



Actuaries & Insurance Management Advisors

CLLAS

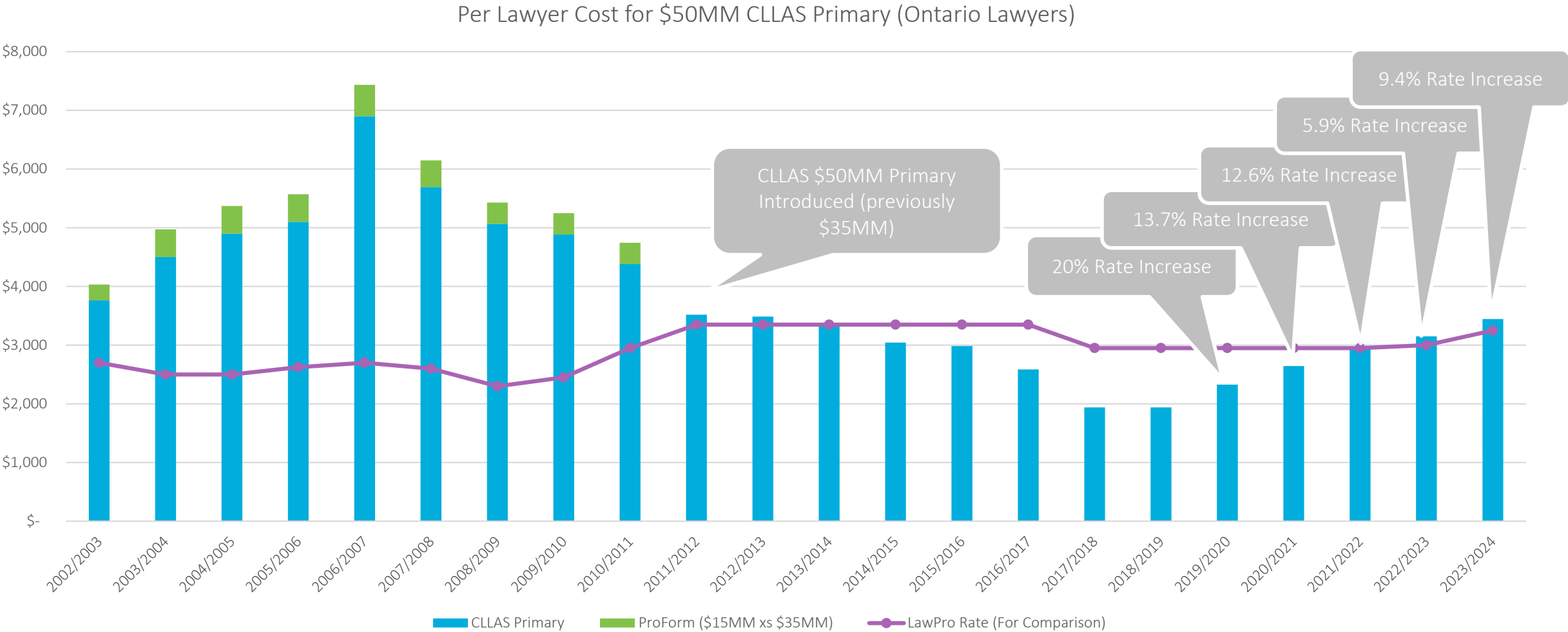
Renewal Summary and Programs Update

September 19, 2023

Agenda

- CLLAS Renewal
 - Background
 - Overview
 - Reinsurance Markets and Capacity
 - Reinsurance Rates
 - CLLAS Rates
 - Conclusion
- ODL Program Update
- Cyber Program Update
- CLLAS Associate Member Program Update

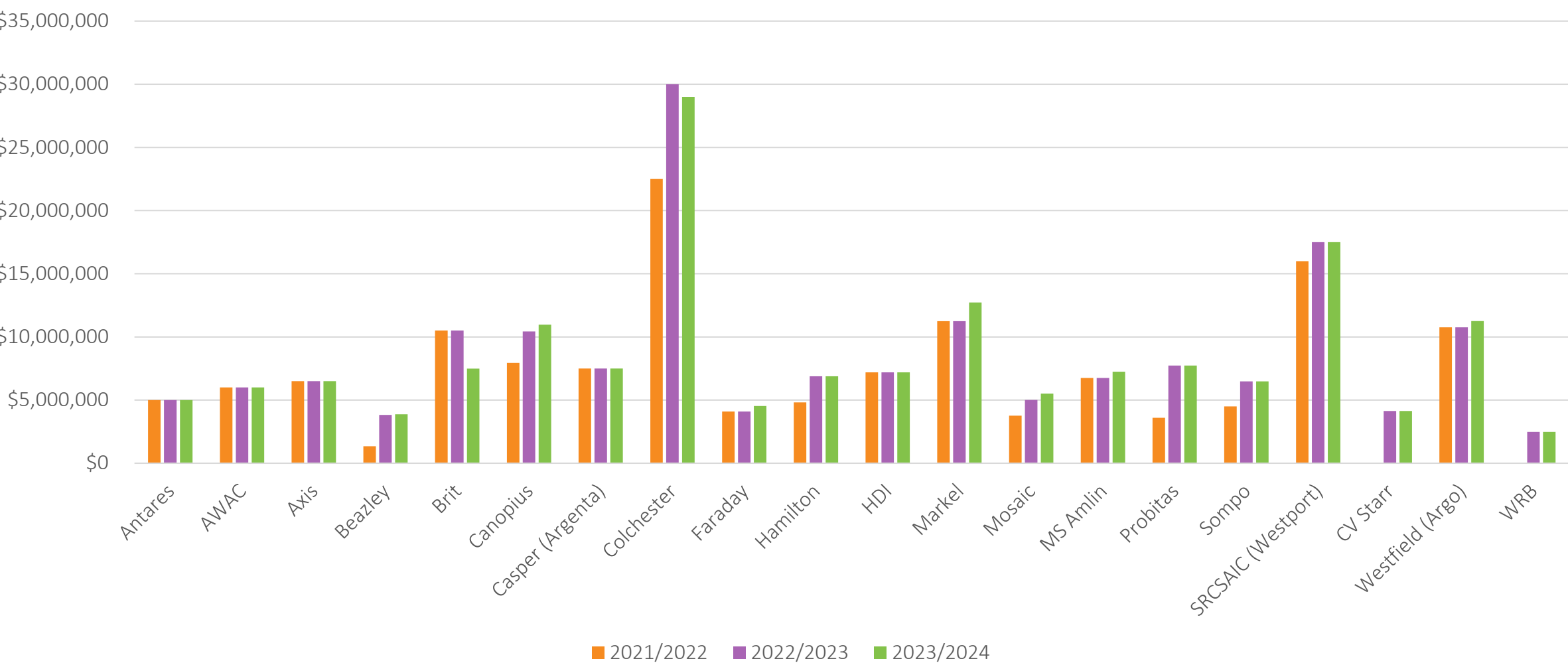
Background



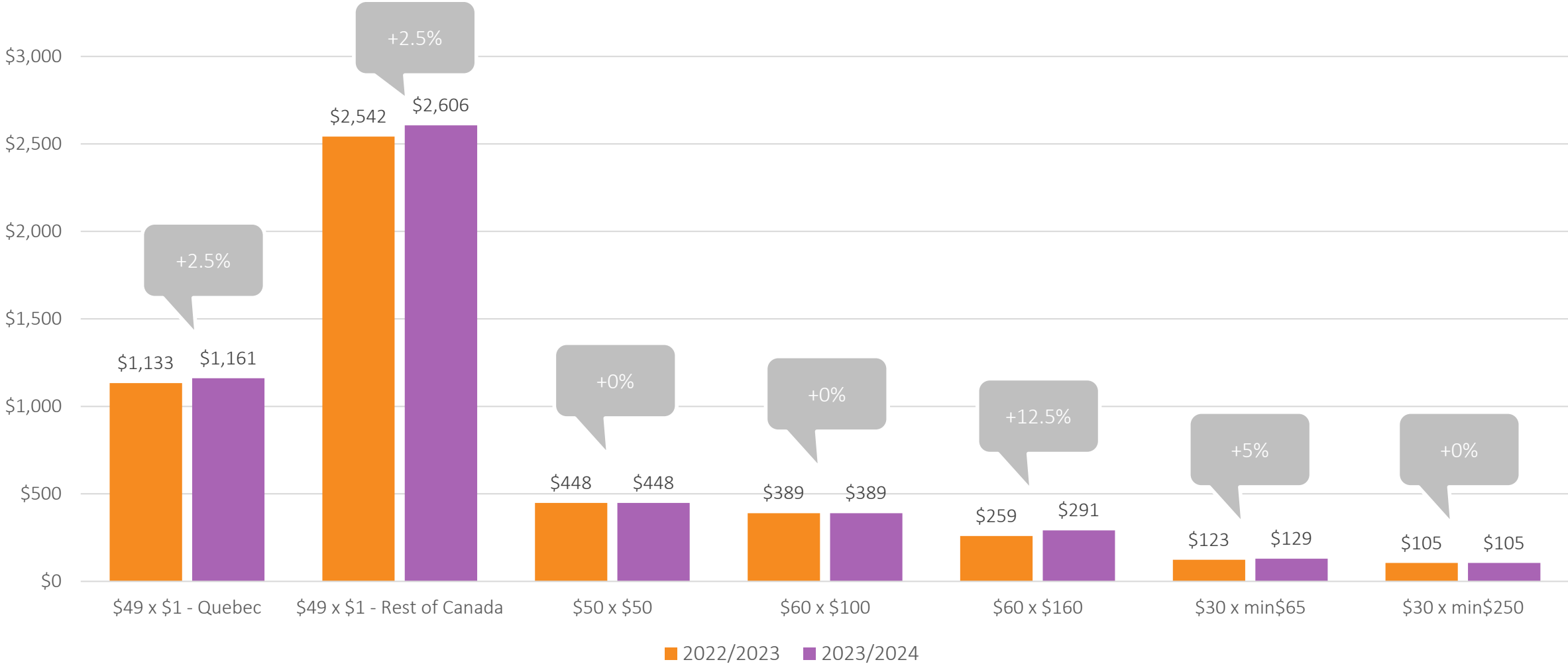
Overview

- Reinsurance renewal negotiations were smoother than in previous years. The Impacts of inflation were a primary concern, with claims movement also noted.
 - 2.5% increase in rates on the \$49MM x \$1MM primary layer
 - On the excess layers, we agreed to 12.5% and 5% on the optional excess and umbrella layers, respectively. Brit, who leads these layers, continues to feel they are underpriced.
 - The second umbrella layer, introduced last year, maintained its rates
- Stable capacity
 - CLLAS did not lose any capacity for 2023/2024, with most markets looking to preserve their book of business overall
 - Some previously announced ownership changes with markets were finalized, but none that impacted the tower
 - Generally, markets are working towards more ambitious growth targets which means there may be additional capacity interested in 2024

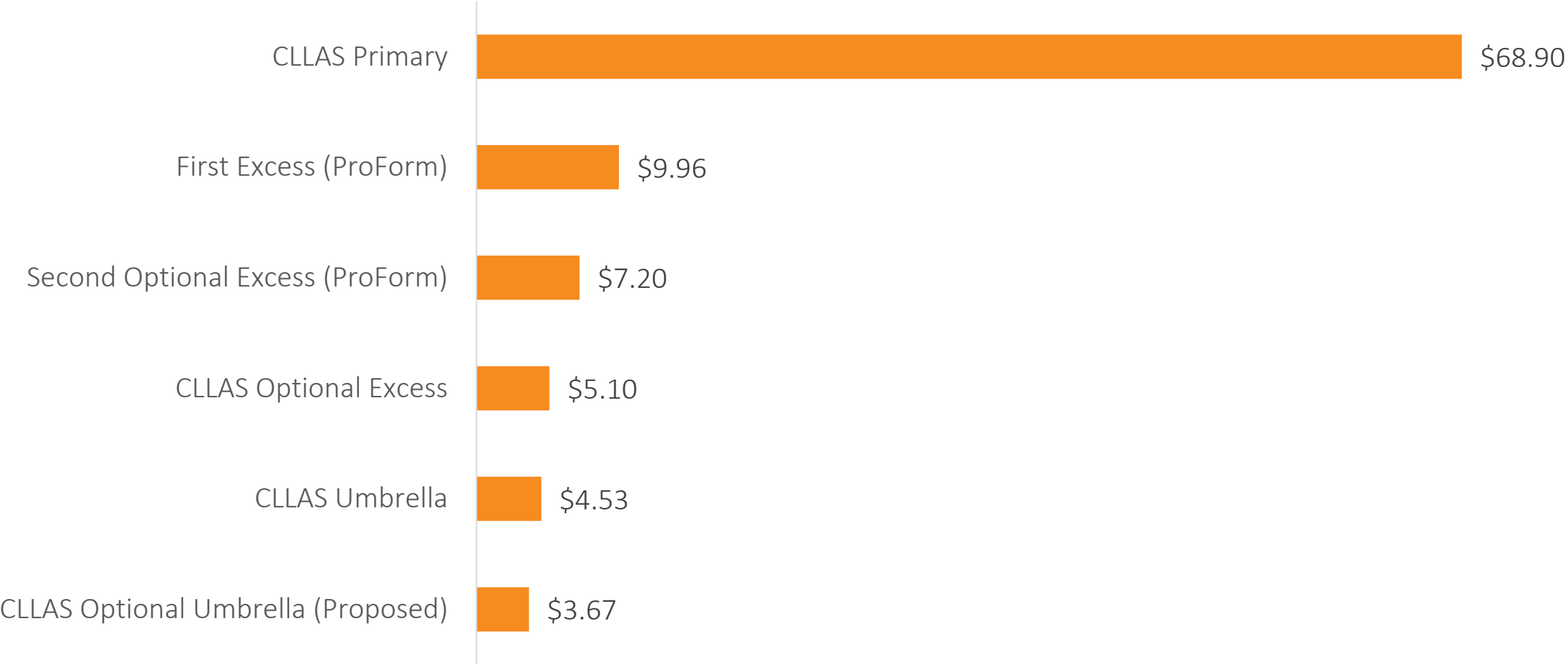
Reinsurance Markets and Capacity



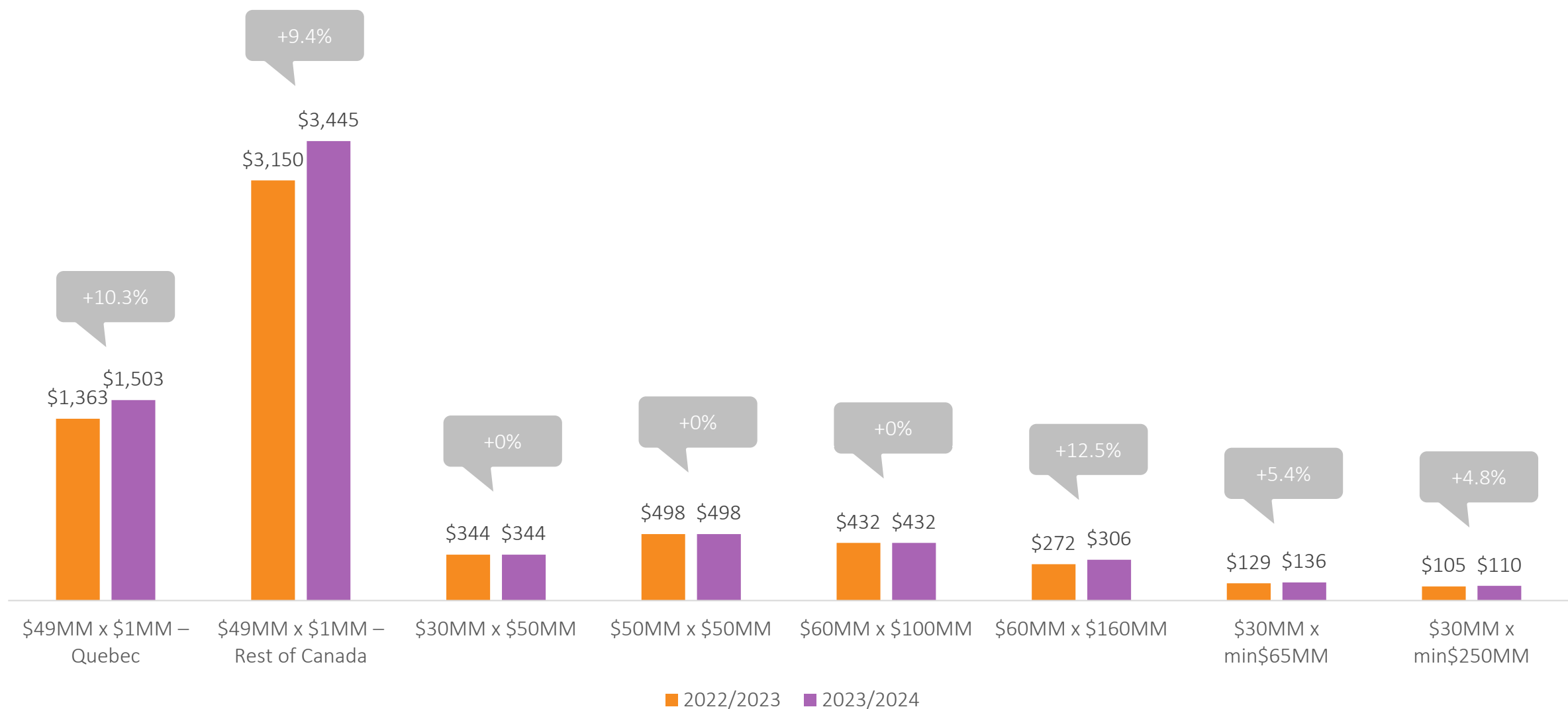
Reinsurance Rates per Lawyer



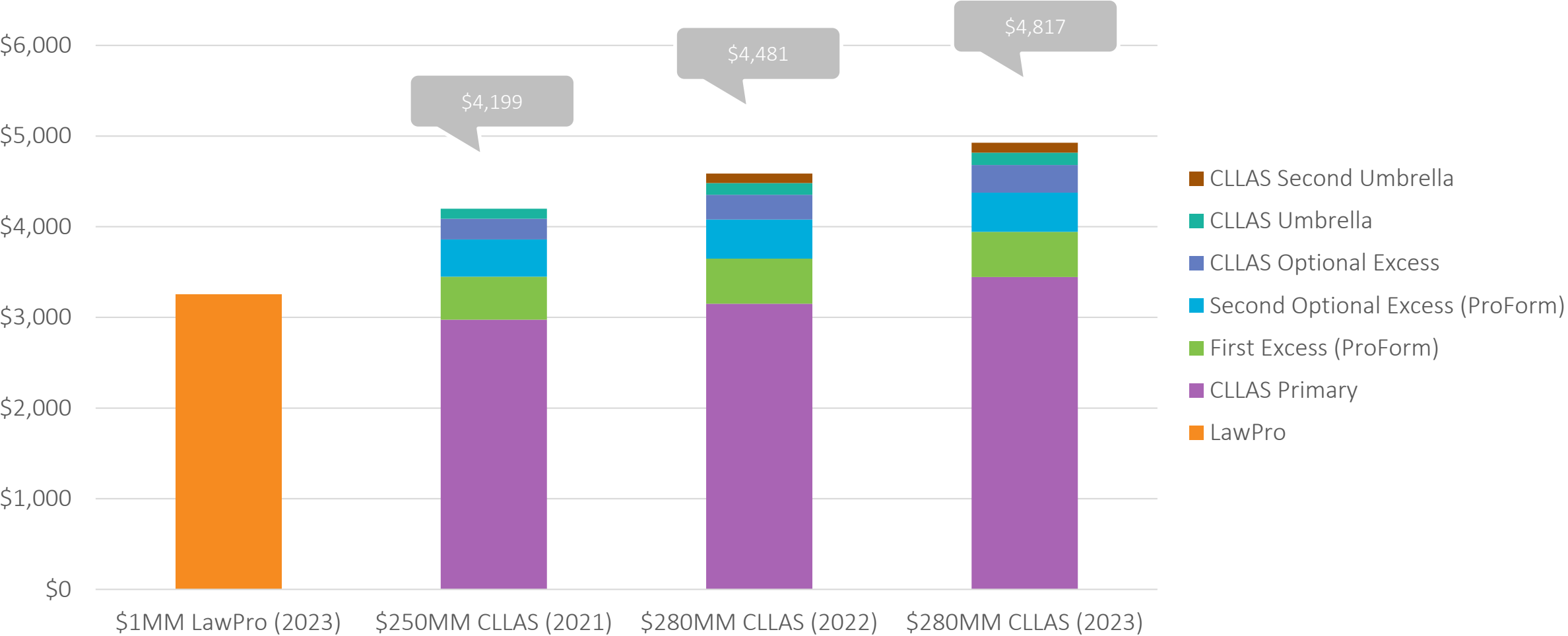
CLLAS Rates per \$1MM of Limit per Lawyer



CLLAS Rates per Lawyer



CLLAS Rates per Lawyer - Total



Conclusion

- While we experienced some pressure for increases, the market continues to soften as reinsurers seek premium volume and capacity become available
- CLLAS' strategy continues to prove its value by delivering relative stability and control over the long term, both in terms of pricing and coverage

ODL Program Update

- The D&O market overall has been very volatile, with dramatic pricing increases in 2019/2020, and almost as extreme reductions in recent years
- The ODL program was largely successful in maintaining rate stability throughout, and most firms had a modest premium reduction in the recent July 1 renewal. We are hopeful that the program can take advantage of a D&O competitive market for 2024.
- Capacity for ML/EPL continues to be a challenge with few markets willing to write this business (particularly with US exposure). New markets are starting to be attracted, largely as a result of relative stability over recent years.

Cyber Program Update

- Marketplace
 - Market for cyber continues to evolve - underwriting guidelines continue to shift to align with losses, but much of the heavy lifting around MFA, backups, endpoint protection and backups has already taken place (minimum standards for insurability)
 - Move towards addressing topical risks, such as MOVEit, pixel tracking, catastrophic losses, etc.
 - Stability is once again entering the market, with renewals tending towards as-is for the first time since 2020

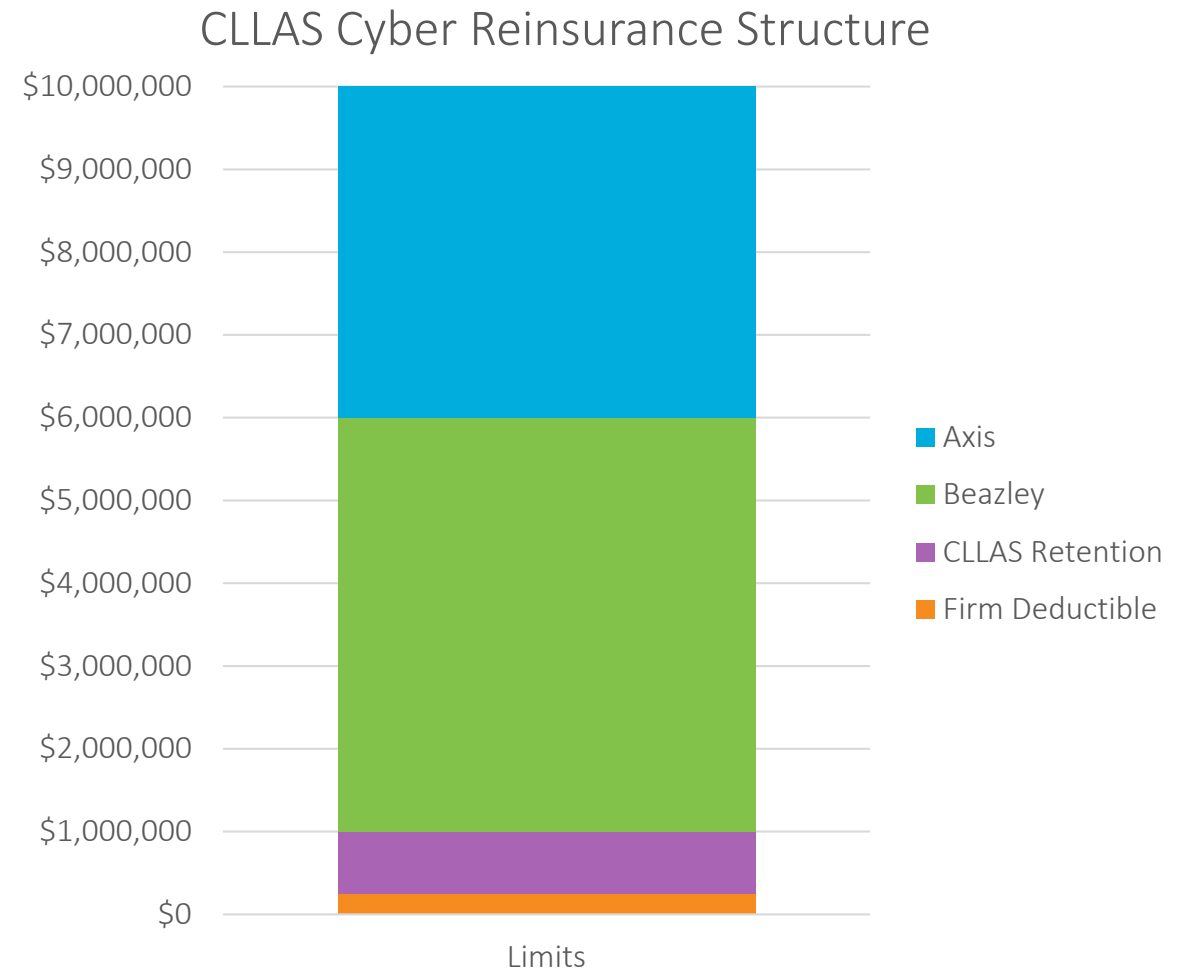
Cyber Program Update

- CLLAS Program Update
 - First year of the cyber program has, thus-far, been successful and has enjoyed favourable claims experience
 - Applications are out for October 15, 2023 renewals, which are largely the same as last year
 - Applications are due by September 30th, and Kynd scans are being run this week and will be provided to the firms upon receipt for addressing any found issues
 - Continuing to shift towards common renewal date
 - 1 firm renewed July 1, 2023
 - Remaining 10 CLLAS firms are expected to renew October 15, 2023

Cyber Program Update

– 2023 Reinsurance placement

- Beazley renewed \$5MM excess of \$1MM for each firm July 1
 - 5% premium increase due to firm growth and inflationary pressures
 - New industry-wide wordings for war risks and infrastructure failures
- Axis is expected to renew \$4MM excess of \$6MM with a 5% increase to pricing, following Beazley

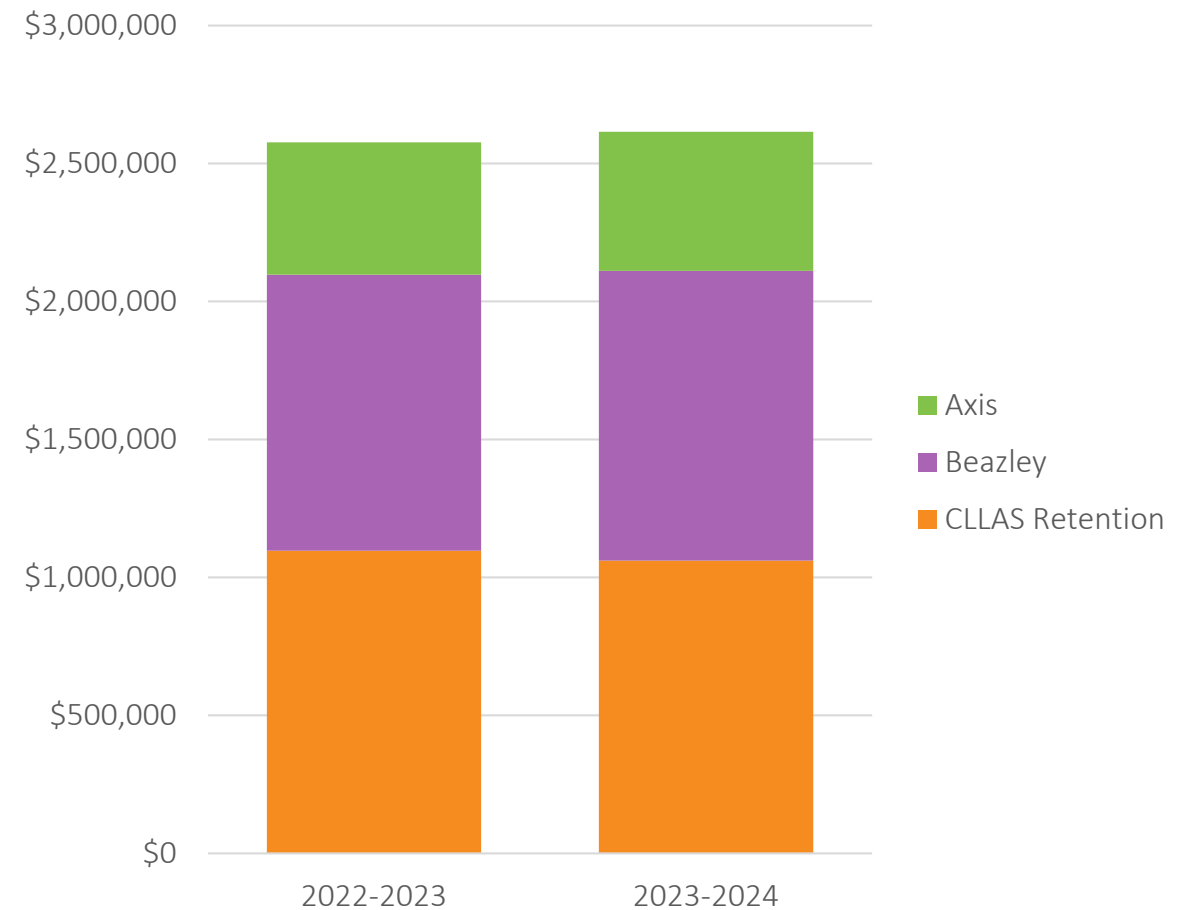


Cyber Program Update

– CLLAS Rates

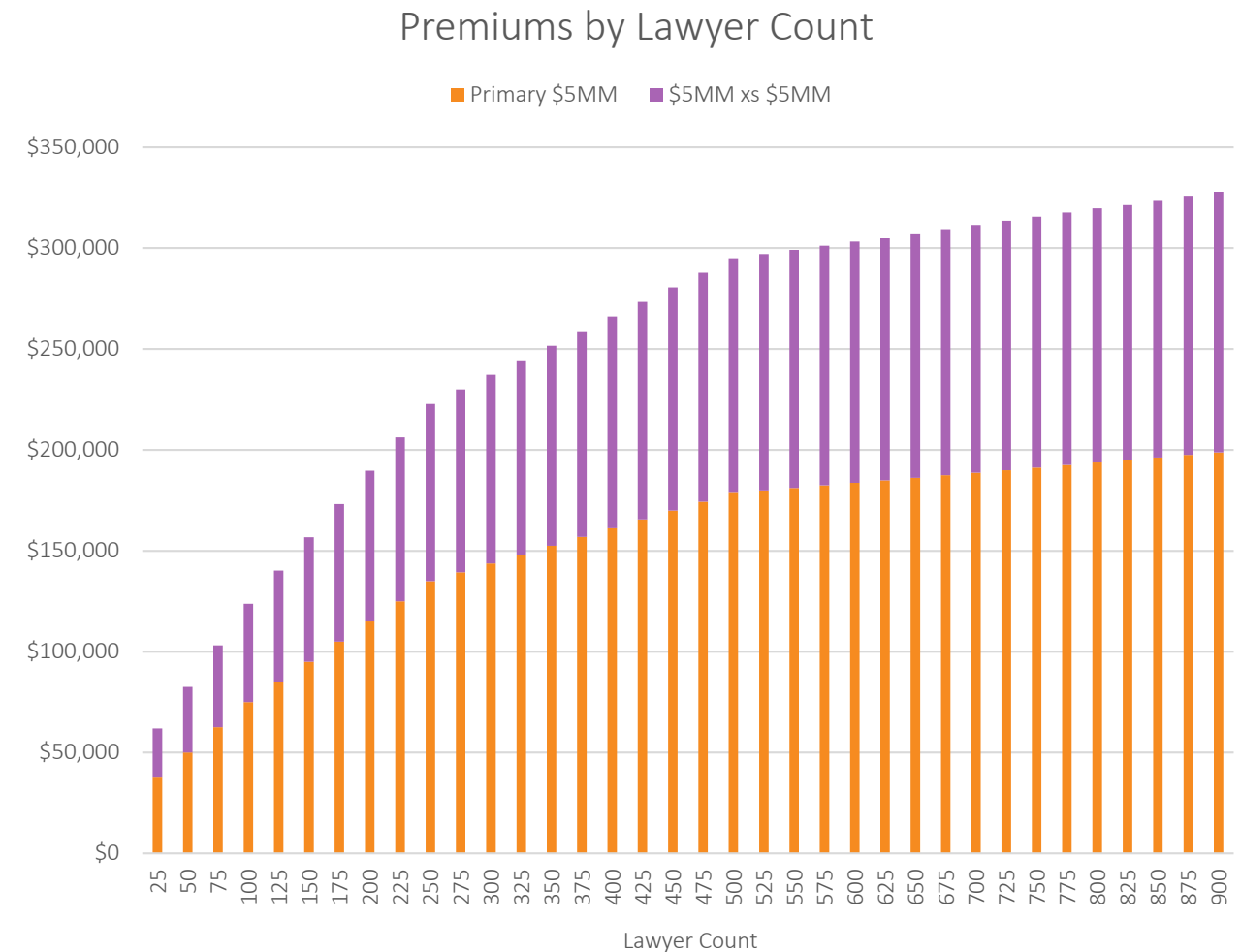
- Rates per lawyer have remained static for 2023-2024
- Gross premiums have increased on average by 1%, despite 4.6% increase in lawyer count
- Net of reinsurance costs, there is a small reduction in CLLAS' retained premium
 - Pricing was established to absorb one full limit loss in 2022-2023, assuming no losses before renewal, program should have sufficient retained premium and surplus to pay for two full limit losses

CLLAS Cyber Premiums



Cyber Program Update

- Cyber Rates are as follows for 2023-2024:
 - Primary \$5,000,000
 - Base Premium (Fixed): \$25,000
 - Rate Per Lawyer:
 - First 100: \$500
 - Next 150: \$400
 - Next 250: \$175
 - Over 500: \$50
 - \$5,000,000 excess of \$5,000,000
 - 65% of Primary \$5,000,000



Cyber Program Update

- Excess Coverage
 - Placed commercially via program facilitated by Axxima through Ridge Canada
 - Premiums are based on CLLAS base premiums
 - We are negotiating for a 5% reduction over last year (CLLAS-specific discount) with streamered underwriting
 - Limits of up to \$20,000,000 excess of CLLAS' \$10,000,000 will be available

CLLAS Associate Member Program Update

- Both Lenczner Slaght LLP and Stockwoods LLP renewed for 2023/2024 via the CLLAS Associate Member program
- Rates for 2023/2024 increased by approximately 2.5% on the \$30MM primary under that program, and the \$20MM xs \$30MM saw a similar increase. However, Lenczner Slaght LLP experienced a bigger premium increase due to firm growth.
- Lenczner Slaght LLP joined CLLAS on the Cyber Program, we are looking at how to give them increased exposure to the CLLAS board and management in order to encourage entry as a full member