 210%
	(3) Status of Governance Policies	Up to date	Up to date	Up to date	Up to date	Items outstanding	Materially behind schedule
Insurance	(4) Gross Loss Ratio	42%	96%	56%	Less than 150%	150% to 300%	Over 300%
	(5) Net Loss Ratio	-36%	63%	18%	Less than 50%	50% to 100%	Over 100%
	(6) Risk of Systemic Loss	n/a	Some concerns raised	Some concerns raised	Nothing on horizon	Some concerns raised	Adverse experience
Premium & Strategy	(7) Actual Expenses vs. Budget	95%	92%	84%	Less than 105%	105% to 120%	Over 120%
	(8) State of the Market Outlook	n/a	Some concerns raised	Some concerns raised	Nothing on horizon	Some concerns raised	Adverse experience
Reinsurance	(9) Reinsurer Credit Rating	A- to A+	A- to A+	A- to A+	A or above	A-	B+ and below
	(10) Maximum Concentration with a Single Reinsurer excl. Colchester	19.6%	19.3%	19.3%	Less than 10%	10% to 15%	Over 15%
Operational	(11) Board Discussion of Prior Quarter Risk Metrics	Discussed corrective measures	Discussed corrective measures	Discussed corrective measures	Discussed corrective measures	Received but no discussion	Not received
	(12) Resiliency Capacity - People (e.g. redundancy, succession)	n/a	n/a	n/a	Score of 4 or 5 out of 5	Score of 3 out of 5	Score of 1 or 2 out of 5
	(13) Resiliency Capacity - Data/Systems	n/a	n/a	n/a	Score of 4 or 5 out of 5	Score of 3 out of 5	Score of 1 or 2 out of 5
	(14) Advisory Board Turnover in Last 12 Months	1	1	1	0 to 2 members	3 to 4 members	5 or more members
	(15) Key Management/Advisor Turnover in Last 36 Months	1	1	1	0 to 1 person	2 to 3 people	4 or more members
Investments	(16) Investment Manager Compliance Statement	In compliance	In compliance	In compliance	In compliance	Temporarily or slightly not	Consistently or materially not
Regulatory Compliance	(17) Regulatory Outlook Report	n/a	No significant concerns noted	No significant concerns noted	No significant issues noted	Issues being addressed	Significant issues

Notes

(1) = From Exhibit 6.

(2) Based on financial statements and quarterly actuarial valuation as of March 31, 2021. Target based on ORSA analysis.

(3) Reviewed annually in December.

(4) = Gross incurred losses / gross earned premiums. Gross losses from the actuarial valuations. Premiums exclude the effect of any return of surplus.

(5) = Net incurred losses / net earned premiums. Net losses derived from the financial statements. Premiums exclude the effect of any return of surplus.

(6) Reviewed in December 2020.

(7) = Actual expenses / budget expenses. From the financial statements.

(8) Reviewed in December 2020.

(9) Based on A.M. Best. information from report on reinsurance security (October 2020).

(10) Based on claim liabilities exposure. Lloyds syndicates are assessed separately. 2020 information from report on reinsurance security (October 2020).

(11) Reviewed quarterly.

(12) Reviewed annually in December.

(13) Reviewed annually in December.

(14) Reviewed quarterly based on turnover in the preceding 12-month period

(15) Senior Management/Key Advisor Turnover in Last 36 Months – Includes principal attorney, general manager, accountant, auditor, actuary, reinsurance broker and excess insurance broker.

(16) Reviewed quarterly.

(17) Reviewed annually in December.

Color Code
Meets Target
Between Target and Limit
Exceeds Limit

Exhibit VI

CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY
For the Period Ending March 31, 2021

ALBERTA MAINTENANCE OF RESERVE AND GUARANTEE FUNDS
 (Section 99 and 100)

	Current Year to Date 03/31/2021 (in \$000's)	Prior Year End 03/31/2020 (in \$000's)
<u>Reserve Fund</u>		
Premiums collected or credited having one year or less to run	(1) 10,695	9,288
Less: Amount paid to licensed reinsurers	(2) 8,601	7,233
Premiums collected with more than one year to run, less expired portion	(3) -	-
Less: Amount paid to reinsurers on premiums on line 3, less expired portion.	(4) -	-
Subtotal (lines 1, minus line 2, plus line 3, minus line 4)	(5) 2,094	2,055
Reserve Fund Required (50% of Line 5)	(6) 1,047	1,028
<u>Guarantee Fund</u>		
Total Liabilities	(7) 80,311	71,327
Less: Unearned Premiums	(8) 2,667	2,309
Less: Recoverable from licensed reinsurers	(9) 67,279	60,744
Plus: Statutory Margin	(10) 50	50
Guarantee Fund Required (Line 7 minus Lines 8 and 9 plus line 10)	(11) 10,415	8,324
TOTAL RESERVE & GUARANTEE FUND REQUIRED (Line 6+11)	(12) 11,462	9,352
Cash & Approved Securities	(13) 20,853	21,907
Excess of Cash & Securities over Reserve & Guarantee Fund (line 13 minus line 12)	(14) 9,391	12,556



MEMORANDUM

DATE: June 14, 2021
TO: CLLAS Advisory Board
FROM: Patrick Mahoney
COPY:
RE: CLLAS Surplus Policy

At the February 2021 Board meeting, we discussed changes to the regulatory framework in Alberta, most notably that the Superintendent no longer requires reciprocals to meet a minimum surplus requirement of 210% MCT. We advised that we would discuss this matter with the actuary to see whether CLLAS' Surplus Policy should be amended in light of the regulatory changes.

As background, when CLLAS completed its first Own Risk and Solvency Assessment (ORSA) in 2016, the analysis suggested that CLLAS could prudently set its surplus target at a lower level than the supervisory level of 210% MCT. As a result, the surplus target adopted by the Board, 210% MCT, was driven more by regulatory requirements than by CLLAS' own risk assessment. When the second ORSA was completed in 2019, the analysis resulted in a recommended target of 210% MCT, i.e. right in line with the regulatory requirement.

The 2019 ORSA suggests that CLLAS' internal target of 210% remains appropriate notwithstanding the regulatory changes. As a result, CLLAS' actuary and management recommend that no change be made to the current surplus target at this time.

We further recommend that a surplus review be done in 2022, with any undated surplus target being made effective on January 1, 2023. The implementation of IFRS 17 on that date will result in changes not only to the presentation of the financial statements but also to some of the numbers, and it seems appropriate to review the surplus target in light of those changes.

I look forward to discussing this matter at the up-coming Board meeting.

Sincerely,

Patrick Mahoney, General Manager



CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY

Business Plan Projected for the
Fiscal Years Ending December 31, 2021, 2022 and 2023

February 16, 2021



Table of Contents

1. Executive Summary.....	1
2. Overview of CLLAS Operations	2
3. Operating Environment	4
4. Short-Term Opportunities and Threats	4
5. Short-Term Priorities and Initiatives.....	5
6. Financial Performance Measures	5
7. Financial Condition Measures and Regulatory Solvency Requirements.....	5
8. Financial Projections	6
Exhibits	



1. Executive Summary

This report summarizes the business plan for the Canadian Lawyers Liability Assurance Society (“CLLAS”) for fiscal years 2021 to 2023. A copy of this report was submitted to the Alberta Superintendent of Insurance (“Superintendent”), the regulatory authority responsible for the supervision of CLLAS under the Alberta *Insurance Act*.

This report was prepared by Axxima Insurance Services, a division of 3303128 Canada Inc., a non-affiliated company of CLLAS providing actuarial and general management services to CLLAS.

Operations and Operating Environment

CLLAS’ core business objective is to meet the liability insurance needs of its subscribers. It provides professional liability insurance to select Canadian law firms since 1987. Professional liability claims are subject to significant volatility and are expected to trend at approximately 4.5% per year.

CLLAS has purchased proportional and aggregate stop loss reinsurance since its inception. In addition, CLLAS entered into a loss portfolio transfer agreement at June 30, 2012 with Colchester Reinsurance Limited, which covers all outstanding claim obligations on policies written between July 1, 1987 and June 30, 2012. These risk management initiatives have the effect of limiting CLLAS’ loss exposure.

Reinsurance rates are increasing globally due to a hardening market. Reinsurance rate increases are expected and have been reflected in the business plan projections. While CLLAS’ reinsurance rates and availability will be affected by prevailing insurance market conditions, the impact is expected to be tempered due to CLLAS’ strong long-term relationships with its reinsurers.

Summary of Financial Projections for Fiscal Year 2021

The underwriting income and investment income for fiscal year 2021 are projected at (\$902,000) and \$128,000 respectively, for a total net income of (\$774,000). The surplus at December 31, 2021 is projected at \$11,360,000. The projections assume that the premiums reflect surplus distributions of \$950,000 per year from 2021 to 2023, consistent with the surplus distribution in the 2020/2021 premium rates.

CLLAS is expected to meet the Alberta Maintenance of Reserves and Guarantee (“AMRGF”) Funds requirement with an excess margin of \$7,488,000 at December 31, 2021. The Minimum Capital Test (“MCT”) ratio at December 31, 2021 is projected at 473%, a decrease over the MCT ratio of 538% at December 31, 2020. The MCT ratio is expected to remain comfortably above CLLAS’ internal target and regulatory expectations of 210%.



This business plan report is organized as follows:

- Section 2: Overview of CLLAS Operations
- Section 3: Operating Environment
- Section 4: Short-Term Opportunities and Threats
- Section 5: Short-Term Priorities and Initiatives
- Section 6: Financial Performance Measures
- Section 7: Financial Condition Measures and Regulatory Solvency Requirements
- Section 8: Financial Projections

Any questions regarding this report should be addressed to Mr. Patrick Mahoney:

Mr. Patrick Mahoney
 General Manager
 Canadian Lawyers Liability Assurance Society
 36 Toronto Street, Suite 510
 Toronto, ON M5C 2C5
 Phone: 416.408.5293
 Email: patrickmahoney@axxima.ca

2. Overview of CLLAS Operations

CLLAS' core business objective is to meet the professional liability insurance needs of its subscribers.

Insurance Operations

CLLAS was formed on December 22, 1986 under the Reciprocal Insurance Exchange Agreement for Select Canadian Law Firms. CLLAS started its insurance underwriting operations in June 1987 and was regulated by the Financial Services Commission of Ontario. Effective July 1, 2012, CLLAS' lead regulator was changed from Ontario to Alberta. CLLAS is licensed in Alberta, British Columbia, Ontario and Nova Scotia.

The insurance provided by CLLAS to each of the firms is on a claims-made-and-reported basis

In the fiscal year ending December 31, 2020, CLLAS issued 20 insurance policies to 10 Canadian law firms. CLLAS also has participants on a subscription basis on a number of insurance policies issued to these 10 firms. CLLAS provides a combined maximum limit of liability insurance per occurrence of \$145,475,000 to cover the cost of damages that an insured is legally obligated to pay as a result of single or related act, error, omission or negligent act in the performance of or failure to perform professional services by the insured or by any person for whose acts, errors, or omissions the insured is legally responsible.



The maximum limit provided by CLLAS on a per-claim basis is provided as follows:

- A \$50,000,000 limit inclusive of a minimum \$25,000 retention over the basic liability coverage available to each practicing lawyer of the firm under the basic professional liability coverage provided by the law society governing the professional activities of such lawyers;
- A limit of \$10,000,000 to \$60,000,000 in excess of \$160,000,000 of the professional liability limit purchased by any firm;
- A 5% participation in the \$30,000,000 in excess of \$50,000,000 layer purchased by any firm;
- A 5% participation in the \$110,000,000 in excess of \$50,000,000 layer purchased by any firm; and
- A \$30,000,000 umbrella limit provided on the overall exposure of all subscribers.

Reinsurance

To provide such coverage limits, CLLAS purchases proportional reinsurance coverage from registered and unregistered insurance companies to reduce its net maximum loss exposure for any one loss occurrence to \$975,000. The reinsurance for the maximum occurrence limit provided by CLLAS is purchased on a proportional basis. CLLAS retains no exposure on the layers above \$1,000,000.

In addition, for its treaty underwriting year from July 1, 2020 to June 30, 2021, CLLAS purchased an annual stop-loss coverage that provides \$10,000,000 of coverage in excess of \$5,000,000. Annual stop-loss coverage limiting CLLAS' overall annual net retained losses in any one treaty year was also purchased in prior treaty years.

On June 30, 2012, Colchester Reinsurance Ltd. ("Colchester") purchased CLLAS' loss portfolio of net outstanding claims obligations on policies written between July 1, 1987 and June 30, 2012. CLLAS' remaining net claim liabilities attributable to the business written prior to June 30, 2012 are provisions for unallocated loss adjustment expenses.

CLLAS and Colchester have implemented a Reinsurance Security Agreement whereby all the assets supporting Colchester's claim liabilities are held in trust in a custodial account in favour of CLLAS.

Operational Results for Fiscal Year 2020

In 2020, CLLAS generated written premium volumes of \$10,695,000 and \$2,021,000 on gross and net of reinsurance bases respectively. \$8,674,000 of written premium volume was ceded to proportional and aggregate stop loss reinsurers.

CLLAS' net income was (\$1,440,000) and its net subscribers' equity inclusive of accumulated other comprehensive income was \$12,451,000 at December 31, 2020.



At December 31, 2020, CLLAS held \$20,976,000 in invested assets comprised of cash and fixed-income securities. CLLAS' main liability was its net provision for unpaid claims in the amount of \$8,585,000.

3. Operating Environment

Professional liability losses are subject to significant volatility surrounding the timing, frequency and severity of claims, especially in insured layers excess of \$1,000,000. Claims frequency is expected to remain stable but individual claims are expected to trend up faster than inflation at a rate of approximately 4.5% per year.

CLLAS is not aware of any legal or regulatory changes or any precedents set in case law that would impact existing or future claims. Management is carefully monitoring the COVID 19 pandemic. The impact of the pandemic on CLLAS cannot be predicted with any accuracy but to date, CLLAS has experienced no significant impact from COVID 19. Premium collection was changed from semi-annual to quarterly instalments for the policy year starting July 1, 2020.

Reinsurance

Reinsurance costs tend to be cyclical, with high prices and tighter underwriting restrictions following years with poor underwriting results. CLLAS has developed strong relationships with its reinsurers and reinsurance rates have been low in recent years.

Reinsurance rates are increasing globally due to a hardening market. Reinsurance rate increases are expected and have been reflected in the business plan projections. While CLLAS' reinsurance rates and availability will be affected by prevailing insurance market conditions, the impact is expected to be tempered due to CLLAS' strong long-term relationships with its reinsurers.

Regulatory Environment

IFRS 17 is expected to become effective January 1, 2023. IFRS 17 will introduce major changes in the presentation of financial statements of insurance companies. While this business plan extends to December 31, 2023, all projections are based on current accounting standards. The quantification of the impact of IFRS 17 is expected to be completed during 2021.

4. Short-Term Opportunities and Threats

Given the loss portfolio transfer at June 30, 2012 and the low net claim retention since July 1, 2012, CLLAS' net exposure is mainly for unallocated loss adjustment expenses. The main threat for CLLAS would be a reinsurer's default on unpaid claims. However, this threat is not considered significant given that CLLAS' reinsurance partners are in sound financial condition and the vast majority of reinsurance is recoverable from reinsurers registered in Canada or secured via a reinsurance security agreement.



5. Short-Term Priorities and Initiatives

During 2021, CLLAS will focus on the following initiatives in addition to the management of its usual insurance operations:

1. Actively monitor and assess the impact of the COVID 19 pandemic;
2. Development of a budget and business plan for fiscal year 2021;
3. Refinement of the recently implemented cyber insurance group purchase program;
4. Determination of expected loss costs and premium rates for the policy year starting July 1, 2021;
5. Negotiation of reinsurance contracts and costs for the policy year starting July 1, 2021;
6. Periodic review of reinsurance concentration and risk
7. Preparation for the next Underwriting Group period commencing July 1, 2022; and
8. Quarterly valuation of policy liabilities.

6. Financial Performance Measures

CLLAS monitors its net income on a quarterly basis, with a focus on the following key elements of financial performance:

- **Claims development:** All open case files are reviewed quarterly and case reserve estimates are adjusted accordingly. The provision for Incurred but not Reported (“IBNR”) claims is reviewed quarterly by CLLAS’ Appointed Actuary. Claims development is compared against the actuary’s prior estimates (i.e. estimates from prior actuarial valuations and estimates of expected loss costs underlying premium rates);
- **Expenses:** Expenses are tracked by category (e.g., financial services, claims administration, actuarial services, reinsurance services, audit services, etc.) and compared quarterly against the expense budget; and
- **Investment income:** Investment returns are compared against benchmarks established per the investment policy.

The quarterly financial statements also report on regulatory solvency indicators as well as key risk metrics intended to monitor risks related to insurance, investments, liquidity and strategy.

Quarterly financial statements are provided to the Advisory Board.

7. Financial Condition Measures and Regulatory Solvency Requirements

In accordance with its surplus policy, the level of surplus CLLAS maintains is set such that the reciprocal balances the probability of retroassessment with the efficiency of operating with as little capital as is prudent and appropriate. CLLAS regularly monitors using the following regulatory solvency measures:



a. Alberta Maintenance of Reserve and Guarantee Funds (“AMRGF”)

This solvency requirement is determined based on premium volume and liabilities net of registered reinsurance. The Superintendent has confirmed that reinsurance with Colchester is considered to be registered as Colchester’s obligations to CLLAS are secured via a reinsurance security agreement.

CLLAS must maintain cash and securities in excess of the regulatory requirement to avoid a retroassessment of its members. At December 31, 2020, CLLAS met this requirement with an excess margin of \$6,421,000. The AMRGF is shown in Exhibit 3.

b. Minimum Capital Test (“MCT”)

For years prior to 2021, the Superintendent requires reciprocals to make annual regulatory filings including the MCT. The MCT is a solvency test which has historically applied to incorporated insurance entities. The MCT ratio is calculated as follows:

$$\text{MCT Ratio} = \frac{\text{Capital Available}}{\text{Minimum Capital Required}}$$

The Capital Available is generally equal to the entity’s surplus excluding recoverables from unregistered reinsurers not covered by deposits in Canada or letters of credit. Reinsurance recoverable from Colchester is covered by deposits in Canada per a reinsurance security agreement, and therefore is an asset used in the calculation of the Capital Available.

The Minimum Capital Required is a function of the entity’s risk profile. The Minimum Capital Required accounts for risks such as the deterioration of asset values, adverse development on unpaid claims or credit risk related to unregistered reinsurance and operational risk.

At December 31, 2020, CLLAS’s MCT ratio was 538%. CLLAS’ internal target MCT ratio is 210%. The MCT is shown in Exhibit 4. CLLAS plans to continue to monitor its MCT ratio as an information item for the Board and management.

8. Financial Projections

The expected financial performance over fiscal years 2021 to 2023 is presented in Exhibits 1 to 4 as follows:

- Exhibit 1: Proforma Statement of Financial Position
- Exhibit 2: Proforma Statement of Income
- Exhibit 3: Proforma AMRGF Requirement
- Exhibit 4: Proforma Minimum Capital Test



These projections are based on a starting financial position at December 31, 2020 and were completed in accordance with the directives of the Superintendent issued for the completion of the 2020 P&C-1 Annual Return filed by CLLAS. We present below details of the analysis for the 2021 projection. Similar assumptions were taken to project the results for 2022 and 2023.

Data

To develop the expected financial performance, we relied on the following information developed by CLLAS at December 31, 2020:

- The 2020 P&C-1 Annual Return and AMRGF worksheet filed by CLLAS with the Alberta Superintendent of Insurance;
- The 2020 Auditor's Report issued by Deloitte LLP;
- The Report on the Valuation of the Policy Liabilities as at December 31, 2020 issued by Ms. Julie-Linda Laforce, the Appointed Actuary for CLLAS; and
- The operating expense budget for 2021.

Projection of Premiums

Net premiums written in 2021 are expected to be \$2,082,000, up from \$2,021,000 in 2020. Renewal premiums were assumed to increase based on a trend of 4.5% in retained loss costs and inflation of 2% on operating expenses. In addition, net premiums reflect an annual surplus distribution of \$950,000, in line with the surplus distribution reflected in the 2020/2021 rates. Reinsurance costs were assumed to increase by 12.5%.

Projection of Investment Income

The expected investment income for 2021 is \$128,000 (\$236,000 in 2020). The yield-to-maturity on invested assets at December 31, 2020 was 0.7% gross of investment management expenses and the investment yield gross of investment management expenses was projected at 0.7% for 2021.

Projection of Claims

Claims were projected before and after taking into account reinsurance. These projections assume, to a large extent, that the reinsurance structure in effect at December 31, 2020 is maintained on renewal. Gross and net incurred losses for 2021 were projected in two steps:

a. Settlement of claim liabilities incurred on or prior to December 31, 2020

Paid claims during 2021 and undiscounted claim liabilities at December 31, 2021 were projected based on the Appointed Actuary's estimates at December 31, 2020 and CLLAS' historical claims settlement patterns. There is no expected gain or loss relative to the actuary's ultimate estimates at December 31, 2020.



In accordance with accepted actuarial practice in Canada, undiscounted claim liabilities were then discounted and a provision for adverse deviation (“PfAD”) was added. The assumptions used in the December 31, 2020 actuarial valuation were used. PfADs are assumed to be gradually released as losses are paid.

b. Projected claims incurred after December 31, 2020 on policies in-force at December 31, 2020 and on policies expected to be renewed on July 1, 2021 under the new 20210/2022 policy year

Ultimate gross and net incurred claims for those policies were estimated based on the projected loss cost per layer estimated by the Appointed Actuary at December 31, 2020 with a 4.5% loss severity trend. These loss costs were then applied to the estimated in-force lawyers at December 31, 2020, since no growth at renewal was assumed for the underlying number of insured lawyers.

Total net claim liabilities at December 31, 2021 were estimated at \$9,060,000, which represents an increase of \$475,000 over the December 31, 2020 net claim liabilities of \$8,585,000. Net paid losses were projected at \$376,000 during 2021.

Incurred claims for fiscal year 202, are estimated at \$852,000 as the sum of net paid claims in the year and the change in net claim liabilities.

Projection of Operating Expenses

Operating expenses are projected at \$1,475,000 for general administration, \$293,000 for reinsurance fees and \$325,000 for premium taxes. Premium taxes vary by province and are expected to average 2.9% of direct written premiums. At December 31, 2021, the deferred policy acquisition cost asset is estimated at \$0 and the premium deficiency is assumed to be \$0.

Summary of Results

Based on the foregoing assumptions, the underwriting income and investment income for fiscal year 2021 are projected at (\$902,000) and \$128,000 respectively, for a total net negative income of (\$774,000) as shown in Exhibit 2. The surplus at December 31, 2021 is projected at \$11,678,000 as shown in Exhibit 1.

CLLAS is expected to meet the AMRGF requirement with an excess margin of \$7,488,000 at December 31, 2021, as shown in Exhibit 3.

CLLAS’ MCT ratio at December 31, 2021 is projected at 473%, a decrease over the MCT ratio of 538% at December 31, 2020, as shown in Exhibit 4. The MCT ratio is expected to remain above CLLAS’ internal target of 210%.

Exhibit 1
Canadian Lawyers Liability Assurance Society

Proforma Statement of Financial Position

	2020 Actual	2021 Projected	2022 Projected	2023 Projected
Assets				
Cash	\$ 2,161,535	\$ 4,000,000	\$ 4,000,000	\$ 4,000,000
Investments				
Short Term	12,511,787	10,714,000	10,643,000	10,595,000
Long Term	6,279,426	7,142,347	7,095,000	7,064,000
Interest Income Due and Accrued	22,835	0	0	0
Premiums Receivable	3,782,333	2,901,000	3,225,000	3,588,000
Unearned Reinsurance Premium Ceded	4,301,362	4,879,000	5,489,000	6,175,000
Prepaid Expenses	143,750	144,000	144,000	144,000
Deferred Policy Acquisition Costs	0	0	0	0
Reinsurance and Other Claims Receivable	1,938,201	1,000,000	1,000,000	1,000,000
Other Receivable	0	0	0	0
Provision for Unpaid Claims and Adjustment Expenses Recoverable from Reinsurers	66,246,422	73,037,000	79,611,000	86,137,000
Total Assets	97,387,651	103,817,347	111,207,000	118,703,000
Liabilities				
Provision for Unpaid Claims and Adjustment Expenses	74,830,984	82,097,000	89,116,000	96,096,000
Premium Deficiency Liability	30,774	0	0	0
Unearned Premium	5,303,716	5,920,000	6,582,000	7,323,000
Due to Reinsurers	4,337,008	3,737,000	4,205,000	4,730,000
Accounts Payable & Accrued Charges	368,152	314,000	325,000	336,000
Premium Taxes Payable	65,645	71,000	79,000	88,000
Total Liabilities	84,936,280	92,139,000	100,307,000	108,573,000
Subscribers' Equity				
Retained Earnings	12,133,535	11,360,347	10,582,000	9,812,000
Accumulated Other Comprehensive Income (Loss)	317,836	318,000	318,000	318,000
Total Subscribers' Equity	12,451,371	11,678,347	10,900,000	10,130,000
Total Liabilities and Subscribers' Equity	97,387,651	103,817,347	111,207,000	118,703,000

Exhibit 2
Canadian Lawyers Liability Assurance Society

Proforma Statement of Income

	2020 Actual	2021 Projected	2022 Projected	2023 Projected
Premiums				
Gross Written Premiums	\$ 10,695,340	\$ 11,840,000	\$ 13,163,000	\$ 14,646,000
Less: Reinsurance Ceded	8,674,018	9,758,000	10,978,000	12,350,000
Net Written Premiums	2,021,322	2,082,000	2,185,000	2,296,000
Change in Net Unearned Premiums	(10,067)	(39,000)	(52,000)	(55,000)
Net Earned Premiums	2,011,255	2,043,000	2,133,000	2,241,000
Incurred Claims				
Net Claims Paid	47,378	376,000	423,000	438,000
Change in Net Reserves	1,700,562	475,438	445,000	454,000
Premium Deficiency Expense	30,774	0	0	0
Net Incurred Claims	1,778,714	851,438	868,000	892,000
Operating Expenses				
Management and Operating Expenses *	1,285,771	1,475,215	1,505,000	1,535,000
Reinsurance Fees	287,500	293,000	299,000	305,000
Premium Taxes	335,266	325,000	363,000	403,000
Total Operating Expenses	1,908,536	2,093,215	2,167,000	2,243,000
Underwriting Gain (Loss)	(1,675,996)	(901,653)	(902,000)	(894,000)
Investment Income	236,368	128,000	124,000	124,000
Other Income	0	0	0	0
Comprehensive Income (Loss) for the year	(1,439,627)	(773,653)	(778,000)	(770,000)
Retained Earnings, Beginning of Period	13,573,163	12,134,000	11,360,000	10,582,000
Distribution in Year	0	0	0	0
Retained Earnings, End of Period	12,133,536	11,360,347	10,582,000	9,812,000

* Includes investment management fees

Exhibit 3
Canadian Lawyers Liability Assurance Society

Proforma Alberta Maintenance of Reserve and Guarantee Fund Requirement

	2020 Actual	2021 Projected	2022 Projected	2023 Projected
Reserve Fund				
(1) Premiums Collected or Credited Having One Year or Less to Run	10,695,000	11,840,000	13,163,000	14,646,000
(2) Less: Amount Paid to Licensed Reinsurers	8,601,000	9,676,000	10,886,000	12,246,000
(3) Premiums Collected With More Than One Year to Run, Less Expired Portion	0	0	0	0
(4) Less: Amount Paid to Reinsurers on Premiums on Line 3, Less Expired Portion	0	0	0	0
(5) Subtotal [(1) - (2) + (3) - (4)]	2,094,000	2,164,000	2,277,000	2,400,000
(6) Reserve Fund Required [50% x (5)]	1,047,000	1,082,000	1,138,500	1,200,000
Guarantee Fund				
(7) Total Liabilities	84,936,000	92,139,000	100,307,000	108,573,000
(8) Less: Unearned Premiums	5,304,000	5,920,000	6,582,000	7,323,000
(9) Less: Recoverable from Licensed Reinsurers *	66,197,000	72,983,000	79,552,000	86,073,000
(10) Plus: Statutory Margin	50,000	50,000	50,000	50,000
(11) Guarantee Fund Required [(7) - (8) - (9) + (10)]	13,485,000	13,286,000	14,223,000	15,227,000
(12) Total Reserve and Guarantee Fund Required [(6) + (11)]	14,532,000	14,368,000	15,361,500	16,427,000
(13) Cash & Approved Securities	20,953,000	21,856,000	21,738,000	21,659,000
(14) Excess of Cash & Securities over Reserve & Guarantee Fund [(13) - (12)]	6,421,000	7,488,000	6,376,500	5,232,000

* Includes unpaid claims recoverable secured under the reinsurance security agreement with Colchester.

Exhibit 4
Canadian Lawyers Liability Assurance Society

Proforma Minimum Capital Test

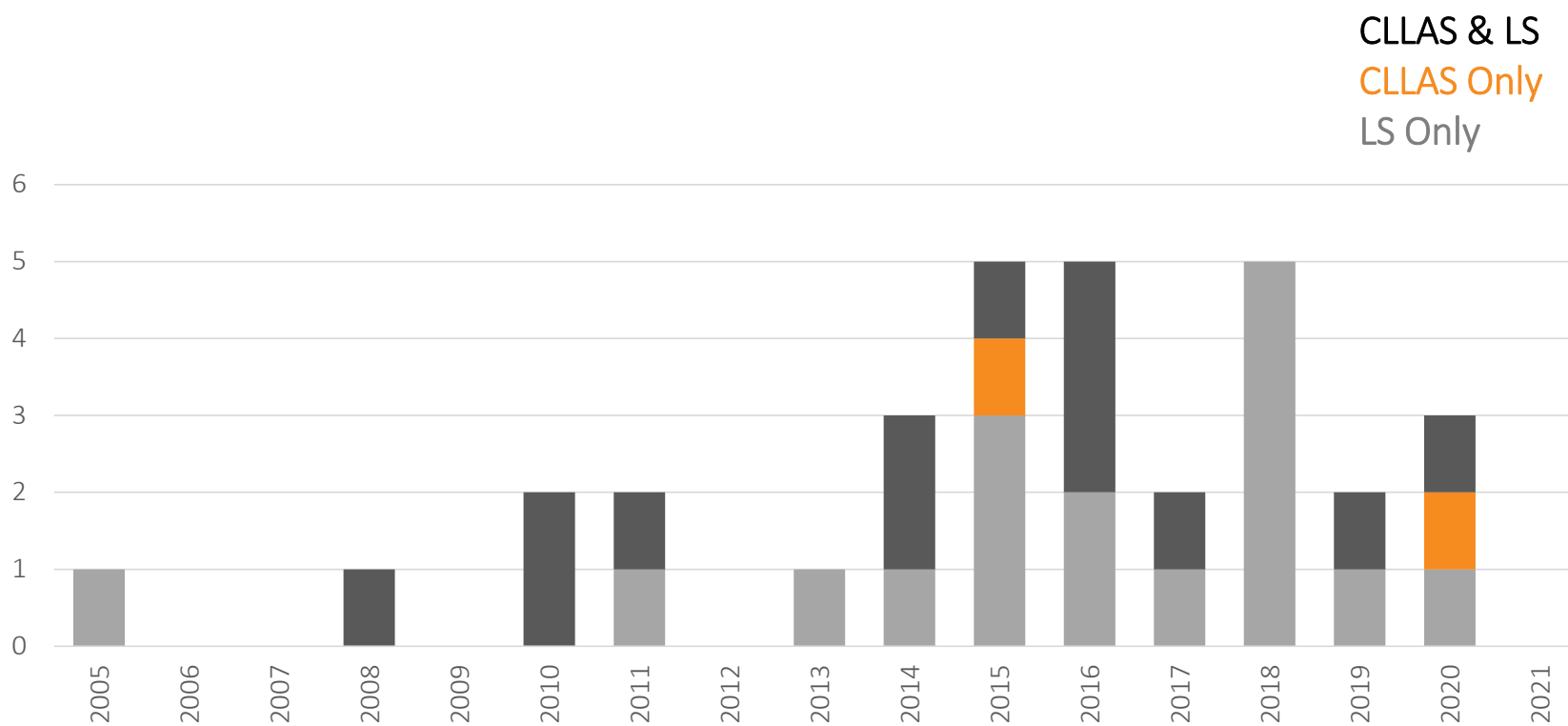
	2020 Actual	2021 Projected	2022 Projected	2023 Projected
Capital Available				
Total Equity	12,451,000	11,678,000	10,900,000	10,130,000
Less: Deductions from Capital Available	49,000	54,000	59,000	64,000
(1) Capital Available	12,402,000	11,624,000	10,841,000	10,066,000
Capital Required				
Insurance Risk				
Premium Liabilities	182,000	189,000	198,000	208,000
Unpaid Claims	1,229,000	1,264,000	1,295,000	1,328,000
Catastrophes	0	0	0	0
Margin Required for Reinsurance Ceded to Unregistered Insurers	17,000	19,000	23,000	30,000
Subtotal	1,428,000	1,472,000	1,516,000	1,566,000
Market Risk				
Interest Rate Risk	292,000	288,000	320,000	352,000
Foreign Exchange Risk	0	0	0	0
Equity Risk	0	0	0	0
Real Estate Risk	0	0	0	0
Other Market Risk Exposures	0	0	0	0
Subtotal	292,000	288,000	320,000	352,000
Credit Risk				
Counterparty Default Risk for Balance Sheet Assets	1,308,000	1,434,000	1,559,000	1,686,000
Counterparty Default Risk for Off-Balance Sheet Exposures	0	0	0	0
Counterparty Default Risk for Unregistered Reinsurance Collateral and SIRs	99,000	109,000	119,000	130,000
Subtotal	1,407,000	1,543,000	1,678,000	1,816,000
Operational Risk	750,000	821,000	902,000	992,000
Diversification Credit	(416,000)	(437,000)	(461,000)	(486,000)
(2) Total Capital Required at 150% MCT	3,461,000	3,687,000	3,955,000	4,240,000
(3) Total Capital Required at 100% MCT [= (2) / 1.5]	2,307,000	2,458,000	2,637,000	2,827,000
(5) MCT Ratio [= (1) / (3)]	537.6%	472.9%	411.1%	356.1%



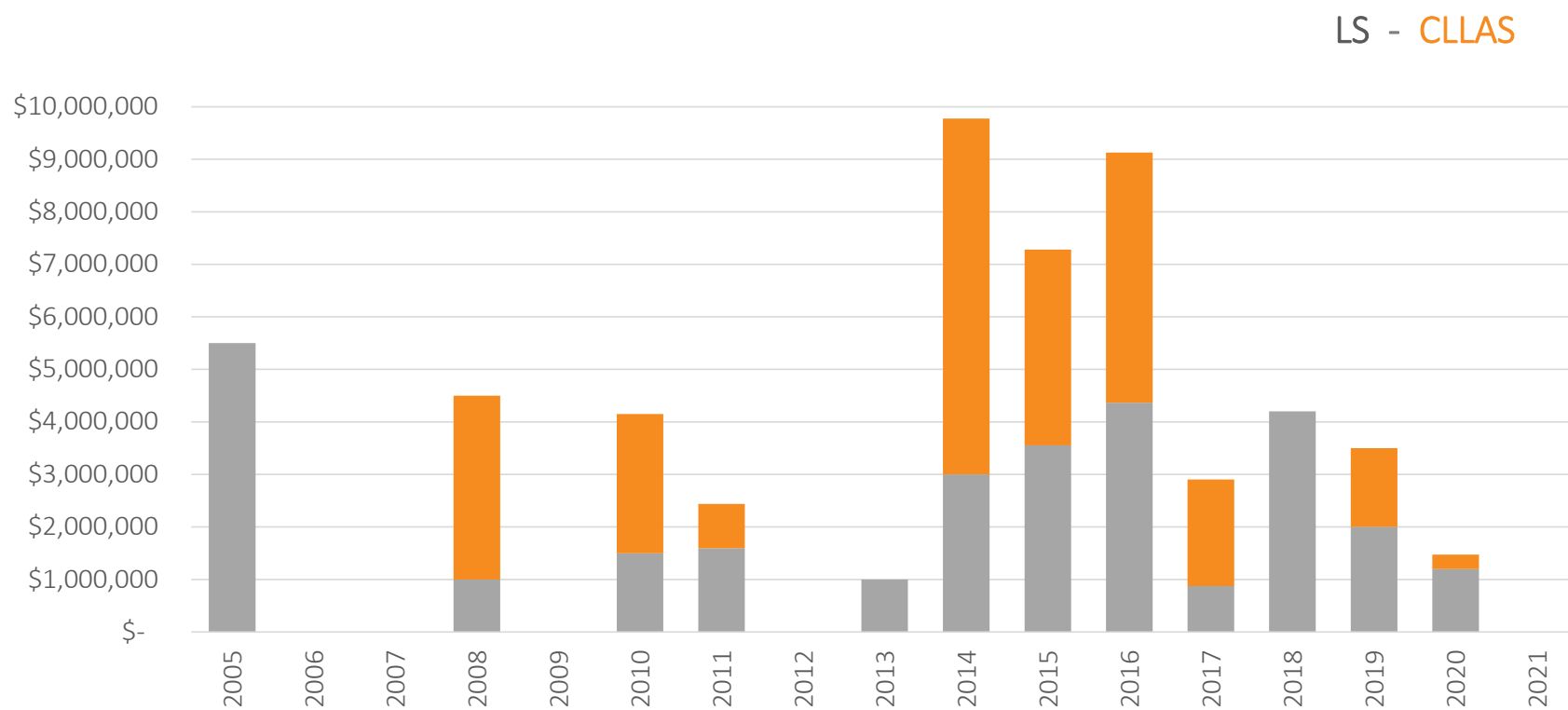
Canadian Lawyers Liability Assurance Society

Open Large Loss Claims Summary as at March 31, 2021

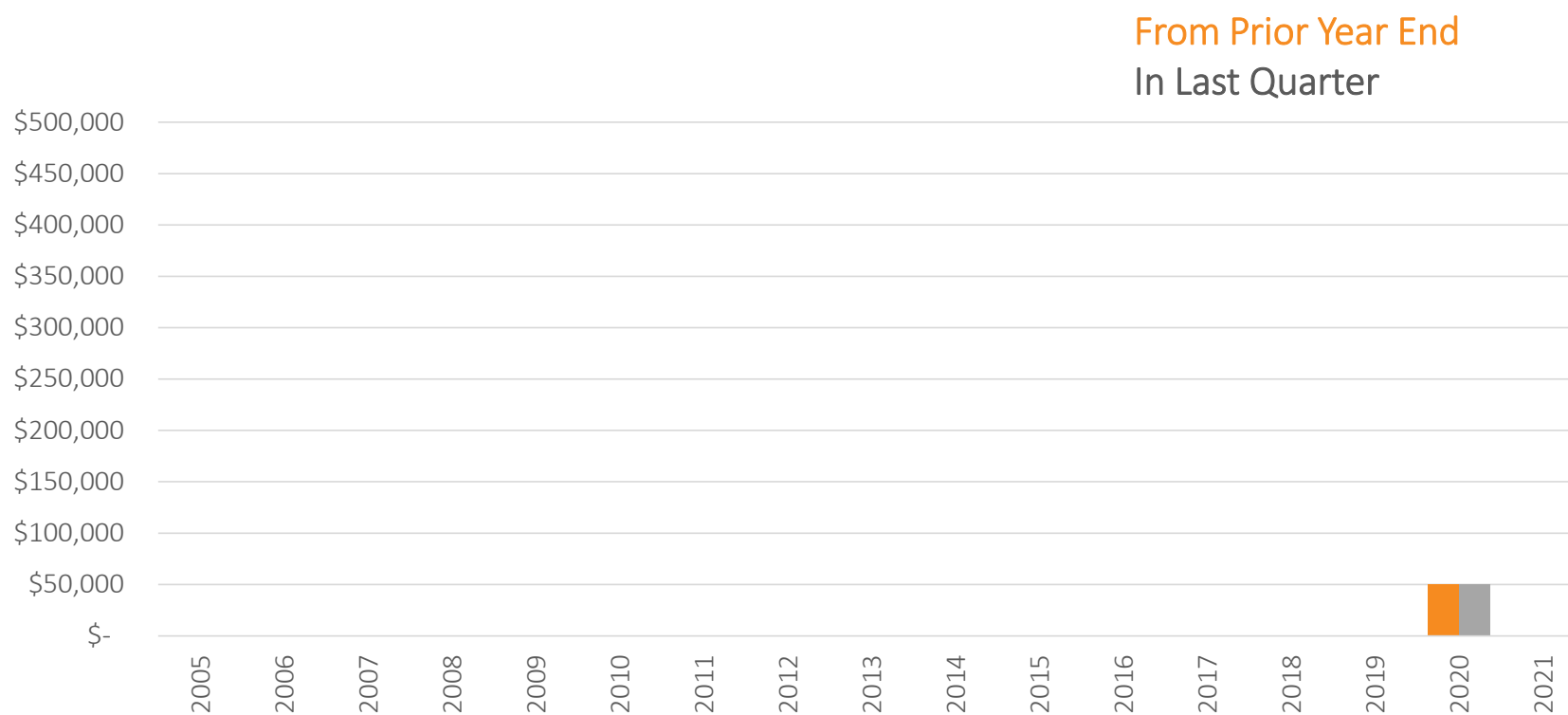
Number of Claims by Insurer



Incurred Amounts by Insurer

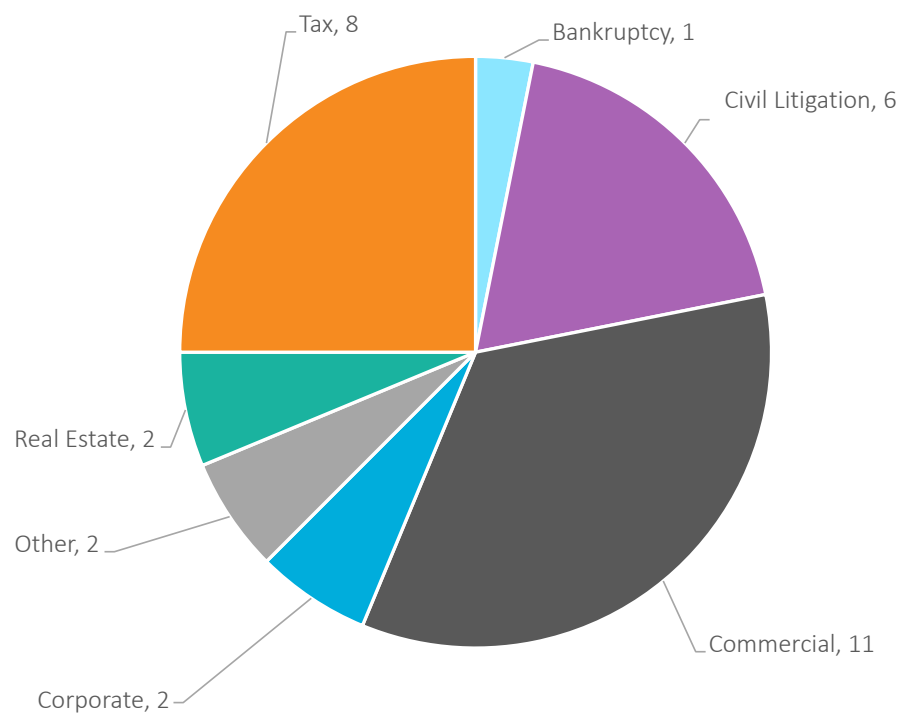


Change in Incurred Amounts (CLLAS)

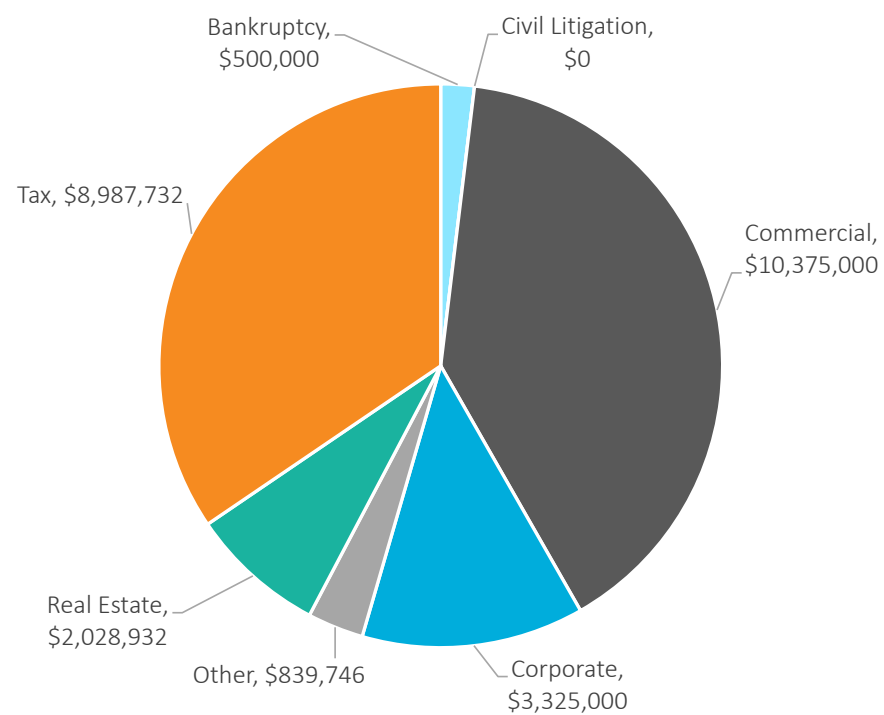


By Area of Law

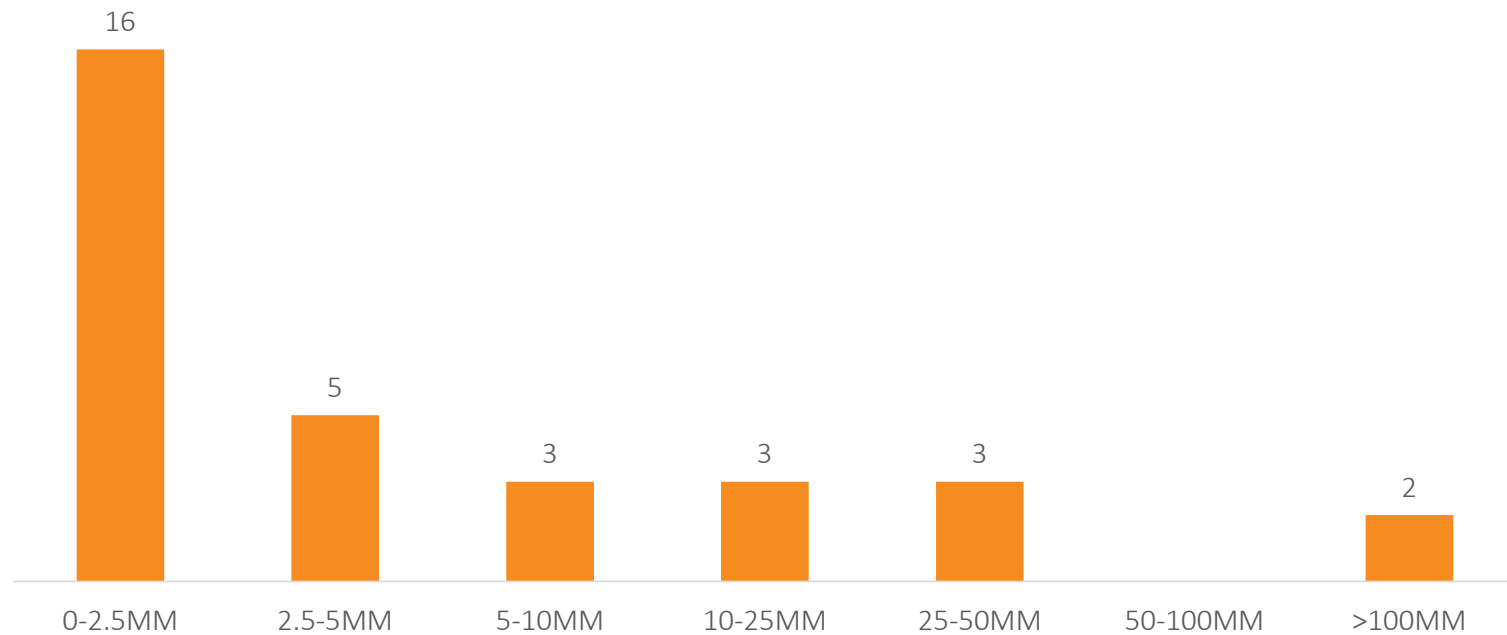
Number of Claims (CLLAS & LS)



CLLAS Incurred



Number of Claims by Best Estimate of Worst Case



Claim Count Movement in Quarter

Policy Year	Law Society Only	CLLAS Only	CLLAS & Law Society
2005 and prior	0	0	0
2006	0	0	0
2007	0	0	0
2008	0	0	0
2009	0	0	0
2010	0	0	0
2011	0	0	0
2012	0	0	0
2013	0	0	0
2014	0	0	0
2015	0	0	0
2016	0	0	0
2017	0	0	0
2018	2	0	0
2019	0	0	0
2020	0	0	1
2021	0	0	0

Notes

Slide 1

- Illustrates the number of open claims by insurer.
- LS Only: Large (\$500,000+) Law Society (“LS”) claims which have not yet developed into CLLAS (\$1,000,000+) claims
- CLLAS Only: Claims which are typically drop-down claims where the Law Society does not respond
- CLLAS & LS: Claims where amounts have been incurred by both the Law Society and CLLAS

Slide 2

- Illustrates the aggregate incurred amounts (paid + reserved) by policy year
- Identifies the quantum yet to be crystalized and highlights extraordinary years

Slide 3

- Illustrates movements in paid (always positive, except in cases of recovery) and reserved amounts on open claims
- Positive values highlight strengthening of reserves, or adverse claim development. Negative values highlight reduced reserves or better than expected outcomes

Notes (Cont'd)

Slide 4

- Illustrates the split between areas of law for the number of open claims and the incurred amounts (paid + reserved)
- Highlights the law areas of claims being actively managed

Slide 5

- Based on counsel's best estimate of the worst case outcome of each open claim
- Highlights the potential claim sized being actively managed

Slide 6

- Illustrates the emergence or closure (including reduction of incurred value below the large loss monitoring threshold of \$500,000) of claims over the previous quarter
- Note: Claims may move between Law Society Only, CLLAS & Law Society, and CLLAS Only

discussion

MARTIN, LUCAS & SEAGRAM LTD.
INDEPENDENT INVESTMENT COUNSEL
Suite 620, 48 Yonge Street,
Toronto, Ontario
M5E 1G9

Telephone: 416-363-6216
Facsimile: 416-363-4538
E-Mail: info@mlsinvest.com

April 23, 2021

Mr. Patrick Mahoney,
Axxima,
36 Toronto Street, Suite 510
Toronto ON M5C 2C5

Re: Canadian Lawyers Liability Assurance Society

Dear Patrick:

Please find enclosed our quarterly investment report for the period ending March 31 last on the Short and Long Term Fund last for CLLAS, together with a copy of our accounts, the originals of which have been sent to RBC Dexia Investor Services for payment.

Bond prices moved lower during the first quarter due to an upward shift in yields across all maturities. The short end of the curve was the least affected and the short-term bond index recorded a decline of 0.6%. Meanwhile, the mid-term bond index fell 4.5%. Reflecting these negative trends, the Long Term Fund's total return over the quarter was minus 1.3%.

Please do not hesitate to let us know if you have any questions or comments on the report.

Yours sincerely,

Rowland W. Bell

RWB/de
Enclosures

MARTIN, LUCAS & SEAGRAM LTD.
INDEPENDENT INVESTMENT COUNSEL
 SUITE 620, 48 YONGE STREET
TORONTO
 M5E 1G9

Telephone: 416-363-6216
 Facsimilie: 416-363-4538
 E-mail: info@mlsinvest.com

April 22, 2021

In account with

Canadian Lawyers Liability Assurance Society

- Short Term Investment Fund

Valuation of Short Term Investment Fund
 at March 31, 2021

\$11,255,671

Investment Counsel Fee for the period
 January 1 to March 31, 2021

at .025% (1/4 of .10% per annum)

\$2,813.92

Harmonized Sales Tax (HST) at 13%

365.81

\$3,179.73

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

**Please make desposit to: Transit#
 06012, Institution #003, Account
 #2203560**

HST Registration No. R103546115

MARTIN, LUCAS & SEAGRAM LTD.
 INDEPENDENT INVESTMENT COUNSEL
 SUITE 620, 48 YONGE STREET
TORONTO
 M5E 1G9

Telephone: 416-363-6216
 Facsimilie: 416-363-4538
 E-mail: info@mlsinvest.com

April 22, 2021

In account with

Canadian Lawyers Liability Assurance Society
- Long Term Investment Fund

Valuation of Long Term Investment Fund at March 31, 2021	\$6,162,759
---	--------------------

Investment Counsel Fee for the period January 1 to March 31, 2021 at .0625% (1/4 of .25% per annum)	\$3,851.72
---	------------

Harmonized Sales Tax (HST) at 13%	500.72
-----------------------------------	--------

	<u>\$4,352.45</u>
--	-------------------

Please make desposit to:
Transit# 06012, Institution
#003, Account #2203560

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
MARCH 31, 2021

MARTIN, LUCAS & SEAGRAM LTD.
INDEPENDENT INVESTMENT COUNSEL

Suite 620, 48 Yonge Street
Toronto, Ontario
M5E 1G9

Tel.: 416-363-6216
Fax: 416-363-4538
e-mail: info@mlsinvest.com

CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY

COMMENTARY FOR THE QUARTER ENDING MARCH 31, 2021

Review of Market Yields

Bond yields turned up early in January and, after drifting in a sideways trading range for a few weeks, resumed their upward climb until late in the quarter. At the very short end of the curve, the increase over the first quarter was minimal. However, for issues maturing beyond one year, the magnitude of the increase grew larger as the term to maturity increased. At the end March, the yield on the 5-year Canada rose 60 basis points, while 10-year Canada yield jumped 88 basis points.

As a result of the small increase in short-term yields and the more significant rise in longer-term issues, the slope of the yield curve grew noticeably steeper during the quarter. At the end of March, the yield advantage of 10-year issues over 3-month T-bills had increased to 146 basis points compared to 61 basis points at the end of December.

	Jan. 01/20	Sep. 30/20	Dec. 31/20	Mar. 31/21
3-month Treasury Bills	6.80%	0.12%	0.06%	0.09%
5-year Canadas	8.99%	0.36%	0.39%	0.99%
10-year Canadas	9.09%	0.57%	0.67%	1.55%

During the first quarter, activity in the Short Term Investment Fund involved the roll-over of money market securities. A capital withdrawal of \$1,280,000 was funded from the proceeds of a Banker's Acceptance maturity.

The market value of the Long Term Investment Fund decreased \$117,909 which represents a capital decline of 1.9%.

At March 31, 2021, the average term to maturity of the Long Term Investment Fund was 3.3 years and the duration was 3.1 years.

The table below shows the distribution of the assets held in both the Short and Long Term Investment Funds at March 31.

<i>Distribution at March 31, 2021</i>	<i>Valuation</i>	<i>%</i>
Short Term Investment Fund	\$11,249,062	64.6%
Long Term Investment Fund	\$ 6,162,759	35.4%
TOTAL COMBINED VALUATION	\$17,411,821	100.0%

CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY

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

- 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 Term and Long Term Investment Funds Listed and Valued Separately as at March 31, 2021
- Security Purchases and Sales
- Cash Reconciliations
- External Individual Credit Rating Report

LONG TERM INVESTMENT FUND**TIME-WEIGHTED RATES OF TOTAL RETURN
FOR PERIODS ENDING MARCH 31, 2021**

	3 Years*	2 Years*	1 Year	Last 3 months
<i>Long Term Investment Fund – Gross of Fees</i>	<i>3.71%</i>	<i>3.39%</i>	<i>2.63%</i>	<i>-1.27%</i>
<i>Long Term Investment Fund – Net of Fees</i>	<i>3.42%</i>	<i>3.10%</i>	<i>2.35%</i>	<i>-1.33%</i>
Benchmark Portfolio **	3.59%	3.20%	2.37%	-2.17%

*Annualized

** The Benchmark Portfolio is based on the sum of the following total return indices:

60% Canada Short Bond Index

40% Canada Mid Bond Index

SHORT TERM INVESTMENT FUND**TIME-WEIGHTED RATES OF TOTAL RETURN
FOR PERIODS ENDING MARCH 31, 2021**

	Since Inception Oct. 01/08 *	3 Years*	2 Years *	1 Year	Last 3 Months
<i>Short Term Investment Fund – Gross of Fees</i>	<i>0.87%</i>	<i>1.16%</i>	<i>0.96%</i>	<i>0.17%</i>	<i>0.02%</i>
<i>Short Term Investment Fund – Net of Fees</i>	<i>0.75%</i>	<i>1.04%</i>	<i>0.83%</i>	<i>0.06%</i>	<i>0.00%</i>
Benchmark Portfolio **	0.82%	1.11%	0.96%	0.17%	0.02%

* Annualized

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

LONG TERM INVESTMENT FUND**DISTRIBUTION OF SECURITIES BY CREDIT RISK**

(Based on Market Values)

	Dec. 17/13	Jun. 30/20	Sep. 30/20	Dec. 31/20	Mar. 31/21
Bonds, Treasury Bills & Cash Less than 1 year term	100.0%	7.3%	7.2%	11.3%	18.1%
Canadas Greater than 1 year term		20.6%	20.6%	20.5%	20.5%
Provincials Greater than 1 year term		38.4%	38.3%	34.2%	34.1%
Corporates Greater than 1 year term		33.7%	33.8%	34.0%	27.3%
TOTAL PORTFOLIO	100.0%	100.0%	100.0%	100.0%	100.0%

LONG TERM INVESTMENT FUND**DISTRIBUTION OF SECURITIES BY MATURITY**

(Based on Market Values)

	Jun. 30/20	Sep. 30/20	Dec. 31/20	Mar 31/21
Under 1 year	7.3%	7.2%	11.3%	18.1%
1 - 3 years	31.7%	39.9%	35.7%	29.5%
3 - 5 years	28.2%	20.0%	25.1%	25.0%
5 - 7 years	28.4%	28.5%	23.5%	27.3%
7 - 10 years	4.4%	4.4%	4.4%	0.0%
TOTAL	100.0%	100.0%	100.0%	100.0%
Average Maturity (yrs)	4.02	3.78	3.53	3.25
Average Duration (yrs)	3.78	3.55	3.33	3.06

SHORT TERM INVESTMENT FUND

	Jun. 30/20	Sep. 30/20	Dec. 31/20	Mar. 31/21
Short Term Average Duration (yrs)	0.11	0.10	0.11	0.08

COMPLIANCE WITH INVESTMENT POLICY STATEMENT

AT MARCH 31, 2021

	Investment Limits	Investment Funds	Compliance
<i>Short Term Investment Fund</i>			
Maximum Term of Any Issue	1 year	0.2 years	Yes
Minimum Percentage of Total Fund (Short & Long)	40% of Total	64.6%	Yes
Minimum Canada & Provincial Percentage	50%	57.2%	Yes
Minimum Provincial Quality	A	N/A	Yes
Minimum Bank CD & BA Quality	R1 (high)	R1 (high)	Yes
<i>Long Term Investment Fund</i>			
Maximum Term of Any Issue	10 years	7.0 years	Yes
Maximum Percentage of Total Fund (Short & Long)	60% of Total	35.4%	Yes
Minimum Canada Percentage	20%	24.5%	Yes
Maximum Provincial Percentage	40%	38.2%	Yes
Minimum Canada & Provincial Percentage	60%	62.7%	Yes
Minimum Provincial Quality *	A	AA (low)	Yes
Maximum Corporate Percentage	40%	37.3%	Yes
Minimum Corporate Quality *	A	AA (low)	Yes

** At time of purchase*

This will confirm that during the first quarter the Long Term Investment Fund was managed in compliance with the Investment Policy limits provided on December 3, 2013.

Similarly, during the same period the Short Term Fund remained in compliance with the Investment Policy Statement that became effective on May 5, 2012.

Martin, Lucas & Seagram Ltd.
 PERFORMANCE REPORT
 GROSS OF FEES
CLLAS – LONG TERM INVESTMENT FUND
(RBC Investor Services)
From 12-31-20 to 03-31-21

Portfolio Value on 12-31-20	6,280,668
Accrued Interest	22,835
Contributions	0
Withdrawals	-18,886
Realized Gains	0
Unrealized Gains	-117,909
Interest	18,886
Dividends	0
Change in Accrued Interest	-19,365
Portfolio Value on 03/31/21	6,162,759
Accrued Interest	42,200
Average Capital	6,294,346
Total Gains before Fees	-79,659
IRR for 0.25 Years	-1.27%

BOND MARKET COMMENTARY AND FUTURE POLICY

Bond yields, which had ticked up during the fourth quarter, turned higher early in the New Year, and continued to move in a sharp upward trend until late in the first quarter. In the U.S., the 10-year treasury yield increased from just under 1% at the end of December to a high of 1.77%. This 80-basis point increase in the first quarter was the third-largest gain over a 3-month period in the past decade. Similarly, the 10-year Canada yield jumped some 90 basis points to 1.61%, which exceeded the pre-pandemic highs at the beginning of last year.

The rise in yields has coincided with positive developments on several fronts. These included increased clarity on the U.S. political landscape, the approval of several highly effective vaccines, the passage of two massive fiscal relief packages and, despite a slow start, a significant ramping up of vaccine deliveries south of the border. These developments have boosted confidence that economic growth will accelerate as the year progresses. An uptick in inflationary pressures and concerns surrounding the amount of new borrowing needed to finance the expansionary fiscal measures also influenced the climb in yields.

In the U.S., economic activity has already staged an impressive rebound from the fourth quarter slowdown brought on by a second wave of infections during the winter, which peaked after the post-holiday surge. Since then, there have been further gains in manufacturing, business investment and household spending following the \$900 billion stimulus package that was approved late last year. The latest employment figures showed broad-based employment gains that came in well above expectations and consumer confidence reached a 13-month high in March. The consumer sector will benefit further from a significant increase in disposable income following passage of President Biden's \$1.9 trillion American Rescue Plan. In addition to improved unemployment insurance and an expansion of the child tax credit, approximately 90% of households received \$1,400 per-person stimulus payments. Additional support in the form of low borrowing costs and an increase in savings will also help to fuel pent-up demand as the economy reopens.

Meanwhile, the Canadian economy expanded 9.6% (annualized) in the fourth quarter, which far exceeded market expectations and came second only to Japan among the G7 countries. Growth was largely supported by continued strength in residential real estate, a buildup of inventories, rising commodity prices and an increase in domestic demand. This forward momentum has carried into the new year and first quarter growth is tracking at 7% on an annualized basis. This contributed to a surge in employment last month, which put overall employment just 1.5% below its pre-COVID level in February 2020. There has also been a marked improvement in household savings and disposable income. These gains, together with the Federal government's recent budget, which contained an additional \$100 billion in new spending measures over the next three years, along with extensions to shorter-term supports for individuals and businesses, bode well for continued strength in consumption in the months ahead. In its most recent policy statement, the Bank of Canada raised its growth outlook for this year to 6.5%, up from the Bank's forecast of a 4% increase back in January. Nevertheless, rising case counts in much of the country and the recent tightening of economic restrictions in the four largest provinces may sap the economy's upward momentum in the coming weeks.

After closing out 2020 as the only major economy to register a positive GDP figure, China is expected to remain an engine of global growth this year as the country's much lower infection rates spur domestic consumption. Also, an increase in external demand, partly generated from the U.S. fiscal program, is likely to drive industrial production and exports going forward.

The overall improvement in the domestic and international macroeconomic backdrop over the past few months has been an important driver of equity prices and the major North American stock indices are trading near record highs. For the time being, investors seem willing to look past disappointing news and view any pullback in stocks as an opportunity to position for the anticipated surge in economic growth and corporate profitability. Nevertheless, there have been destabilizing developments that have the potential to disrupt the positive narrative surrounding the outlook. These include the recent sharp increase in bond yields. Rising yields present a double-edged sword for both the economy and equity markets. On the one hand, a shift higher in rates accompanied by a steepening yield curve often lead an economic recovery and are a sign of optimism on the economic outlook. On the other hand, rising rates are also a reflection of heightened inflation fears and growing concerns that the U.S. government's latest fiscal relief package, alongside a broad reopening of the economy, could overstimulate the economy and cause a surge in prices and bond yields. With global debt-to-GDP ratios at record highs, a persistent rise in yields could destabilize the credit markets and hamper the recovery. The near-term course of the pandemic presents another risk to lofty expectations. With the pandemic slowing in the U.S., investors no longer view this as the top concern. However, cases around the world have accelerated over the past few weeks and the experience in Europe and India illustrates that it is premature to sound the "all clear".

In recent weeks, bond yields have settled into a bumpy sideways trading range despite incoming economic data that continues to surprise on the upside and inflation readings that have been moderately above expectations. This suggests that the sharp rise in yields during the first quarter had adequately discounted the strength of the recovery and current cost pressures. The resurgence of the virus around the world and recent weakness in the equity market may also have helped to alleviate the upward pressure on yields as investors looked for safe havens to reduce risk. Bond investors have also been encouraged by ongoing assurances from monetary authorities that rates will not be raised due to short-term jumps in inflation readings. Among central banks, the prevailing view is that recent inflation trends will prove temporary as supply chain issues dissipate and as the low readings during the worst months of the shutdown last year fall out of the data comparisons.

In weighing the conflicting crosscurrents, we remain optimistic that the economic and business backdrop will continue to improve. As a result, following the current period of consolidation, we expect longer-term bond yields will trade with an upward bias as incoming data over the next few months shows the recovery is gaining global breadth. Meanwhile, very short-term yields are most likely to remain anchored near current levels given the central banks' commitment to remain extraordinarily supportive until there is substantial further progress made on their employment and inflation goals. Given the outlook, we think it is prudent to maintain the Long Term Fund's laddered maturity structure and relatively defensive duration of approximately 3 years.

RWB/de

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.

Martin, Lucas & Seagram Ltd.

CLLAS - SHORT TERM INVESTMENT FUND
(RBC Investor Services)

Portfolio Holdings at March 31, 2021

Quantity	Security	Unit Cost	Price	Market Value	Annual Income
CASH					
	Cash Account			6,608	0
MONEY MARKET ISSUES					
1,305,000	Canada Treasury Bill 0.06% due April 8, 2021	99.99	100.00	1,304,977	783
1,205,000	Royal Bank BA .14% due April 15, 2021	99.97	99.99	1,204,919	1,686
1,225,000	Toronto Dominion Bank BA 0.13% due April 15, 2021	99.97	99.99	1,224,918	1,592
1,200,000	CIBC BA 0.12% due April 19, 2021	99.98	99.99	1,199,898	1,440
1,300,000	Canada Treasury Bill 0.04% due April 22, 2021	99.99	100.00	1,299,936	520
1,185,000	Toronto Dominion Bank BA 0.15% due April 23, 2021	99.99	99.99	1,184,878	1,777
1,210,000	Canada Treasury Bill 0.01% due May 6, 2021	100.00	99.99	1,209,904	121
1,315,000	Canada Treasury Bill 0.03% due May 27, 2021	99.99	99.99	1,314,836	394
1,305,000	Canada Treasury Bill 0.08% due June 10, 2021	99.98	99.98	1,304,796	1,044
				<u>11,249,062</u>	<u>9,358</u>
TOTAL PORTFOLIO				11,255,671	9,358

Disclosures:

1. Please note that the securities listed herein are held on your behalf by the above noted custodian. You may wish to contact them directly to determine if your account is covered by any recognized Investor Protection Plan and/or for information on how these securities are held.
2. The cost of each position shown in the account is the book cost (original cost adjusted for distributions, capital returns and re-orgs). For unit costs marked with an *, the book cost cannot be determined and the value shown is based on the closing market price on July 15, 2015.

Martin, Lucas & Seagram Ltd.
PURCHASE AND SALE
CLLAS - SHORT TERM INVESTMENT FUND
(RBC Investor Services)
From 01-01-21 To 03-31-21

Trade Date	Settle Date	Quantity	Security	Unit Price	Amount
PURCHASES					
01-13-21	01-14-21	1,305,000	Canada Treasury Bill 0.06% due April 8, 2021	99.99	1,304,819.91
01-15-21	01-18-21	1,280,000	Bank of Nova Scotia BA 0.12% due February 18, 2021	99.99	1,279,869.44
01-15-21	01-18-21	1,225,000	Toronto Dominion Bank BA 0.13% due April 15, 2021	99.97	1,224,620.25
01-20-21	01-21-21	1,300,000	Canada Treasury Bill 0.04% due April 22, 2021	99.99	1,299,870.00
01-22-21	01-25-21	1,205,000	Royal Bank BA .14% due April 15, 2021	99.97	1,204,630.07
02-03-21	02-04-21	1,210,000	Canada Treasury Bill 0.01% due May 6, 2021	100.00	1,209,969.75
02-18-21	02-19-21	1,200,000	CIBC BA 0.12% due April 19, 2021	99.98	1,199,767.20
02-23-21	02-24-21	1,175,000	Bank of Nova Scotia BA 0.13% due March 24, 2021	99.99	1,174,882.50
03-03-21	03-04-21	1,305,000	Canada Treasury Bill 0.08% due June 10, 2021	99.98	1,304,719.43
03-23-21	03-24-21	1,185,000	Toronto Dominion Bank BA 0.15% due April 23, 2021	99.99	1,184,854.25
03-24-21	03-25-21	1,315,000	Canada Treasury Bill 0.03% due May 27, 2021	99.99	1,314,931.62
					13,702,934.42
SALES					
01-14-21	01-14-21	1,305,000	Canada Treasury Bill .07% due January 14, 2021	100.00	1,305,000.00
01-18-21	01-18-21	1,280,000	Bank of Nova Scotia BA 0.20% due January 18, 2021	100.00	1,280,000.00
01-18-21	01-18-21	1,225,000	Royal Bank BA 0.17% due January 18, 2021	100.00	1,225,000.00
01-21-21	01-21-21	1,300,000	Canada Treasury Bill .07% due January 21, 2021	100.00	1,300,000.00
01-25-21	01-25-21	1,205,000	CIBC BA .20% due January 25, 2021	100.00	1,205,000.00
02-04-21	02-04-21	1,205,000	Canada Treasury Bill 0.07% due February 4, 2021	100.00	1,205,000.00
02-18-21	02-18-21	1,280,000	Bank of Nova Scotia BA 0.12% due February 18, 2021	100.00	1,280,000.00
02-19-21	02-19-21	1,200,000	CIBC BA 0.19% due February 19, 2021	100.00	1,200,000.00
02-24-21	02-24-21	1,175,000	CIBC BA 0.20% due February 24, 2021	100.00	1,175,000.00

Martin, Lucas & Seagram Ltd.
PURCHASE AND SALE
CLLAS - SHORT TERM INVESTMENT FUND
(RBC Investor Services)
From 01-01-21 To 03-31-21

Trade Date	Settle Date	Quantity	Security	Unit Price	Amount
03-04-21	03-04-21	1,305,000	Canada Treasury Bill 0.08% due March 4, 2021	100.00	1,305,000.00
03-24-21	03-24-21	1,175,000	Bank of Nova Scotia BA 0.13% due March 24, 2021	100.00	1,175,000.00
03-25-21	03-25-21	1,315,000	Canada Treasury Bill 0.06% due March 25, 2021	100.00	1,315,000.00
					14,970,000.00

Martin, Lucas & Seagram Ltd.
CASH RECONCILIATION
CLLAS - SHORT TERM INVESTMENT FUND
(RBC Investor Services)
From 12-31-20 to 03-31-21

Cash Balance at December 31, 2020		<u>13,482.46</u>
ADD: Proceeds from Sales	14,970,000.00	
Capital Contribution	0.00	
Bond Interest Credited (from Long Term Investment Fund)	18,885.75	
Transfers to Long Term Fund re: net sales and purchases	<u>0.00</u>	<u>14,988,885.75</u>
LESS: Cost of Purchases	-13,702,934.42	
Capital Withdrawal	-1,280,000.00	
Q4 2020 Investment Counsel Fees - Short Term Investment Fund	-3,538.84	
Q4 2020 Investment Counsel Fees - Long Term Investment Fund	-4,435.72	
Trust Company Charges	<u>-4,850.95</u>	<u>-14,995,759.93</u>
Cash Balance at March 31, 2021		<u><u>6,608.28</u></u>

Martin, Lucas & Seagram Ltd.							
EXTERNAL INDIVIDUAL CREDIT RATING REPORT - MARCH 31, 2021							
CLLAS - SHORT TERM INVESTMENT FUND							
			Unit	Total		Market	%
Quantity	Security	Rating	Cost	Cost	Price	Value	Assets
1,305,000	Canada Treasury Bill 0.06% due April 8, 2021	R-1 (high)	99.990	1,304,820	100.000	1,304,977	11.6%
1,205,000	Royal Bank BA .14% due April 15, 2021	R-1 (high)	99.970	1,204,630	99.990	1,204,919	10.7%
1,225,000	Toronto Dominion Bank BA 0.13% due April 15, 2021	R-1 (high)	99.970	1,224,620	99.990	1,224,918	10.9%
1,200,000	CIBC BA 0.12% due April 19, 2021	R-1 (high)	99.980	1,199,767	99.990	1,199,898	10.7%
1,300,000	Canada Treasury Bill 0.04% due April 22, 2021	R-1 (high)	99.990	1,299,870	100.000	1,299,936	11.6%
1,185,000	Toronto Dominion Bank BA 0.15% due April 23, 2021	R-1 (high)	99.990	1,184,854	99.990	1,184,878	10.5%
1,210,000	Canada Treasury Bill 0.01% due May 6, 2021	R-1 (high)	100.000	1,209,970	99.990	1,209,904	10.8%
1,315,000	Canada Treasury Bill 0.03% due May 27, 2021	R-1 (high)	99.990	1,314,932	99.990	1,314,836	11.7%
1,305,000	Canada Treasury Bill 0.08% due June 10, 2021	R-1 (high)	99.980	1,304,719	99.980	1,304,796	11.6%
				11,248,182		11,249,062	100%

Martin, Lucas & Seagram Ltd.

CLLAS - LONG TERM INVESTMENT FUND
(RBC Investor Services)

Portfolio Holdings at March 31, 2021

Quantity	Security	Unit Cost	Price	Market Value	Annual Income
GOVERNMENT BONDS					
250,000	Canada Housing Trust Ser 71 1.25% due June 15, 2021	96.83	100.23	250,585	3,125
200,000	Canada Housing Trust 2.4% Series 48 due December 15, 2022	100.37	103.62	207,238	4,800
200,000	Canada Housing Trust 2.35% due September 15, 2023	105.62	104.56	209,128	4,700
250,000	Canada Housing Trust 2.9% due June 15, 2024	102.64	106.87	267,175	7,250
300,000	Canada Housing Trust Ser. 70 2.25% due December 15, 2025	100.98	104.90	314,700	6,750
250,000	Canada Housing Trust No.1 2.350% due March 15, 2028	103.96	105.10	262,750	5,875
				<hr/> 1,511,576	<hr/> 32,500
PROVINCIAL BONDS					
250,000	British Columbia 3.25% due December 18, 2021	102.30	102.15	255,363	8,125
400,000	Ontario 3.15% due June 2, 2022	100.00	103.36	413,436	12,600
500,000	Ontario 2.85% due June 2, 2023	102.29	105.16	525,795	14,250
400,000	Ontario 2.60% due June 2, 2025	101.08	105.80	423,212	10,400
350,000	British Columbia 2.3% due June 18, 2026	104.40	104.76	366,646	8,050
350,000	Ontario 2.60% due June 2, 2027	97.56	105.63	369,705	9,100
				<hr/> 2,354,157	<hr/> 62,525
CORPORATE BONDS					
200,000	Bank of Montreal 3.4% due April 23, 2021	100.65	100.20	200,406	6,800
150,000	Royal Bank 1.968% due March 2, 2022	100.05	101.52	152,283	2,952
250,000	National Bank of Canada 2.105% due March 18, 2022	102.04	101.73	254,330	5,263
150,000	Wells Fargo 3.46% due January 24, 2023	102.36	104.86	157,292	5,190
300,000	Toronto Dominion Bank Dep. Note 1.909% due July 18, 2023	102.63	102.66	307,977	5,727

Martin, Lucas & Seagram Ltd.

CLLAS - LONG TERM INVESTMENT FUND
(RBC Investor Services)

Portfolio Holdings at March 31, 2021

Quantity	Security	Unit Cost	Price	Market Value	Annual Income
250,000	Toronto Dominion Bank Dep. Note 3.226% due July 24, 2024	102.02	107.17	267,929	8,065
250,000	CIBC Deposit Note 3.3% due May 26, 2025	100.24	108.27	270,675	8,250
200,000	Wells Fargo & Company 2.975% due May 19, 2026	102.15	105.25	210,504	5,950
300,000	Bank of Nova Scotia Dep. Notes 2.62% due December 2, 2026	102.07	105.54	316,629	7,860
150,000	Bank of Montreal Dep. Note 2.70% due December 9, 2026	108.76	106.00	159,002	4,050
				<hr/> 2,297,026	<hr/> 60,107
TOTAL PORTFOLIO				6,162,759	155,132

Disclosures:

1. Please note that the securities listed herein are held on your behalf by the above noted custodian. You may wish to contact them directly to determine if your account is covered by any recognized Investor Protection Plan and/or for information on how these securities are held.
2. The cost of each position shown in the account is the book cost (original cost adjusted for distributions, capital returns and re-orgs). For unit costs marked with an *, the book cost cannot be determined and the value shown is based on the closing market price on July 15, 2015.

Martin, Lucas & Seagram Ltd.
PURCHASE AND SALE
CLLAS - LONG TERM INVESTMENT FUND
(RBC Investor Services)
From 01-01-21 To 03-31-21

Trade Date	Settle Date	Quantity	Security	Unit Price	Amount
-----------------------	------------------------	-----------------	-----------------	-----------------------	---------------

No transactions were found!

Martin, Lucas & Seagram Ltd.
CASH RECONCILIATION
CLLAS - LONG TERM INVESTMENT FUND
From 12-31-20 to 03-31-21

Cash Balance at December 31, 2020		0.00
ADD: Proceeds from Sales		
Bond Interest Credited to Long Term Investment Fund	18,885.75	
Transfer Bond Inteerst to Short Term Investment Fund	-18,885.75	
Transfer to Short Term Investment Fund net purchases & sales	0.00	0.00
LESS: Cost of Purchases		0.00
Cash Balance at March 31, 2021		0.00

Martin, Lucas & Seagram Ltd.									
EXTERNAL INDIVIDUAL CREDIT RATING REPORT - MARCH 31, 2021									
CLLAS - LONG TERM INVESTMENT FUND									
					Unit	Total		Market	Pct.
Quantity	CUSIP	Security		Rating	Cost	Cost	Price	Value	Assets
GOVERNMENT BONDS									
250,000	13509PFJ7	Canada Housing Trust Ser 71 1.25%	due June 15, 2021	AAA	96.83	242,075	100.23	250,585	4.1%
200,000	13509PDL4	Canada Housing Trust 2.4% Series 48	due December 15, 2022	AAA	100.37	200,740	103.62	207,238	3.4%
200,000	13509PDV2	Canada Housing Trust 2.35%	due September 15, 2023	AAA	105.62	211,240	104.56	209,128	3.4%
250,000	13509PEF6	Canada Housing Trust 2.9%	due June 15, 2024	AAA	102.64	256,600	106.87	267,175	4.3%
300,000	13509PFD0	Canada Housing Trust Ser. 70 2.25%	due December 15, 2025	AAA	100.98	302,940	104.90	314,700	5.1%
250,000	13509PGF4	Canada Housing Trust No.1 2.350%	due March 15, 2028	AAA	103.96	259,900	105.10	262,750	4.3%
						1,473,495		1,511,576	24.5%
PROVINCIAL BONDS									
250,000	110709BJ0	British Columbia 3.25%	due December 18, 2021	AA (high)	102.30	255,750	102.15	255,363	4.1%
400,000	68323AAW4	Ontario 3.15%	due June 2, 2022	AA (low)	100.00	400,000	103.36	413,436	6.7%
500,000	68323ABN3	Ontario 2.85%	due June 2, 2023	AA (low)	102.29	511,430	105.16	525,795	8.5%
400,000	68323ACX0	Ontario 2.60%	due June 2, 2025	AA (low)	101.08	404,305	105.80	423,212	6.9%
350,000	11070TAJ7	British Columbia 2.3%	due June 18, 2026	AA (high)	104.40	365,400	104.76	366,646	5.9%
350,000	68323AEE0	Ontario 2.60%	due June 2, 2027	AA (low)	97.56	341,460	105.63	369,705	6.0%
						2,278,345		2,354,157	38.2%
CORPORATE BONDS									
200,000	06367VJN6	Bank of Montreal 3.4%	due April 23, 2021	AA	100.65	201,300	100.20	200,406	3.3%
150,000	780086KD5	Royal Bank 1.968%	due March 2, 2022	AA (high)	100.05	150,075	101.52	152,283	2.5%
250,000	633067C27	National Bank of Canada 2.105%	due March 18, 2022	AA (low)	102.04	255,100	101.73	254,330	4.1%
150,000	94975ZBN5	Wells Fargo 3.46%	due January 24, 2023	AA (low)	102.36	153,542	104.86	157,292	2.6%
300,000	891160LV3	Toronto Dominion Bank Dep. Note 1.909%	due July 18, 2023	AA (high)	102.63	307,890	102.66	307,977	5.0%
250,000	891145T79	Toronto Dominion Bank Dep. Note 3.226%	due July 24, 2024	AA (high)	102.02	255,050	107.17	267,929	4.3%
250,000	13596Z3Y9	CIBC Deposit Note 3.3%	due May 26, 2025	AA	100.24	250,600	108.27	270,675	4.4%
200,000	949746RX1	Wells Fargo & Company 2.975%	due May 19, 2026	AA (low)	102.15	204,300	105.25	210,504	3.4%
300,000	064151QE6	Bank of Nova Scotia Dep. Notes 2.62%	due December 2, 2026	AA	102.07	306,210	105.54	316,629	5.1%
150,000	06368AAA8	Bank of Montreal Dep. Note 2.70%	due December 9, 2026	AA	108.76	163,140	106.00	159,002	2.6%
						2,247,207		2,297,026	37.3%
TOTAL PORTFOLIO						5,999,047		6,162,759	100.0%

Martin, Lucas & Seagram Ltd.
DATE TO DATE GAINS AND LOSSES
CLLAS - LONG TERM INVESTMENT FUND
(RBC Investor Services)
From 12-31-20 to 03-31-21

Security	12-31-20 Market Value	Additions Withdrawals	03-31-21 Market Value	03-31-21 Cost Basis	Realized Gain or Loss		Unrealized Gain or Loss	
					Cost	Market	Cost	Market
GOVERNMENT BONDS								
Canada Housing Trust Ser 71 1.25% due June 15, 2021	251,260	0	250,585	242,075	0	0	8,510	-675
Canada Housing Trust 2.4% Series 48 due December 15, 2022	208,270	0	207,238	200,740	0	0	6,498	-1,032
Canada Housing Trust 2.35% due September 15, 2023	210,616	-2,350	209,128	211,240	0	0	-2,112	-1,488
Canada Housing Trust 2.9% due June 15, 2024	270,925	0	267,175	256,600	0	0	10,575	-3,750
Canada Housing Trust Ser. 70 2.25% due December 15, 2025	323,448	0	314,700	302,940	0	0	11,760	-8,748
Canada Housing Trust No.1 2.350% due March 15, 2028	276,235	-2,938	262,750	259,900	0	0	2,850	-13,485
GOVERNMENT BONDS Total	1,540,754		1,511,576	1,473,495	0	0	38,081	-29,178
PROVINCIAL BONDS								
British Columbia 3.25% due December 18, 2021	257,290	0	255,363	255,750	0	0	-388	-1,928
Ontario 3.15% due June 2, 2022	416,460	0	413,436	400,000	0	0	13,436	-3,024
Ontario 2.85% due June 2, 2023	529,805	0	525,795	511,430	0	0	14,365	-4,010
Ontario 2.60% due June 2, 2025	434,244	0	423,212	404,305	0	0	18,907	-11,032
British Columbia 2.3% due June 18, 2026	378,945	0	366,646	365,400	0	0	1,246	-12,299
Ontario 2.60% due June 2, 2027	385,606	0	369,705	341,460	0	0	28,245	-15,901
PROVINCIAL BONDS Total	2,402,350		2,354,157	2,278,345	0	0	75,812	-48,193
CORPORATE BONDS								
Bank of Montreal 3.4% due April 23, 2021	201,868	0	200,406	201,300	0	0	-894	-1,462
Royal Bank 1.968% due March 2, 2022	152,814	-1,476	152,283	150,075	0	0	2,208	-531
National Bank of Canada 2.105% due March 18, 2022	255,300	-2,631	254,330	255,100	0	0	-770	-970
Wells Fargo 3.46% due January 24, 2023	158,604	-2,595	157,292	153,542	0	0	3,750	-1,313
Toronto Dominion Bank Dep. Note 1.909% due July 18, 2023	310,239	-2,864	307,977	307,890	0	0	87	-2,262
Toronto Dominion Bank Dep. Note 3.226% due July 24, 2024	272,240	-4,033	267,929	255,050	0	0	12,879	-4,311
CIBC Deposit Note 3.3% due May 26, 2025	276,710	0	270,675	250,600	0	0	20,075	-6,035
Wells Fargo & Company 2.975% due May 19, 2026	216,170	0	210,504	204,300	0	0	6,204	-5,666
Bank of Nova Scotia Dep. Notes 2.62% due December 2, 2026	328,578	0	316,629	306,210	0	0	10,419	-11,949

Martin, Lucas & Seagram Ltd.
DATE TO DATE GAINS AND LOSSES
CLLAS - LONG TERM INVESTMENT FUND
(RBC Investor Services)
From 12-31-20 to 03-31-21

Security	12-31-20 Market Value	Additions Withdrawals	03-31-21 Market Value	03-31-21 Cost Basis	Realized Gain or Loss		Unrealized Gain or Loss	
					Cost	Market	Cost	Market
Bank of Montreal Dep. Note 2.70% due December 9, 2026	165,042	0	159,002	163,140	0	0	-4,139	-6,041
CORPORATE BONDS Total	2,337,565		2,297,026	2,247,207	0	0	49,820	-40,539
TOTAL PORTFOLIO	6,280,668		6,162,759	5,999,047	0	0	163,712	-117,910
TOTAL DATE TO DATE GAIN OR LOSS								-117,910
% CHANGE DURING PERIOD								-1.88

CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY

COMMITTEES FOR 2021/22

- | | | |
|----|------------------------|--|
| 1. | Audit* | Gordon Goodman (Chair)
Michael Swartz
Margaret McNee |
| 2. | Claims | William Scott (Chair)
David Morritt
James Tory
John Birch
Robert (Bob) Love |
| 3. | Policy | Donald Milner (Chair)
Natasha MacParland
Bruce Blain |
| 4. | Risk Management | Julia Holland (Chair)
David Woolcombe
Eugene Cipparone
Laurence Detière |

* Members of Audit Committee also serve on the Reinsurance/Insurance Security Committee.

*** Members of ad-hoc cyber committee are Don Milner, Bill Scott

June 1, 2021