

Proposal to Provide Insurance Brokerage Services to

Canadian Lawyers Liability Assurance Society

2017 Renewal Submission





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Introduction

I am pleased to advise you as a group you did meet the claims criteria to allow the further extension of the excess program and the rate guarantee; we did advise all of the Insurers that the rate will not change and that you will take advantage of the guaranteed rate for July 1, 2017. I am however, very pleased to confirm that we were able to negotiate a further 25% reduction in the excess rates for the July 1, 2017 renewal despite the fact that we have the rate guarantee in place. The new rates are reflected in the submission under renewal quotations.

The Excess Insurance market does continue to be extremely competitive and I do believe the current rates with a 25% reduction are very competitive with rates being offered by other Insurers.

We have made some structural changes to the program effective July 1, 2017. Last year we had eight layers of insurance to provide the \$110,000,000 commercial excess program and this year we have reduced the layering to two layers as follows:

Layer 1

\$50,000,000 excess of \$50,000,000

Layer 2

\$60,000,000 excess of \$100,000,000

We do believe this does provide a better spread of risk for all of the insurance carriers in the event that a larger claim does occur at some point in the future.

We also think it simplifies the placement of the commercial excess program for the member firms going forward in the future.

I am pleased to confirm that all of the existing insurance carriers on the 2016 insurance program have renewed some participation on the 2017 revised layering.

As in the past we have provided you with the financial information in this submission regarding the participating insurers. All of the insurers remain strong and have an AM Best, or equivalent rating of A or better.

I trust you will find the renewal program to be satisfactory and I am very pleased with the overall outcome in obtaining a 25% reduction on the excess program as this certainly does show the commitment of the existing Insurers going forward.

It has been a pleasure to work with you and I look forward to our future relationship.



Policy Wordings

In discussion with CLLAS

Renewal Quotations

CLLAS Canadian Excess Program

	Liberty Lead	Encon Lead
	\$50x50 (\$341)	\$60x\$100 (\$303)
Liberty International Canada	20%	9.5%
Encon Group Inc.	10%	25%
Travelers Insurance Company of Canada	10%	16.5%
Royal & Sun Alliance Insurance Company of Canada	20%	9.5%
XL Catlin	10%	
Axis Reinsurance Company	10%	
Northbridge Insurance Company	5% (10% on Associate)	10%
Chubb Insurance Company		16.5%
QBE Services Inc.	10%	8%
CLLAS	5% (0% on Associate)	5%
Total	100%	100%

1. One CLLAS member purchases \$30,000,000 xs \$50,000,000. The new rate per lawyer is \$236 per lawyer and the new \$50,000,000 xs \$50,000,000 Insurer group will provide this layer.
2. We do have one Associate Member of CLLAS and they will purchase \$45,000,000 xs \$50,000,000 and the renewal rate is \$432 per lawyer.

Note: The expiring rate on the layer of \$110,000,000 excess of \$50,000,000 is \$858.00 per lawyer vs. the renewal rate of \$644.00 per lawyer.

Renewal Quotations

CLLAS International

Insurer	Layer	Proposed Renewal
		2017 - 2018
CNA (25%)	US\$30,000,000 each claim and aggregate	As per expiry
XL Catlin (16.50%)		
Berkley (25%)		
Axis (18.5%)		
Lloyds (15.00%)		

Note: Each Participating firm has received a renewal notice confirming their renewal terms.

Rate Summary



	2001	2002	2003	2004	2005	2006	2007	2008	2009
Rates	1450	1436	2235	2235	2146	2146	1824	1458	1458

	2010	2011	2012	2013	2014	2015	2016	2017	
Rates	1458	1301	1120	1120	1062	1010	858	644	

Since our peak in 2003 we have seen a 70% drop in the rate per lawyer.

Competition

We continue to review the renewal programs for Canadian law firms across the country and the excess programs (excess of \$50,000,000). Generally we have seen some continued rate reductions in 2016 at the primary and excess levels.

We can confirm to you that it is our opinion that this excess program is currently competitive in comparison to firms outside of the CLLAS group given the exposure and drop down/DIC feature of the excess program.

The U.S. market was seeing some hardening but due to additional capacity we now see a stable rate environment.

I do believe that we ultimately approach the entire insurance market between ourselves, AXXIMA and your U.K. broker. If any new capacity does become available, we are aware of it; This year between ourselves, AXXIMA and your U.K. Broker we again did an extensive search of the market and this was done to ensure the CLLAS program remains competitive.

Insurer Financial Ratings

CLLAS Canadian Excess Program

INSURANCE COMPANY		COUNTRY	BEST'S RATING	S&P RATING
LIBERTY INTERNATIONAL UNDERWRITERS CANADA, A DIVISION OF LIBERTY MUTUAL INSURANCE COMPANY		U.S.A.	A	A
TRAVELERS COMMERCIAL INSURANCE COMPANY OF CANADA		Canada	A++	AA-
CHUBB INSURANCE COMPANY		Canada	A++	AA
NORTHBRIDGE COMMERCIAL INSURANCE CORP.		Canada	A	A-
ROYAL & SUN ALLIANCE INS CO OF CANADA		Canada	NR	A
QBE INSURANCE (INTERNATIONAL) LTD.		U.S.A.	A	A+
AXIS Reinsurance Company		Canada	A+	A+
XL Specialty Insurance Company		U.S.A.	A	A+
ENCON GROUP INC. - Participants				
1	Continental Casualty Company	U.S.A.	A	A
2.	XL/Catlin Reinsurance America Inc.	U.S.A.	A	A+
3.	Temple Insurance Company	Canada	A+	A+
4.	Aviva Insurance Company of Canada	Canada	A	A+

Ratings reflect the most recent issue, update or change communicated by the rating agency. Effective dates on S&P interactive ratings above do not reflect affirmations. Ratings do not necessarily correspond to a specific data year. "Secure" scales are described below. Refer to A.M. Best's (Best's) and Standard and Poor's (S&P) definitions for details. Conversions to U.S. Dollars are subject to exchange rate differences. Sources of financial data (company accounts or regulatory returns) for non-US companies are indicated on the individual company reports

Best's Ratings		S&P Ratings	
A++, A+ Superior	Best's rating modifiers may be assigned based on group affiliation: (r=Reinsured, p=Pooled, or g=Group) FPR ratings range from 1-9, where 1=Poor and 9=Very Strong	AAA Extremely Strong	S & P Financial Strength ratings may be modified by the use of a "+" or "-" sign to show relative standing within a category. The "pi" indicates a "public information" rating. A "pos", "neg", or "dev" indicates a positive, negative, or developing CreditWatch implication
A, A- Excellent		AA Very Strong	
B++, B+ Very Good		A Strong	
U Under review		BBB Good	

Insurer Financial Ratings

CLLAS International Program

INSURANCE COMPANY	COUNTRY	BEST'S RATING	S&P RATING
CONTINENTAL CASUALTY COMPANY	U.S.A.	A	A
XL CATLIN	U.S.A.	A	A+
BERKLEY	U.S.A.	A+	A+
AXIS	U.S.A.	A+	A+
LLOYDS - IRONSHORE	UNITED KINGDOM	A	A

Final Renewal Process

As in past years we will now proceed to renew the coverage for your firm based on the limits you currently purchase and based on the final headcount provided by you. We understand that you will be providing the final headcounts as soon as possible to AXXIMA who in turn will provide this information to us.

We would also recommend to those firms who do not currently purchase all of the layers of coverage offered that they should consider increasing the limits purchased.

If you would like to change the limits you purchase it would be appreciated if you could advise me as soon as possible.

In closing, I look forward to our continued association and working with each of you.

