



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
Barry Bresner	Robert Love	Gordon Goodman	Anne-Marie Widener
Mike Swartz	Reta Coburn	Ken Crofoot	Eugene Cipparone
Julia Holland	James C. Tory	Nicholas Leblovic	Natasha MacParland
William Scott	Malcolm Mercer	Daniel MacDonald	Carol Lyons
John Esvelt	Shayna Staniloff		

Wednesday, February 24, 2016
8:30 a.m.
Davies Ward Phillips & Vineberg LLP
40th Floor, RBC Centre
155 Wellington Street West
Toronto, Ontario

AGENDA

	<u>Responsibility</u>	<u>Tab</u>
1. Constitution of Meeting	Nicholas Leblovic	
2. Appointment of Secretary	Nicholas Leblovic	
3. Approval of the Minutes of the December 9, 2015 Advisory Board Meeting	Nicholas Leblovic	A
4. Business Arising Out of the Minutes	Nicholas Leblovic	
5. Comments of Chair	Nicholas Leblovic	
6. Report of the General Manager's Office	Patrick Mahoney	
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• Actuarial Report – including Presentation to Audit Committee		C1/C2
• 2016 Budget		D
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	• Signing off on P&C1 for February 29, 2016		
8.	Renewal Strategy	Joe Tontini	
9.	Report of the Claims Committee	Barry Bresner	
10.	Report of the Risk Management Committee	Julia Holland	
11.	Report of the Policy Committee	Donald Milner	
12.	Report of the Investment Manager at December 31, 2015	Patrick Mahoney	H
13.	Other Business		
14.	Next Meeting – June 22, 2016		

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

Minutes of a Meeting of the Advisory Board

8:30 a.m.
Davies Ward Phillips & Vineberg LLP
40th Floor, RBC Centre
155 Wellington Street West
Toronto, Ontario

Wednesday, December 9, 2015

Present:

Nicholas Leblovic (Chair)	Davies Ward Phillips & Vineberg LLP
Robert Love (on phone)	Borden Ladner Gervais LLP
Gordon Goodman	Cassel Brock & Blackwell LLP
John Esvelt	Dentons LLP
Donald Milner	Fasken Martineau DuMoulin LLP
Ken Crofoot	Goodmans LLP
Bill Scott	McCarthy Tétrault LLP
Dan McDonald (on phone)	McMillan LLP
David Morritt (on phone)	Osler Hoskins & Harcourt LLP
Julia Holland	Torys LLP
Mike Swartz (on phone)	WeirFoulds LLP
Patrick Mahoney	Office of the General Manager, CLLAS
Norma Ibbetson	Office of the General Manager, CLLAS
Joe Tontini	Axxima Group
Ryan Durrell	Axxima Group

1. Constitution of Meeting

The Chairman brought the meeting to order.

2. Appointment of Secretary

Norma Ibbetson acted as Secretary.

3. Approval of Minutes of the September 9, 2015 Meeting of the Advisory Board

It was moved by Donald Milner and seconded by Julia Holland that the minutes of the September 9, 2015 meeting of the Advisory Board be approved. The motion was carried unanimously.

4. Comments of the Chair

The Chair reported that planning for the July 1, 2016 renewal is underway. He said that the practice of bringing another member of the Board to the meetings in London in late May has been very well received by the reinsurers and he expects CLLAS will do this again this year.

The Chair advised that he has asked Joe Tontini to see what information could be obtained with respect to limits purchased by large law firms in the UK and the US. Mr. Tontini will report on this in advance of the next renewal in an as it may provide assistance to the CLLAS firms in determining appropriate limits.

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

5. CLLAS Expansion and Strategic Direction

Joe Tontini provided an update on CLLAS expansion activities. Based on feedback at the last Board meeting, the target list has been narrowed to 15 firms. Axxima has made initial contact with three firms. The firm of Lenczner Slaght has indicated that it is very interested in joining CLLAS. These discussions suggest that the CLLAS premiums are very competitive. The firm is applying to become an Associate Firm until the end of the underwriting period and has indicated a desire to become a full member of CLLAS at the start of the next underwriting period (July 1, 2017). The General Manager's office has received the completed application and claims information. The information has been analyzed and the firm meets the required criteria as outlined in the *membership criteria document*.

The Lenczner Slaght policy will be an 18 month policy running from January 1, 2016 to June 30, 2017. During that time John Walker will be asked to do an audit of the firm. It was suggested that the firm be required to bear the cost of the audit, but would receive reimbursement of 50% of the cost on joining CLLAS as a full member.

Mr. Tontini advised that most of the support required to establish the CLLAS Associate Member facility had been secured and that he expects that the facility will ultimately be placed 80% with Lloyd's and 20% with domestic markets. The insurers will pay a 25% commission on the premium and an equivalent credit will be applied against Axxima fees.

Mr. Tontini indicated he might be in touch with various Board members to obtain contact information on the remaining firms who have been shortlisted.

It was moved by Donald Milner and seconded by Ken Crofoot that the firm of Lenczner Slaght Royce Smith Griffin LLP be accepted as a CLLAS Associate Firm effective January 1, 2016. The motion was carried unanimously.

6. Report of the General Manager's Office

Financial Statements Quarter Ending September 30, 2015

Mr. Mahoney presented CLLAS' financial management report as at September 30, 2015. The cover memo provided with the financials summarizes key points on the financial results as well as the two solvency tests monitored by management.

Financial Results

CLLAS experienced a small underwriting loss (premiums minus claims and expenses) of about \$150,000 for the first nine months of 2015. After taking into account investment income (including unrealized gains arising during the year) the result is a gain of about \$40,000. At September 30, 2015, CLLAS had surplus of \$13.7 million, essentially unchanged from June 30, 2015.

The Budget Variance included in the financial management report shows that expenses for the first nine months of the year are about \$100,000, or 10%, under budget. At this point in the year, the expectation is that operating expenses will finish the year on budget.

Solvency Tests

The key regulatory solvency test that CLLAS is required to comply with is known as the Alberta Maintenance of Reserve and Guarantee Fund ("AMRGF"). Mr. Mahoney referred the Board to the financial management report, which shows that CLLAS' cash and approved securities were well in excess of the minimum requirement.

CLLAS also monitors its Minimum Capital Test ratio. The Alberta Superintendent of Insurance expects reciprocals to maintain an MCT ratio of at least 210%. At September 30, 2015, using a revised calculation basis mandated by the federal regulator, CLLAS's MCT is estimated to be 314%.

Financial Ratios

Mr. Mahoney also referred the Board to Exhibit V of the financial management report, which is a new exhibit introduced in 2015. This exhibit compares results for CLLAS at December 31, 2013, December 31, 2014 and September 30, 2015 against risk targets and risk limits established through the ORSA process. With one exception, the results for September 30, 2015 are within CLLAS' risk tolerances. CLLAS' claims development (gross of reinsurance) exceeds the risk tolerance, as a result of a single large loss. This does not represent a broad based deterioration in CLLAS' loss experience and, in fact, CLLAS' claims development after taking reinsurance into account actually improved in the period. Mr. Mahoney advised that this Exhibit will be refined as CLLAS works through the implementation of ORSA.

Subscribers Accounts as at June 30, 2015

The CLLAS Subscribers Accounts as at June 30, 2015 are included with the meeting materials. These are an information item and no action is required by the Board.

Terms of Reference

Among the recommendations in the January 17, 2014 Examination Report of the Alberta Superintendent of Insurance was that CLLAS prepare terms of reference for the various CLLAS Committees, and document the role of the Attorney-in-Fact as distinct from the role of the CLLAS Chair. Included in the Board material is a draft document (that will eventually become part of a CLLAS Governance Handbook) addressing these items.

The draft was discussed and input provided. There was a specific request to formalize the Chair's ad-hoc status on other committees. It was suggested that the Terms of Reference be reviewed on 3-year cycle.

It was moved by Gordon Goodman and seconded by Julia Holland that the Terms of Reference be adopted subject to the discussed revisions. The motion was carried unanimously

Own Risk and Solvency Assessment ("ORSA") Update

Patrick Mahoney provided an update on ORSA. Provided in the Board meeting material for discussion was the first draft of CLLAS' initial ORSA Report. There were some sections that have not been completed pending discussion with the Board.

We are well ahead of the timeline that we had reported to the Alberta Superintendent of Insurance for the completion of ORSA. As a result, it is not necessary to approve the ORSA Report at today's meeting.

The Board reviewed the report and concluded that CLLAS should establish its internal surplus target at an MCT ratio of 210% although the analysis done suggests the target could be much lower but for the need to address the expectations of the regulator. The General Manager's office will finalize the report with input from the Chair and provide a draft copy to the regulator. CLLAS' initial ORSA Report will be considered for adoption by the Board at its February 2016 meeting.

7. Report of the Claims Committee

In Barry Bresner's absence, Patrick Mahoney reported to the Board. The Committee is keeping close watch on a small number of serious and complicated claims. There were some reserves set in the last quarter based along with some settlements.

(The Board members returned the summary exhibit handout.)

8. Report of the Risk Management Committee

Julia Holland reported to the Board.

Re-Audits

Ms. Holland reported that John Walker expects to complete all of the firm re-audits shortly. All firms have provided their survey responses and that the Risk Management Committee will receive a report in January. Axxima is assisting in processing the questionnaires.

Practice Notes

The Board discussed a draft practice note on outside counsel guidelines. It was agreed that the Risk Management Committee would review the guidelines and if necessary have discussions with the Policy Committee before reporting back to the Board.

Bluedrop

The contract with Bluedrop expires April 15, 2016. Ms. Holland reported that based on the feedback from the firms, no further funding of the program should be made by CLLAS. The Board did agree to allow the CLLAS firms to use the program as they see fit, with no conditions except that it must be used internally and not for commercial purposes. The Board also agreed that John Walker should be authorized to use the program in his practice, provided that he agrees to provide any updates that he does to the program to the CLLAS firms free of charge.

9. Report of the Policy Committee

There was no report from the Policy Committee

10. Report of the Audit Committee

Gordon Goodman reported on behalf of the Audit Committee.

The Committee held an audit planning meeting on November 4, 2015. Deloitte attended this meeting. No significant changes to the audit process are anticipated this year. As part of its mandate to monitor CLLAS' reinsurance arrangements, the Committee also reviewed Colchester's June 30, 2015 financial statements and the reinsurance security report. The Committee led to no recommendations to be taken into account in planning for the July 1, 2016 reinsurance renewal.

11. Investment Report for Quarter Ending September 30, 2015

The investment report was provided as an information item. Mr. Mahoney reported that management had reviewed CLLAS' Investment Policy and was proposing a number of amendments (1) to ensure compliance with OSFI's Guideline B-1 which has been adopted by the Alberta Regulator, and (2) to incorporate the changes adopted by the Board at its December 2013 meeting to reflect CLLAS' financial profile in light of the Loss Portfolio Transfer.

It was moved by Gordon Goodman and seconded by Ken Crofoot that the Investment Guidelines as presented be adopted effective immediately, subject to correction of minor typos. The motion was carried unanimously.

12. 2015 Meeting Dates

February 24, 2016
June 22, 2016
September 7, 2016
December 7, 2016

13. Other Business

(Mr. Leblovic left the meeting)

The Chairman's term comes to an end on December 31, 2015. None of the current Board members has expressed an interest at this time in taking over the role. It is important to ensure that CLLAS has stability and continuity in the role, and the Board discussed options for the next term. Mr. Leblovic had indicated he would be willing to stay on if that is the Board's will (subject to getting clearance from his firm).

It was moved by Bill Scott and seconded by Gordon Goodman that Nick Leblovic be asked to stay on as Chairman for a further three-year term to expire in February 2018, with the caveat that if he wishes, he can provide notice to transition out of the role prior to that date. The motion was carried unanimously.

It was moved by Gordon Goodman and seconded by Bill Scott that the Chairman's honourarium be increased effective for the 2016 term to \$150,000 per annum. The motion was carried unanimously.

The Board discussed the nature of the Chair's role and that the time commitment required under its current structure made it possible only for lawyers who are starting to wind down their practice. The Board discussed potential restructuring that could make the role work more effectively as a part of a busy practice and it was agreed that a review of the overall structure of the role should take place prior to 2018.

There was no other business.

14. Next Meeting

The next Board meeting is scheduled for Wednesday, February 24, 2016.

Chairman

Secretary



MEMORANDUM

DATE: February 17, 2016
TO: CLLAS Advisory Board
FROM: Patrick Mahoney
COPY:
RE: December 31, 2015 Financial Management Report

CLLAS's financial management report for the year ended December 31, 2015 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 gain (premiums minus claims and expenses) of \$482,000 for the year. After taking into account investment income (including unrealized gains arising during the year) the result is a \$535,000 gain. As a result, as shown on Exhibit I, CLLAS' surplus increased from \$13.6 million at December 31, 2014 to \$14.2 million at December 31, 2015.

The Budget Variance (Exhibit IV) shows that expenses for the year are about \$140,000, or 6%, under budget. Expenses are discussed in more detail in a separate memo included in the Board materials.

Solvency Tests

The key regulatory solvency test that CLLAS is required to comply with is known as the Alberta Maintenance of Reserve and Guarantee Fund ("AMRGF"). CLLAS must maintain "cash and approved securities" in excess of the reserve fund plus the guarantee fund required by the Alberta regulator. Exhibit VI of the financial management report shows that the AMRGF required for CLLAS at December 31, 2015 was \$11.3 million. CLLAS' cash and approved securities totaled \$18.2 million, i.e. well in excess of the minimum requirement.

CLLAS also monitors its Minimum Capital Test ratio. The Alberta Superintendent of Insurance expects reciprocals to maintain an MCT ratio of at least 210%. At December 31, 2014, CLLAS' MCT ratio was 346%. At December 31, 2015, using a revised calculation basis mandated by the federal regulator, it is 359%.



Financial Ratios

Exhibit V is a new exhibit introduced in 2015. CLLAS' Board and management have identified the material risks facing CLLAS and have defined "risk metrics" to monitor the material risks, like insurance risk and interest rate risk, that are capable of being quantified. Exhibit V compares results for CLLAS at December 31, 2013, December 31, 2014 and December 31, 2015 against risk targets and risk limits. With one exception, the results for December 31, 2015 are within CLLAS' risk tolerances. CLLAS' claims development (gross of reinsurance) as shown on Line 1 of Exhibit V is 27%, compared with a risk tolerance of 20%. This is the result of the single loss referred to above and does not represent a broad based deterioration in CLLAS' loss experience. As can be seen on Line 2, CLLAS' claims development (net of reinsurance) actually improved in the period.

This Exhibit will be refined in 2016 once CLLAS adopts its initial its Own Risk and Solvency Assessment (ORSA) Report.

Please contact me if you have any questions with respect to the management financial statements, the solvency tests or the financial ratios.

Sincerely,

Patrick Mahoney
General Manager

CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY

QUARTERLY FINANCIAL MANAGEMENT REPORT

December 31, 2015

CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY

QUARTERLY FINANCIAL MANAGEMENT REPORT

DECEMBER 31, 2015

CONTENTS

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

CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY
STATEMENT OF FINANCIAL POSITION
December 31, 2015

	As at December 31, 2015	As at December 31, 2014
ASSETS		
Cash	5,008,412	6,498,867
Short term investments	8,404,974	9,010,686
Bonds	4,793,017	4,030,005
Interest income due and accrued	19,936	18,436
Premium receivable	4,059,591	4,354,998
Other receivable	0	0
Prepaid expenses	139,500	139,500
Deferred policy acquisition costs	173,213	89,149
Unearned reinsurance premium ceded	4,984,847	5,168,601
Reinsurance recoverable	1,597,292	371,647
Provision for unpaid claims and adjustment expenses recoverable from reinsurers	96,120,000	68,964,000
	<u>125,300,782</u>	<u>98,645,889</u>
LIABILITIES		
Accounts payable & accrued charges	843,543	1,519,940
Premium taxes payable	67,147	51,301
Unearned premium	6,185,289	6,382,095
Due to reinsurers	1,509,338	1,682,942
Provision for unpaid claims and adjustment expenses	102,508,000	75,357,000
Premium deficiency liability	0	0
	<u>111,113,316</u>	<u>84,993,277</u>
SUBSCRIBERS' EQUITY		
Surplus	14,060,039	13,577,894
Accumulated Other Comprehensive Income (Loss)	127,427	74,717
	<u>14,187,466</u>	<u>13,652,612</u>
	<u>125,300,782</u>	<u>98,645,889</u>

CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY
STATEMENT OF COMPREHENSIVE INCOME
For the Period Ending December 31, 2015

	Current Year		Prior Year	
	Quarter December 31, 2015	Year to Date December 31, 2015	Quarter December 31, 2014	Year to Date December 31, 2014
Written Premium	-	12,438,547	(25,538)	13,080,403
Gross Written Premiums	-	12,438,547	(25,538)	13,080,403
Less: Reinsurance Ceded	-	10,024,473	(20,633)	10,582,777
Net Written Premiums	-	2,414,074	(4,905)	2,497,626
Change in Unearned Premiums	606,817	13,052	624,201	328,383
Earned Premiums	606,817	2,427,127	619,296	2,826,008
Claims Paid	(39,613)	(42,792)	(45,738)	(76,122)
Change in IBNR	(354,000)	(24,000)	6,000	391,000
Change in Case Reserve	8,000	19,000	13,000	13,000
Premium Deficiency Expense	-	-	-	-
Incurred Claims	(385,613)	(47,792)	(26,738)	327,878
Management and operating expenses	363,929	1,618,159	339,550	1,569,041
Reinsurance fees	69,750	279,000	69,000	279,000
Premium taxes	86,607	262,362	180,751	468,101
Total Operating Expenses	520,286	2,159,521	589,301	2,316,142
Underwriting Gain (Loss)	472,144	315,398	56,733	181,988
Investment Income	15,119	166,747	51,517	184,221
Income on Claim Related Matters	-	-	-	-
Interest Income on Premium Tax	-	-	-	-
NET GAIN/(LOSS)	<u>487,263</u>	<u>482,144</u>	<u>108,251</u>	<u>366,209</u>
Other comprehensive income (loss)				
Unrealized gains (losses) on available for sale financial assets arising during the year	9,498	52,710	40,224	100,944
Recognition of realized (gain) loss included in income	-	-	-	-
Other comprehensive income (loss) for the year	9,498	52,710	40,224	100,944
Total comprehensive income (loss)	<u>496,762</u>	<u>534,855</u>	<u>148,474</u>	<u>467,153</u>

CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY
STATEMENT OF CHANGES IN EQUITY
December 31, 2015

	Minimum Surplus	Additional Surplus	Unrealized gains and losses on AFS financial assets	Total Equity
Balance, beginning of year	50,000	13,527,894	74,717	13,652,612
Prior year adjustment		-		-
Comprehensive income (loss) for the year				
Net gain (loss) for the year		482,144		482,144
Other comprehensive income (loss)				
Change in unrealized gain on available-for-sale assets			52,710	52,710
Recognition of realized (gain) loss on available-for-sale assets			-	-
Total comprehensive income (loss) for the year		482,144	52,710	534,855
Balance at December 31, 2015	50,000	14,010,039	127,427	14,187,466

CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY
STATEMENT OF OPERATIONS AND SURPLUS - VARIANCE ANALYSIS
FOR THE PERIOD ENDED December 31, 2015

	Annual Budget	Year to Date Budget % Accrued to Date	Year to Date Budget \$	Year to Date Actual \$	Fav/(Unfav) Variance \$
MANAGEMENT SERVICES	635,000	100%	635,000	658,946	(23,946)
PROFESSIONAL SERVICES					
Actuarial Services	85,000	100%	85,000	103,509	(18,509)
Reinsurance Matters	300,000	100%	300,000	227,280	72,720
Strategic Matters	150,000	100%	150,000	158,403	(8,403)
Sub-Total Professional Services	535,000		535,000	489,193	45,807
GST/HST on Consulting Fees	152,100		152,100	149,258	2,842
Total Management & Professional Services * (See Note 1)	1,322,100		1,322,100	1,297,396	24,704
OTHER EXPENSES					
Audit Expenses	103,000	100%	103,000	110,878	(7,878)
Annual Dinner	7,000	100%	7,000	5,083	1,917
Premium Taxes	269,000	100%	269,000	262,362	6,638
Chairman's Expenses	3,000	100%	3,000	822	2,178
Chairman's Honourium	75,000	100%	75,000	75,000	-
Reinsurance Expense	11,000	100%	11,000	5,836	5,164
D&O Insurance	14,000	100%	14,000	13,851	149
Office Expenses	27,500	100%	27,500	21,662	5,838
Office Expenses - Website management software license	3,000	100%	3,000	2,936	64
Claims: Borderaux (LawPro/LIF)	14,600	100%	14,600	14,900	(300)
Special Services	50,000	100%	50,000	-	50,000
Miller Insurance Fees (Reins. Comm.) (See Note 2)	282,000	100%	282,000	279,000	3,000
I.B.C Statistical Plan Fees	5,000	100%	5,000	2,810	2,190
FSCO Assessment Fees	3,000	100%	3,000	3,000	-
Investment counsel fees	36,000	100%	36,000	24,904	11,096
Investment - Custodial	18,000	100%	18,000	17,953	48
Risk Management/Loss Prevention	50,000	100%	50,000	16,950	33,050
License Fee	6,500	100%	6,500	4,178	2,322
Insurance: Sundry	-		-	-	-
Sub-total	977,600		977,600	862,124	115,476
TOTAL	2,299,700		2,299,700	2,159,521	140,179

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

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

First Quarter, ending March 31st	25%
Second Quarter, ending June 30th	46%
Third Quarter, ending September 30th	14%
Fourth Quarter, ending December 31st	15%
	<u>100%</u>

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

The annual budget is based upon the annual fee estimated for the policy period 2015/2016.

CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY
SUMMARY OF RISK METRICS
December 31, 2015

	Risk Category	Risk Metric	December 31, 2013	December 31, 2014	December 31, 2015	Target	Limit
(1)	Insurance	Prior year development - Gross of reinsurance	-16%	-6%	27%	0%	20%
(2)		Prior year development - Net of reinsurance	-17%	-33%	-29%	0%	10%
(3a)		3-year net combined ratio	n/a	84%	79%		
(3b)		3-year net combined ratio before surplus adjustments via premiums	n/a	81%	74%	100%	125%
(4)		Maximum allocation to a single jurisdiction	57%	57%	56%	n/a	67%
(5)	Interest Rate	Interest rate risk per MCT formula at 1.25%	\$382,500	\$201,667	\$162,000	\$250,000	\$600,000
(6)	Liquidity	Ratio of cash and short-term investments to gross claim liabilities	20%	21%	13%	15%	10%
(7)	Asset Default	Credit rating of invested assets	AAA	AA to AAA	AA to AAA	AA to AAA	A
(8)		Maximum allocation to a single non-government security	1.1%	1.6%	2.4%	n/a	5%
(9)	Strategic	Annual Advisory Board turnover	0	0	0	2 members	4 members
(10)	Regulatory Solvency Indicators	AMRGF - Excess of cash and approved securities over required reserve and guarantee fund	\$7,597,000	\$8,020,000	\$6,934,000	n/a	\$0
(11)		MCT	328%	346%	359%	210%	210%

Notes

(1) and (2) = Year-over-year change in ultimate losses / Prior year undiscounted unpaid claims (excl. ULAE)

(3a) = [3-year net incurred losses + 3-year operating expenses] / [3-year net earned premiums]; only experience after June 30, 2012 has been considered in the 2014 combined ratio to exclude the effect of the LPT transaction

(3b) = (3a), where 3-year net earned premiums reflect actuary's indicated premium rates before surplus distributions

(4) Based on insured lawyer counts

(8) Maximum allocation does not consider cash and cash equivalents

(11) For Provincially Regulated Insurance Entities that are required to file the MCT on an annual basis, the capital impact of the revised Guideline must be phased-in over three years, starting with the first year ending in 2015. 2013 and 2014 MCT ratios shown above were calculated best on the old MCT guidelines.

CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY
For the Period Ending December 31, 2015

ALBERTA MAINTENANCE OF RESERVE AND GUARANTEE FUNDS

(Section 99 and 100)

	Current Year to Date 12/31/2015 (in \$000's)	Prior Year End 12/31/2014 (in \$000's)
<u>Reserve Fund</u>		
Premiums collected or credited having one year or less to run	(1) 12,439	13,080
Less: Amount paid to licensed reinsurers	(2) 9,919	10,471
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) 2,520	2,609
Reserve Fund Required (50% of Line 5)	(6) 1,260	1,305
<u>Guarantee Fund</u>		
Total Liabilities	(7) 111,113	84,993
Less: Unearned Premiums	(8) 6,185	6,382
Less: Recoverable from licensed reinsurers	(9) 94,966	68,446
Plus: Statutory Margin	(10) 50	50
Guarantee Fund Required (Line 7 minus Lines 8 and 9 plus line 10)	(11) 10,012	10,215
TOTAL RESERVE & GUARANTEE FUND REQUIRED (Line 6+11)	(12) 11,272	11,520
Cash & Approved Securities	(13) 18,206	19,539
Excess of Cash & Securities over Reserve & Guarantee Fund (line 13 minus line 12)	(14) 6,934	8,020

CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY

Report on the Valuation of Policy Liabilities as at December 31, 2015

Draft Report
January 28, 2016

Prepared by Julie-Linda Laforce, FCIA FCAS MAAA

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PART 1—EXECUTIVE SUMMARY

The purpose of this section is to summarize the key findings of our actuarial valuation of the Canadian Lawyers Liability Assurance Society (“CLLAS”) policy liabilities as at December 31, 2015. This valuation includes all policy liabilities, namely:

- Claim liabilities;
- Liabilities in connection with unearned premium; and
- Other policy liabilities.

This valuation has been prepared in accordance with the standards of practice of the Canadian Actuarial Standards Board. CLLAS’s policy liabilities were valued both on a gross and net of reinsurance basis.

We have performed a reconciliation of the premium and claims data received from CLLAS and are satisfied that no material data was omitted.

Valuation of Claim Liabilities

Undiscounted Claim Liabilities

The Bornhuetter-Ferguson method was used to estimate gross ultimate losses and loss adjustment expenses by policy period and loss layer. The Incurred but Not Reported (“IBNR”) provisions were determined as the difference between estimated ultimate losses and losses reported to date.

CLLAS cedes paid losses, case reserves and provisions for IBNR in three ways:

1. **Proportional reinsurance:** The amounts ceded to proportional reinsurance in each layer vary according to the reinsurance arrangements effective in each policy period.
2. **Aggregate reinsurance:** CLLAS’s aggregate reinsurance with Colchester Reinsurance Limited (“Colchester”) is applicable to its retention after reflection of proportional reinsurance. The amounts ceded to aggregate reinsurance vary according to the reinsurance arrangements effective in each policy period.
3. **Loss portfolio transfer:** At June 30, 2012, CLLAS entered into a loss portfolio transfer agreement with Colchester which covers all outstanding claim obligations on policies written between July 1, 1987 and June 30, 2012.

CLLAS’s net obligations for losses and loss adjustment expenses are therefore limited to those on policy periods after June 30, 2012.

The provision for unallocated loss adjustment expenses (“ULAE”) represents the estimated cost of CLLAS’s future claims management expenses expected to arise on claims incurred as of December 31, 2015. The provision was derived using an aggregate approach based on the estimated internal claim management expenses for 2016, the annual indexing of such expenses by 3% and the portion of such future annual expenses related to the outstanding claim liabilities. The provision for ULAE is entirely retained by CLLAS.

Based on the above, the undiscounted claim liabilities were estimated at \$100,072,000 on a gross basis and \$3,043,000 on a net basis. Claim liabilities include the provision for IBNR, the provision for ULAE and the case reserves recorded by CLLAS.

Discounting and Provision for Adverse Deviation

Accepted actuarial practice requires the valuation of policy liabilities on a discounted basis (i.e. reflecting the time value of money) and the addition of a Provision for Adverse Deviation (“PFAD”) to these discounted liabilities. Liabilities were discounted using a 1.50% rate of return assumption.

The following table is a summary of the claim liabilities on a gross and net basis as determined per accepted actuarial practice:

	Gross Basis	Net Basis
Undiscounted Claim Liabilities		
Case Reserves	\$ 51,832,000	\$ 32,000
Provision for IBNR	46,326,000	1,097,000
Provision for ULAE	1,914,000	1,914,000
Total	\$ 100,072,000	\$ 3,043,000
Discounted Claim Liabilities	94,085,000	2,848,000
Provision for Adverse Deviation (“PFAD”)	8,423,000	3,540,000
Discounted Claim Liabilities plus PFAD	\$ 102,508,000	\$ 6,388,000
Carried in Financial Statements	\$ 102,508,000	\$ 6,388,000

Comparison of Actual and Expected Experience

The net claim development on prior policy years during 2015 was favorable by \$268,000. There was no development on policy periods prior to June 30, 2012 due to the loss portfolio transfer with Colchester, except for claim recoveries of \$231,000 on policy year 2007/2008.

In addition, CLLAS experienced an adverse decision on a 2009/2010 class action claim in July 2015. The decision has been appealed but reserves have been increased to the full policy limit. The gross development on policy period 2009/2010 was unfavorable by \$29,513,000. Development was generally favorable in other policy periods, resulting in an overall unfavorable claims development of \$19,038,000 on a gross of reinsurance basis.



Valuation of Liabilities in Connection with Unearned Premium

CLLAS's net liabilities in connection with unearned premiums at December 31, 2015 were estimated per accepted actuarial practice at \$924,000 (i.e. on a discounted basis including PFAD). As CLLAS has net unearned premiums of \$1,200,000, the maximum deferrable policy acquisition expense is estimated at \$276,000 and there is no premium deficiency. CLLAS' recorded deferrable policy acquisition expense is \$173,000.

Valuation of Other Policy Liabilities

CLLAS has no other policy liabilities at December 31, 2015.

PART 2—INTRODUCTION AND SCOPE

Introduction

Company:	Canadian Lawyers Liability Assurance Society (also referred to as “CLLAS” in this report)
Date of Valuation:	December 31, 2015
Purpose:	Actuarial opinion and valuation report as required under section 407 of the Alberta Insurance Act
Author:	Julie-Linda Laforce, FCIA FCAS MAAA Axxima Inc. 192 St-Jean, Suite 202 Longueuil, Québec J4H 2X5 Phone : 450.646.2500 ext. 200 Fax : 1.855.529.9462 Email : julielindalaforce@axxima.ca
Authority:	Actuary to CLLAS
Distribution:	This report is strictly for the use of CLLAS, its external auditors and its advisors in the context of their work in connection with the financial statements and the Annual Return. Any other use or disclosure should be discussed first with Axxima Inc. If this report is distributed further, it must be distributed in its entirety. All recipients of this report should be aware that the person signing it is available to answer questions about it.

This report was prepared and filed with the regulatory authorities in accordance with the relevant legislation and accepted actuarial practice based on the appropriate Standards of Practice of the Canadian Actuarial Standards Board.

Scope

Actuarial valuation of all policy liabilities, including:

- Claim liabilities,
- Liabilities in connection with unearned premium, and
- Other policy liabilities.

Operations

General

CLLAS was formed in 1986 and licensed in Ontario as an insurer in 1987 with the first policies issued with an effective date of July 1, 1987. Effective July 1, 2012, CLLAS's lead regulator was changed from Ontario to Alberta. CLLAS is licensed in Alberta, British Columbia and Ontario, and since March 4, 2015, it is also licensed in Nova Scotia.

CLLAS provides professional liability insurance to subscribing law firms in excess of the compulsory coverage provided by the various law societies. Since inception, coverage provided by CLLAS has been on a claims-made basis. For the first policy term (i.e., July 1, 1987 to June 30, 1988), coverage was in excess of \$600,000. Coverage in subsequent policy terms is in excess of \$1,000,000.

A summary of the coverage provided by CLLAS is set out below:

CLLAS HISTORICAL COVERAGE SUMMARY	
Coverage Period	Coverage Provided (in million \$)
July 1, 1987 to June 30, 1988	\$24.4 excess of \$0.6
July 1, 1988 to June 30, 1989 to July 1, 1989 to June 30, 1990	\$24.0 excess of \$1.0
July 1, 1990 to June 30, 1991	\$24.0 excess of \$1.0* plus \$25.0 excess of \$50.0
July 1, 1991 to June 30, 1992 to July 1, 1996 to June 30, 1997	\$34.0 excess of \$1.0* plus \$25.0 excess of a minimum of \$50.0
July 1, 1997 to June 30, 1998	\$34.0 excess of \$1.0* plus \$25.0 excess of a minimum of \$50.0 \$15.0 excess of \$120.0 (optional layer)
July 1, 1998 to June 30, 1999	\$34.0 excess of \$1.0* plus \$30.0 excess of a minimum of \$50.0 \$20.0 excess of \$130.0 (optional layer)
July 1, 1999 to June 30, 2000 **	\$34.0 excess of \$1.0* plus \$30.0 excess of a minimum of \$50.0 \$20.0 excess of \$130.0 (optional layer)
July 1, 2000 to June 30, 2001 to July 1, 2002 to June 30, 2003 **	\$34.0 excess of \$1.0* plus \$30.0 excess of a minimum of \$50.0 \$20.0 excess of \$140.0 (optional layer)
July 1, 2003 to June 30, 2004 to July 1, 2005 to June 30, 2006 ***	\$34.0 excess of \$1.0* plus \$30.0 excess of a minimum of \$50.0 \$20.0 excess of \$140.0 (optional layer)

CLLAS HISTORICAL COVERAGE SUMMARY	
Coverage Period	Coverage Provided (in million \$)
July 1, 2006 to June 30, 2007 to July 1, 2007 to June 30, 2008 ***	\$34.0 excess of \$1.0* plus \$30.0 excess of a minimum of \$50.0 \$20.0 excess of \$140.0 (optional layer 1) \$20.0 excess of \$160.0 (optional layer 2)
July 1, 2008 to June 30, 2009 to July 1, 2009 to June 30, 2010 ***	\$34.0 excess of \$1.0* plus \$30.0 excess of a minimum of \$50.0 \$20.0 excess of \$140.0 (optional layer 1) \$10.0/20.0/30.0 excess of \$160.0 (optional layer 2)
July 1, 2010 to June 30, 2011 ***	\$34.0 excess of \$1.0* plus \$30.0 excess of a minimum of \$50.0 \$20.0 excess of \$140.0 (optional layer 1) \$20.0/30.0/40.0 excess of \$160.0 (optional layer 2)
July 1, 2011 to June 30, 2012 to July 1, 2015 to June 30, 2016 ****	\$49.0 excess of \$1.0* plus \$30.0 excess of a minimum of \$65.0 \$10.0/20.0/30.0/40.0/50.0/60.0 excess of \$160.0 (optional layer)

* The excess policies are endorsed to drop down to excess of \$250,000 (\$25,000 starting in 2008/2009) in certain instances

** For Québec, all CLLAS coverage is provided in excess of a \$5 million retention up to and including policy year 2002/2003

*** For Québec, for policy years 2003/2004 and after, CLLAS coverage is provided \$30million in excess of a \$10 million retention

**** For Québec, for policy year 2011/2012 and after, CLLAS coverage is provided \$40 million in excess of a \$10 million retention

The policy limits presented above are also firm aggregate limits. As of July 1, 2002, the firm aggregate limit on the first \$5 million of coverage, inclusive of underlying, was set at \$25 million. This was reduced as of July 1, 2007 to \$12 million and further reduced to \$5 million as of July 1, 2008. Starting on July 1, 2011, there is no longer a firm aggregate specific aggregate limit.

The umbrella layer of coverage (\$30 million excess of a minimum of \$65 million) is subject to an annual aggregate of \$60 million for all law firms combined. Coverage between the basic coverage described above (\$49 million excess of \$1 million) and the minimum attachment point of \$65 million of the umbrella layer is not provided by CLLAS, but left to individual subscribers to arrange.

As of July 1, 2008, CLLAS began offering an option of \$10 million excess of \$160 million, \$20 million excess of \$160 million or \$30 million excess of \$160 million in optional layer 2. As of July 1, 2010, CLLAS began offering an option of \$20 million excess of \$160 million, \$30 million excess of \$160 million or \$40 million excess of \$160 million in optional layer 2. As of July 1, 2011, CLLAS replaced its two optional layers with a single layer excess of \$160 million (increased from previous years' \$140 million attachment point) with options ranging from \$10 million to \$60 million in \$10 million increments.

Reinsurance

CLLAS cedes paid losses, case reserves and provisions for IBNR in three ways:

1. **Proportional reinsurance:** The amounts ceded to proportional reinsurance in each layer vary according to the reinsurance arrangements effective in each policy period. The size and number of layers have varied over time.
2. **Aggregate reinsurance:** CLLAS's aggregate reinsurance with Colchester Reinsurance Limited ("Colchester") is applicable to its retention after reflection of proportional reinsurance. The amounts ceded to aggregate reinsurance vary according to the reinsurance arrangements effective in each policy period.
3. **Loss portfolio transfer:** At June 30, 2012, CLLAS entered into a loss portfolio transfer agreement with Colchester which covers all outstanding claim obligations on policies written between July 1, 1987 and June 30, 2012. CLLAS's remaining net claim liabilities attributable to the business written prior to June 30, 2012 are provisions for unallocated loss adjustment expenses.

The current and historical reinsurance arrangements are summarized in Schedule 1.

Membership and Management Changes

The number of insured lawyers increased from approximately 1,450 to 4,557 (including 39 patent and trademark agents) from 1987 to 2015. Included in the 4,557 lawyers are 212 lawyers practicing in the US or the UK which are covered by the optional layers and the shared umbrella layer. The firm Blake, Cassels & Graydon LLP withdrew from CLLAS at June 30, 2012. Prior Heenan Blaikie lawyers joined various CLLAS firms in 2014. Their exposure was reflected in the tail reported coverage purchased.

CLLAS has been managed by The Wyatt Company from its inception in 1987 until late 1995, by Dion, Durrell + Associates Inc. until September 2013, and by Axxima Insurance Services, a division of 3303128 Canada Inc. ("Axxima Insurance Services") thereafter. The entire management team servicing CLLAS at Dion, Durrell + Associations Inc. joined Axxima Insurance Services.

There have not been any major changes in management policies and philosophy in recent years. There have been no management changes in 2015.

Claims Administration and Reserving

Based on discussions with CLLAS management, claims administration and reserving practices are generally consistent with prior years. CLLAS establishes its own claims reserves with consideration for the reserves set by the Law Society of Upper Canada (LSUC) and other law societies which offer the underlying compulsory program, as well as the circumstances of individual claims. CLLAS reserves are

monitored on an ongoing basis and are reviewed and modified on a quarterly basis by CLLAS Claims Committee as deemed appropriate.

Standard of Materiality

The standard of materiality encompasses both approximation errors and errors due to inaccurate information. The standard has been communicated to the auditor. The standard of materiality selected by the auditor is \$1,500,000. I have selected a standard of materiality of \$250,000, deemed appropriate under the circumstances with due consideration given to:

- The surplus position of CLLAS (\$250,000 represents 1.8% of the surplus),
- The value of the unpaid liabilities (\$250,000 represents 3.9% of the net claims liabilities), and
- The potential users of CLLAS' financial statements, which include regulators, auditors, management and subscribers.

Limitations

In carrying out this valuation, I have relied on CLLAS'S financial records and I have verified the consistency of the valuation data with the CLLAS financial records. I have asked Deloitte, CLLAS's external auditor, to report to me on the following:

1. To employ appropriate tests and sampling of CLLAS's individual records to ensure accurate and proper recording of premium, claim and asset information;
2. To employ appropriate tests and sampling to ascertain that proper management controls are in place to ensure the completeness of premium, claim and asset data;
3. To employ appropriate tests to ensure that our premium and claim data sets correspond in aggregate to internal CLLAS reports; and
4. Subsequent events which could have a significant effect on the valuation.

I have received a satisfactory report from the auditors for the year ended December 31, 2015.

I am satisfied that the data utilized are reliable and sufficient for the valuation of these liabilities.

Policy liabilities are estimates. The ultimate liabilities will depend upon future contingent, and by definition, uncertain events. Examples of such events include unanticipated changes in inflation, changes to the legal system and judgements establishing precedents.

It must be recognized that the future emergence of loss and loss adjustment expenses may deviate from our estimates by a significant margin. In estimating these liabilities, I have used procedures and

assumptions which, in my opinion, are reasonable and appropriate and I believe the resulting estimates are reasonable given the information available.

Specific Disclosure Requirements

Reporting Relationships and Annual Required Reporting to the Board or Audit Committee

This report has been provided to Mr. Patrick Mahoney, General Manager of CLLAS. Further, I will meet with CLLAS'S audit committee on February 18, 2016 to present the results of this valuation.

I met with CLLAS'S audit committee on February 19, 2015, February 19, 2014 and February 20, 2013 to present the results of the 2014, 2013 and 2012 valuations respectively.

Continuing Professional Development Requirements

I am in compliance with the Continuing Professional Development requirements of the Canadian Institute of Actuaries.

Dynamic Capital Adequacy Testing

No Dynamic Capital Adequacy Testing analysis was requested by the regulator in 2015.

External Peer Review

A full external peer review was requested by the regulator in 2014 for the valuation report. This review was conducted on a pre-release basis by Ms. Lisa Yeung of PwC. The report is dated February 18, 2015. The external peer reviewer concluded that the assumptions and methodologies used in this report are reasonable and that the work has been completed in accordance with accepted actuarial practice.

The peer reviewer had two recommendations:

1. Provide descriptive details regarding methodology for selecting industry development factors;
2. The provision for ULAE is reasonable, but the actuary should consider other assumptions for the length of time period and rate of decrease applied to the estimated 2015 claims management expenses.

As a result of these recommendations, additional commentary can be found in Part 5 of this report.



Disclosure of Compensation

I attest that all my direct and indirect compensation is derived using the following methodology:

Axxima operates on a fee for service basis and hence the compensation that we receive from CLLAS is a function of the time and personnel involved in the engagement.

I confirm that I have performed my duties without regard to any personal considerations or to any influence, interest or relationship in respect of the affairs of my client or employer that might impair my professional judgement or objectivity. I confirm that my ability to act fairly is unimpaired, that there has been full disclosure of the methodology used to derive my compensation to all known direct users of my services.

PART 3—EXPRESSION OF OPINION

I have valued the policy liabilities and reinsurance recoverables of the Canadian Lawyers Liability Assurance Society for its statement of financial position at December 31, 2015 and their changes in the statement of comprehensive income for the year then ended in accordance with accepted actuarial practice in Canada, including selection of appropriate assumptions and methods.

The results of my valuation together with amounts carried in the Annual Return are the following:

Claim Liabilities	Carried in Annual Return	Actuary's Estimate
(1) Direct unpaid claims and adjustment expenses	\$ 102,508,000	\$ 102,508,000
(2) Assumed unpaid claims and adjustment expenses	0	0
(3) Gross unpaid claims and adjustment expenses	102,508,000	102,508,000
(4) Ceded unpaid claims and adjustment expenses	96,120,000	96,120,000
(5) Other amounts to recover	0	0
(6) Other net liabilities	0	0
(7) Net unpaid claims and adjustment expenses [(3)-(4)-(5)+(6)]	\$ 6,388,000	\$ 6,388,000

Premium Liabilities	Carried in Annual Return	Actuary's Estimate
(1) Gross policy liabilities in connection with unearned premiums		\$ 7,918,000
(2) Net policy liabilities in connection with unearned premiums		924,000
(3) Gross unearned premiums	\$ 6,185,000	
(4) Net unearned premiums	1,200,000	
(5) Premium deficiency	0	\$ 0
(6) Other net liabilities	0	0
(7) Deferred policy acquisition expenses	173,000	
(8) Maximum policy acquisition expenses deferrable [(4)+(5)+(9)-(2)]		\$ 276,000
(9) Unearned Commissions	\$ 0	

In my opinion, the amount of policy liabilities net of reinsurance recoverables makes appropriate provision for all policy obligations and the financial statements fairly present the results of the valuation.

Julie-Linda Laforce
Fellow, Canadian Institute of Actuaries

Longueuil, Québec
January 28, 2016

PART 4—COMPARISON OF ACTUAL AND EXPECTED EXPERIENCE

The expected experience represents the net ultimate loss projections as of December 31, 2006, through December 31, 2014, and the actual experience represents the net ultimate loss projections as of December 31, 2015. Exhibit 13.2 shows both actual and expected experience net of proportional reinsurance, stop loss reinsurance and loss portfolio transfer with Colchester.

The net claim development on prior policy years during 2015 was favorable by \$268,000. There was no development on policy periods prior to June 30, 2012 due to the loss portfolio transfer with Colchester, except for claim recoveries of \$231,000 on policy year 2007/2008.

In addition, CLLAS experienced an adverse decision on a 2009/2010 class action claim in July 2015. The decision has been appealed but reserves have been increased to the full policy limit. The gross development on policy period 2009/2010 was unfavorable by \$29,513,000. Development was generally favorable in other policy periods, resulting in an overall unfavorable claims development of \$19,038,000 on a gross of reinsurance basis.

PART 5—CLAIM LIABILITIES

General

The claim liabilities consist of both case reserves and incurred but not reported (“IBNR”) reserves. IBNR reserves are established as a bulk provision to supplement the case reserves. IBNR is broadly defined to include a provision for development of known claims as well as a provision for claims reported after the valuation date.

Considerations

Homogeneity/Credibility:	The same coverage is offered to all subscribers. The risk exposures of the CLLAS subscribers are considered to be homogeneous for estimating claim liabilities. Given the excess nature of the coverage provided by CLLAS, claims experience is very limited. For that reason, provisions for IBNR were estimated based upon anticipated future development of expected losses.
Mix of Business:	There have been no material changes in the mix of business since CLLAS’S inception.
Case Reserving Practices:	CLLAS utilizes case reserves set by the law societies and reviews large claims. However it may, if deemed appropriate, set reserves higher than the law societies for claims which have the potential of piercing into CLLAS’S coverage layers. The case reserving practices have been consistent over time.
Claims Recording/Settlement:	Claims recording and claims settlement practices during 2015 were consistent with historical practices. The year-end cut-off date was December 31, 2015.
Frequency/Severity:	Given the excess nature of the coverage provided by CLLAS, claims experience has been very volatile from year to year.
Reopened Claim Potential:	Our analysis indicates that in the past, no material reopening claim activity has taken place. I am not aware of any precedent-setting judicial opinions, liberalizing legislation or company procedures which might affect the claims reopening potential.
Claims Runoff:	The gross one-year claims runoff was unfavorable in 2015.

Coverage Changes:	There have been no coverage changes since CLLAS's last valuation. The current and historical coverage limits provided by CLLAS are presented in Part 2 – Operations.
Retention/Reinsurance:	Details of the current and historical reinsurance arrangements are provided in Part 7 and Schedule 1 of this report.
Aggregate Limits:	The aggregate limits of CLLAS'S reinsurance with Colchester have changed at July 1, 1998 and subsequently at July 1, 2002, July 1, 2005, July 1, 2006, July 1, 2011 and July 1, 2012 as described in detail in Part 7.
Collateral Sources:	Case reserves used in this valuation are assumed to be net of salvage and subrogation. We are not aware of any other collateral sources which might reduce the claim liabilities.
Marketing Strategy:	There have been no changes in marketing strategy for CLLAS in 2015.
Regulatory Changes:	Effective July 1, 2012, CLLAS'S lead regulator was changed from Ontario to Alberta.
Mass Tort or Latent Claim:	We are not aware of any exposure to tort and latent claims.
External Influences:	We are not aware of any legal or regulatory changes or any precedents set in case law that would impact our estimates.
Pools and Associations:	CLLAS does not participate in any voluntary or involuntary underwriting pools or associations. Therefore, CLLAS is not subject to any liabilities from participation in any pools or associations.

Methodology and Assumptions – Gross and Net Losses and Loss Adjustment Expenses

The methodologies used to estimate the ultimate loss and allocated loss adjustment expense liabilities are consistent with those used in the last valuation. The data underlying the projections and estimates is documented in Part 8 of this report.

The Provisions for IBNR have been established using a Bornhuetter-Ferguson approach, based upon expected losses for each coverage period, and an assumed claim emergence pattern. The expected loss volumes have been estimated as the product of the exposure count (earned lawyer years) and pure premiums (expected loss costs per lawyer).

All reference to losses or claims are meant to include allocated loss adjustment expenses unless otherwise noted.

Rating studies have been performed annually since 1995 and expected loss costs assumptions have been revised from time to time. The last such rating study took place in early 2015 which led to revised expected loss costs per lawyer for the period covering from July 1, 2015 through June 30, 2016. These were used in the December 31, 2015 valuation. The revised and prior loss costs per lawyer assumptions for each layer of proportional reinsurance are summarized below:

Reinsurance Layer (in million \$)	Expected Loss Costs Per Lawyer	
	Prior	Revised
\$0.975 xs \$0.025	\$ 113	\$ 110
\$4.0 xs \$1.0	1,132	1,110
\$5.0 xs \$5.0	619	595
\$10.0 xs \$10.0	797	779
\$30.0 xs \$20.0	953	894
\$30.0 xs minimum \$65.0	10	10
\$40.0 xs \$160.0	14	15
\$60.0 xs \$160.0	18	18

The selected claim emergence pattern was derived using the observed development for lawyers' professional liability excess loss experience from a number of the law societies as a guide. Loss development factors for losses in excess of \$25,000; \$50,000; \$100,000; \$200,000; \$300,000 and \$500,000 were derived from loss data from law societies. The development factors in excess of \$1,000,000 were determined by fitting a linear function to these loss development indications. The selected loss development patterns are shown in Exhibit 1.8.

The selected claim payment pattern was also derived using the observed payout for lawyers' professional liability excess loss experience from a number of the law societies as a guide. The selected payment pattern is shown in Exhibits 1.1 and 1.4 on a gross and net basis respectively.

Methodology and Assumptions – Unallocated Loss Adjustment Expenses

The provision for unallocated loss adjusting expenses ("ULAE") were established at 1.95% of the gross indemnity and legal expense liabilities, assuming that all ULAE costs would be retained by CLLAS. It should be noted that ULAE represents solely CLLAS internal claims management expenses.

The derivation of the ULAE ratio as shown in Exhibit 6 is based upon the following key assumptions:

- Estimated internal claims management expenses equal to \$453,000 in 2016;
- Indexing of such expenses at 3% a year in future years; and
- The portion of such annual expenses related to the outstanding claim liabilities as of December 31, 2015 will decrease at an annual rate of 1/7 per year from 2016 to 2022.

The provision for ULAE resulting from the above assumptions represents 1.96% of the gross case reserves and provision for IBNR as of December 31, 2015. A 1.95% assumption was selected to determine the provision for ULAE as of December 31, 2015. As shown in Exhibit 7, the provision amounts to \$1,914,000 (i.e. \$1,011,000 based on gross case reserves plus \$903,000 based on the gross provision IBNR).

Summary of Undiscounted Liabilities

The unpaid claim liabilities as of December 31, 2015 on an undiscounted basis are as follows:

	Gross	Ceded to Reinsurers	Net
Case Reserves	\$ 51,832,000	\$ 51,800,000	\$ 32,000
Provision for IBNR	46,326,000	45,229,000	1,097,000
Provision for ULAE	1,914,000	0	1,914,000
Total	\$ 100,072,000	\$ 97,029,000	\$ 3,043,000

Exhibits 3 to 7 show the ground-up incurred loss amounts as well as the impact of proportional reinsurance, aggregate reinsurance, loss portfolio transfer to Colchester, and unallocated loss adjustment expenses.

Discounting and Provision for Adverse Deviation

A discount rate of 1.50% (1.85% at December 31, 2014) was selected based on the yield of CLLAS' investment portfolio as at December 31, 2015. The basis upon which this selection was made can be found on Exhibit 8. The yield reflects the market value of bonds since CLLAS has classified its bond portfolio as available-for-sale. The selected discount rate is 0.14% less than the indication to account for investment management expenses.

The Consolidated Standards of Practice – Specific Standards for Insurance, Section 2250 of the Canadian Actuarial Standards Board (ASB) provides explicit guidance for the setting of the provision for adverse deviation associated with claim liabilities. There are three major valuation variables in any property and casualty insurance valuation. Associated with each of these variables, the ASB has established a recommended range of low and high margins which varies with the uncertainty of the variable.

The variables involved and the range of margin for each is shown below:

Variable	Margin
1. Claims Development	Low margin: 2.5% of discounted liabilities High margin: 20.0% of discounted liabilities
2. Reinsurance Recovery	Low margin: 0.0% of discounted liabilities High margin: 15.0% of discounted liabilities
3. Interest Rate	Low margin: 25 basis points (0.25%) High margin: 200 basis points (2.0%)

Evaluation of these margins can be found in Exhibit 9.

Selected Margin for Claims Development

The liabilities are long-tailed and require a number of years of development before a precise picture of the ultimate liabilities can be obtained. In addition, since the coverage is in excess of \$1,000,000, losses are subject to a high degree of variability. As a result of these considerations, the margin for claim development was selected at 10.0%. The selected margin is unchanged from the one selected in the December 31, 2014 valuation.

We have not applied the claims development margin to the case reserves on one large claim in policy period 2009/2010 given that the policy limit for this claim has been reached.

Selected Margin for Reinsurance Recovery

The selected margin is 3.5%. The margin of 5.0% selected in the December 31, 2014 valuation was reduced to reflect the high proportion of liabilities ceded to registered reinsurers or covered by Reinsurance Security Agreements.

Selected Margin for Interest Rate

The investment portfolio is comprised of money market securities, treasury bills, government bonds and corporate bonds. Due to the high quality of investment holdings, we believe the risk of asset default is low. The margin for interest rate was selected at 50 basis points (0.50%) and reflects the quality of the investment portfolio. The selected margin is unchanged from the one selected in the December 31, 2014 valuation.

Summary of Discounted Liabilities and Provisions for Adverse Deviation

The unpaid claim liabilities as of December 31, 2015 are summarized as follows:

Claim Liabilities	Gross	Ceded to Reinsurers	Net
Undiscounted	\$ 100,072,000	\$ 97,029,000	\$ 3,043,000
Discounted	94,085,000	91,237,000	2,848,000
PFAD	<u>8,423,000</u>	<u>4,883,000</u>	<u>3,540,000</u>
Discounted plus PFAD	\$102,508,000	\$ 96,120,000	\$ 6,388,000

Impact of Changes in Methodology and Assumptions on Reserve Estimates

There was no change in methodology from the previous year's valuation. The total impact of changes in assumptions implemented in my December 31, 2015 valuation is an increase of \$1,981,000 and a decrease of \$1,227,000 in gross and net discounted liabilities plus provision for adverse deviation. The impact is mainly explained by the change in discount rate and decrease in margin for reinsurance recoveries.

Subsequent Events

We are not aware of any events subsequent to the December 31, 2015 valuation date which are significant to this valuation.

PART 6—PREMIUM LIABILITIES AND OTHER LIABILITIES

Liabilities in Connection with Unearned Premium

Considerations

The liabilities in connection with unearned premium are based upon the review of the following considerations:

Frequency/Severity Trends:	Coverage provided by CLLAS is expected to give rise to a combination of low frequency/high severity claims. Given the small volume of claims experience to date, frequency/severity trends are subject to high degree of volatility.
External Influences:	We are not aware of any legal or regulatory changes or precedents set in case law expected to have a material impact on the future cost of claims.
Reinsurance Arrangements:	The types of reinsurance arrangements, their conditions and retention levels applicable to the unexpired portion of the policies in force are identical to those currently in force.
Premium Collection:	We are not aware of any premium collectability problems. This was confirmed by CLLAS management.
Seasonality of Losses:	We are not aware of any variations in the frequency or severity of claims caused by seasonality. Therefore, the loss exposure arising from policies currently in force is not expected to be subject to seasonal variation.
Coverage Changes:	We are not aware of any coverage change which could affect the claim costs arising from the unexpired portion of the business in force.

Unearned Premium

Unearned premiums are computed using the daily pro rata method. The gross and net unearned premiums as of December 31, 2015 are \$6,185,000 and \$1,200,000 respectively.

Summary of Liabilities in Connection with Unearned Premium

The liabilities in connection with unearned premiums are computed in Exhibit 14. Summarized below are the assumptions used in the calculation of the liabilities.

- **Expected Ultimate Loss Ratio:** The expected ultimate loss ratio was estimated based on expected losses for 2015/2016 from CLLAS's 2015/2016 rating study, divided by the earned premiums.
- **Unallocated Loss Adjustment Expenses:** The selected unallocated loss adjusting expenses as a percentage of losses is shown in Exhibit 6. A 1.95% ratio was used for liabilities in connection with unearned premium.
- **Policyholder Servicing Costs:** Policyholder servicing costs were selected at 5.0% of premiums.
- **Change in Reinsurance Costs:** Because the policy and reinsurance contract dates are the same, there is no applicable change in reinsurance cost amount.

Deferred Policy Acquisition Expenses

The maximum allowable deferred expenses are \$276,000. CLLAS has recorded deferred policy acquisition expenses of \$173,000.

Premium Deficiency

There is no premium deficiency at December 31, 2015.

Discounting and Provision for Adverse Deviation

Discounting and provision for adverse deviation calculations also apply to claim liabilities in connection with unearned premium. The variables involved and the selected margins are the same as noted in the section on claim liabilities and the calculations can be found in Exhibit 14.2.

Other Policy Liabilities

CLLAS has no other policy liabilities at December 31, 2015.

PART 7—REINSURANCE

Proportional Reinsurance

CLLAS has had proportional reinsurance arrangements since inception. Reinsurance ceded is on a claims-made basis. CLLAS coverage was divided into various layers and a certain proportion in each layer is ceded to different reinsurers. CLLAS also retains a variable proportion of each layer.

Aggregate Reinsurance

CLLAS has arranged since July 1, 1989 aggregate reinsurance with Colchester which is applicable to its retention after reflection of proportional reinsurance. These reinsurance arrangements are summarized in Schedule 1.

In June 1996, the following changes were made to CLLAS non-proportional reinsurance arrangements with Colchester retrospectively for the policy periods 1993/1994 to 1995/1996 and for future policy periods unless the arrangement is terminated by either CLLAS or Colchester:

- As per the initial reinsurance terms, CLLAS'S non-proportional reinsurer was assuming the first \$3,000,000 of CLLAS net of proportional aggregate retention. As a result of the June 1996 amendments, CLLAS assumes the first \$250,000 of this \$3,000,000 aggregate retention;
- The initial premium paid by CLLAS for each of these policy periods is subject to an adjustment, plus or minus, if actual losses are above or below a permissible loss ratio of 70%;
- The additional premium payable is subject to a maximum of 25% of the initial (deposit) premium, while the return premium is subject to a maximum of 10% of the initial premium;
- Any premium payable which is in excess of the 25% maximum adjustment is carried forward to subsequent policy periods, unless the retrospective rating arrangement is terminated by either CLLAS or Colchester. Similarly any premium receivable by CLLAS, which is in excess of the maximum 10% adjustment, is carried forward to the subsequent policy periods; and
- The first retrospective premium adjustment is made 24 months after the expiration of each policy period on the basis of the losses paid at the time of the adjustment and subsequent adjustments are made annually thereafter.

In June 1998 the reinsurance arrangements between CLLAS and Colchester were modified as follows:

- The retrospective rating arrangement applicable to policy years 1993/1994 to 1997/1998 has been terminated. As a result any premium liability arising from such arrangement as of June 30, 1998 was eliminated;
- Also the deficit carry-forward of \$3,733,000 as of December 31, 1997 under such retrospective rating arrangement was eliminated as of June 30, 1998;
- For the 1998/1999 policy period CLLAS retains the first \$3,300,000 of its net of proportional aggregate retention instead of \$250,000 and Colchester assumes \$4,700,000 excess of CLLAS new \$3,300,000 aggregate retention after proportional reinsurance;
- CLLAS also assumes \$6,000,000 excess of \$8,000,000 of its aggregate retention after proportional reinsurance;
- Colchester continues to assume \$14,000,000 excess of \$14,000,000 of CLLAS retention after proportional reinsurance;
- It was also agreed between CLLAS and Colchester that the revised 1998/1999 reinsurance arrangements would apply retroactively to fiscal year 1995/1996.

On June 30, 2003, the reinsurance arrangements between CLLAS and Colchester were modified as follows:

- For the 2002/2003, 2003/2004 and 2004/2005 policy periods CLLAS retains the first \$5,500,000 of its net proportional aggregate losses. Colchester assumes \$7,500,000 in excess of CLLAS'S \$5,500,000 aggregate retention after proportional reinsurance. CLLAS also retains \$7,000,000 of its net proportional aggregate losses in excess of the underlying \$13,000,000 net of proportional reinsurance and Colchester assumes losses in the layer \$20,000,000 excess of \$20,000,000.

On June 30, 2005, the reinsurance arrangements between CLLAS and Colchester were modified as follows:

- For the 2005/2006 policy period CLLAS retains the first \$5,500,000 of its net proportional aggregate losses. Colchester assumes \$9,500,000 in excess of CLLAS'S \$5,500,000 aggregate retention after proportional reinsurance. CLLAS also retains \$5,000,000 of its net proportional aggregate losses in excess of the underlying \$15,000,000 net of proportional reinsurance and Colchester assumes losses in the layer \$20,000,000 excess of \$20,000,000.

On June 30, 2006, the reinsurance arrangements between CLLAS and Colchester were modified as follows:

- For the 2006/2007 through 2008/2009 policy periods CLLAS retains the first \$15,000,000 of its net proportional aggregate losses. Colchester assumes \$5,000,000 in excess of CLLAS'S \$15,000,000 aggregate retention after proportional reinsurance. Colchester also assumes losses in the layer \$20,000,000 excess of \$20,000,000.

On June 30, 2008, the reinsurance arrangements between CLLAS and Colchester were modified as follows:

- Starting in policy period 2008/2009, CLLAS'S retention of \$250,000 to which claims would "drop down" and attach to in certain instances has been reduced to \$25,000. However, Colchester does not assume the additional exposure between \$25,000 and \$250,000.

On June 30, 2009, the reinsurance arrangements between CLLAS and Colchester were modified as follows:

- For 2009/2010 onwards, CLLAS retains the first \$15,000,000 of its net proportional aggregate losses. Colchester assumes \$10,000,000 in excess of CLLAS'S \$15,000,000 aggregate retention after proportional reinsurance. Colchester also assumes losses in the layer \$15,000,000 excess of \$25,000,000.

On June 30, 2011, the reinsurance arrangements between CLLAS and Colchester have been modified as follows:

- For 2011/2012, the-per claim retention for CLLAS subject to the aggregate limit includes 100% of the layer \$975,000 excess of \$25,000 and 25% of the layer \$49,000,000 excess of \$1,000,000. The per-claim retention for Colchester subject to the aggregate limit includes 25% of the layer \$4,000,000 excess of \$1,000,000. The aggregate coverage provides reinsurance of \$22,500,000 in excess of a \$17,500,000 limit on the combined basis. CLLAS'S recoveries from Colchester will be for its share of the combined losses in the layer.

On June 30, 2012, the reinsurance arrangements between CLLAS and Colchester have been modified as follows:

- For 2012/2013, the-per claim retention for CLLAS subject to the aggregate limit includes 100% of the layer \$975,000 excess of \$25,000. Colchester provides reinsurance for 35% of the layer \$49,000,000 excess of \$1,000,000, with the following net retentions after retrocession: 35% of the layer \$4,000,000 excess of \$1,000,000, 15% of the layer \$5,000,000 excess of \$5,000,000 and 5% of the layer \$40,000,000 excess of \$10,000,000. Colchester provides an aggregate reinsurance coverage of \$10,000,000 in excess of a \$5,000,000 limit.

On June 30, 2013, the reinsurance arrangements between CLLAS and Colchester have been modified as follows:

- For 2013/2014, the-per claim retention for CLLAS subject to the aggregate limit includes 100% of the layer \$975,000 excess of \$25,000. Colchester provides reinsurance for 30% of the layer \$49,000,000 excess of \$1,000,000, with the following net retentions after retrocession: 30% of the layer \$4,000,000 excess of \$1,000,000 and 10% of the layer \$5,000,000 excess of \$5,000,000. Colchester provides an aggregate reinsurance coverage of \$10,000,000 in excess of a \$5,000,000 limit.

On June 30, 2014, the reinsurance arrangements between CLLAS and Colchester have been modified as follows:

- For 2014/2015 and 2015/2016, the-per claim retention for CLLAS subject to the aggregate limit includes 100% of the layer \$975,000 excess of \$25,000. Colchester provides reinsurance for 20% of the layer \$49,000,000 excess of \$1,000,000, with the following net retentions after retrocession: 20% of the layer \$4,000,000 excess of \$1,000,000. Colchester provides an aggregate reinsurance coverage of \$10,000,000 in excess of a \$5,000,000 limit.

Loss Portfolio Transfer

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

Recoverable Amounts from Reinsurers

The amounts assumed to be recoverable from reinsurers in the calculation of the net claim and other policy liabilities are as follows:

Claim Liabilities	\$96,120,000
Liabilities in Connection with Unearned Premium	6,994,000
Other Policy Liabilities	0
Total	\$ 103,114,000

Unusual Problems or Delays

I have discussed reinsurance matters with CLLAS' management and external auditor regarding whether there are unusual problems and/or delays expected to be encountered in the collection of amounts from the reinsurers.

I have specifically discussed whether any of the following situations existed with the management and the external auditor with respect to proportional reinsurers:

- A reinsurance contract or cover note is not signed;
- A dispute has arisen with a reinsurer;
- A reinsurer that has a history of not settling accounts properly;
- A reinsurer's experience under a treaty is so bad or other circumstance exists that cause there to be a high probability that the reinsurer will deny liability;
- A reinsurer that is known to have been the subject of regulatory restrictions in its home jurisdiction; and
- Insolvent reinsurers.

All CLLAS proportional reinsurers are believed to be in sound financial condition.

I am not aware of the existence of any of the above situations or unusual problems or delays which could affect the collection of amounts recoverable from other proportional reinsurers.

Based on my review of the reinsurance agreements in place for the business underwritten by CLLAS, and my discussions with management, to the best of my knowledge, there are no material financial reinsurance agreements.

Colchester Reinsurance Limited

Colchester is an off-shore captive reinsurer domiciled in Barbados. The shareholders of Colchester are twelve Toronto-based legal firms or their related service corporations. Those twelve shareholders are unrelated to each other. However, each of Colchester's shareholders is, or is related to, one of CLLAS'S twelve subscribers.

Colchester has provided aggregate reinsurance to CLLAS since July 1, 1989. The terms of the current aggregate reinsurance arrangements provided to CLLAS are described in Schedule I. To my knowledge, Colchester does not provide reinsurance to any other entity than CLLAS.

PART 8—DATA RELIABILITY AND CONSISTENCY

Data

I have relied on the following data provided by CLLAS as at December 31, 2015:

- Historical individual claim information, including paid and case reserve amounts;
- Historical premium information;
- Historical number of lawyers by jurisdiction;
- Estimate of internal management expenses for 2015 and 2016 (budgeted);
- Investment details;
- Reinsurance details; and
- Draft financial statements.

Reliance and Verification

I have relied on these data in the preparation of this report. I have not audited such data except to observe its consistency with prior years and to perform those checks necessary to satisfy myself that the information provides a reliable and sufficient basis for estimating the policy liabilities.

I have relied on the external auditor, Deloitte, to verify the accuracy of the CLLAS's records. I have received assurance from the external auditor that the CLLAS's data is complete.

Reconciliation

A reconciliation of the claims data used in the valuation with the company's financial records was performed. I am satisfied that no material data was omitted.

The details of my reconciliation are as follows:

	Gross Paid At December 31, 2015	Gross Case Reserve at December 31, 2015
Reported in CLLAS's Financial Records	\$ 183,662,924	\$ 51,831,994
Reported in CLLAS's Claims Bordereaux	183,662,924	51,831,994
Difference	\$ 0	\$ 0

PART 9—LIST OF SCHEDULES AND EXHIBITS

List of Schedules

Schedule 1	CLLAS Reinsurance Arrangements
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List of Exhibits

Exhibit 1.1	Cumulative Paid Losses and ALAE - Gross Basis
Exhibit 1.2	Case Reserves - Gross Basis
Exhibit 1.3	Incurred Losses - Gross Basis
Exhibit 1.4	Cumulative Paid Losses and ALAE - Net Basis
Exhibit 1.5	Case Reserves - Net Basis
Exhibit 1.6	Incurred Losses - Net Basis
Exhibit 1.7	Cumulative Number of Claims Reported - Gross and Net Basis
Exhibit 1.8	Indicated Loss Development Factors for Losses
Exhibit 2.1 to 2.37	IBNR - Reflecting Proportional Reinsurance
Exhibit 3	Summary of Gross Loss Experience
Exhibit 4	Summary of Reinsured Experience – Proportional, Stop Loss and Loss Portfolio Transfer
Exhibit 5	Summary of Net Loss Experience
Exhibit 6	Unallocated Loss Adjustment Expenses Ratio
Exhibit 7	Provision for Unallocated Loss Adjustment Expenses
Exhibit 8	Investment Portfolio Valuation & Selection of Discount Rate
Exhibit 9	Selection of Margins for Adverse Deviation
Exhibit 10	Actuarial Present Value Claims Liabilities – Gross Basis
Exhibit 11	Actuarial Present Value Claims Liabilities – Net Basis
Exhibit 12.1 to 12.4	Summary of Gross and Net Claims Liabilities by Policy Year and Calendar Year
Exhibit 13.1 to 13.2	Comparison of Actual Experience with Expected Experience from the December 31, 2006 through December 31, 2015 Valuations – Gross and Net Basis
Exhibit 14.1 to 14.2	Premium Liabilities – Gross and Net Basis
Exhibit 15.1 to 15.2	Unpaid Claims and Loss Ratio Analysis Exhibit

SCHEDULE I: CLLAS REINSURANCE ARRANGEMENTS

Proportional Basis

Fiscal Period	Layer (in million \$)	Retained Portion	Portion Reinsured with:	
			Registered Companies	Unregistered Companies
7/1987 - 6/1988	\$4.4 xs \$0.6	50.00%	0.00%	50.00%
	\$5.0 xs \$5.0	8.00%	78.16%	13.84%
	\$15.0 xs \$10.0	16.00%	53.50%	30.50%
7/1988 - 6/1989	\$4.0 xs \$1.0	50.00%	0.00%	50.00%
	\$5.0 xs \$5.0	8.00%	74.90%	17.10%
	\$15.0 xs \$10.0	17.33%	54.38%	28.29%
7/1989 - 3/1990	\$4.0 xs \$1.0	50.00%	0.00%	50.00%
	\$5.0 xs \$5.0	8.00%	75.87%	16.13%
	\$15.0 xs \$10.0	17.33%	62.51%	20.16%
4/1990 - 6/1990	\$4.0 xs \$1.0	50.00%	27.50%	22.50%
	\$5.0 xs \$5.0	8.00%	75.87%	16.13%
	\$15.0 xs \$10.0	17.33%	68.13%	14.54%
7/1990 - 6/1991	\$4.0 xs \$1.0	50.00%	50.00%	0.00%
	\$5.0 xs \$5.0	8.00%	81.10%	10.90%
	\$15.0 xs \$10.0	17.33%	74.49%	8.18%
	\$25.0 xs \$50.0	0.00%	79.55%	20.45%
7/1991 - 6/1992	\$4.0 xs \$1.0	50.00%	50.00%	0.00%
	\$7.5 xs \$5.0	20.00%	71.50%	8.50%
	\$12.5 xs \$12.5	18.00%	72.52%	9.48%
	\$10.0 xs \$25.0	12.50%	87.50%	0.00%
	\$25.0 xs \$50.0	0.00%	79.75%	20.25%
7/1992 - 6/1993	\$4.0 xs \$1.0	50.00%	50.00%	0.00%
	\$7.5 xs \$5.0	20.00%	71.60%	8.40%
	\$12.5 xs \$12.5	18.00%	75.34%	6.66%
	\$10.0 xs \$25.0	12.50%	87.50%	0.00%
	\$25.0 xs \$50.0	0.00%	89.81%	10.19%
7/1993 - 6/1994	\$4.0 xs \$1.0	50.00%	50.00%	0.00%
	\$7.5 xs \$5.0	20.00%	73.62%	6.38%
	\$12.5 xs \$12.5	18.00%	75.44%	6.56%
	\$10.0 xs \$25.0	12.50%	87.50%	0.00%
	\$25.0 xs \$50.0	0.00%	86.41%	13.59%

SCHEDULE I: CLLAS REINSURANCE ARRANGEMENTS

Proportional Basis (Continued)

Fiscal Period	Layer (in million \$)	Retained Portion	Portion Reinsured with:	
			Registered Companies	Unregistered Companies
7/1994 - 6/1995	\$4.0 xs \$1.0	50.00%	44.58%	5.42%
	\$7.5 xs \$5.0	20.00%	74.93%	5.07%
	\$12.5 xs \$12.5	18.00%	76.30%	5.70%
	\$10.0 xs \$25.0	12.50%	87.50%	0.00%
	\$25.0 xs \$50.0	0.00%	85.48%	14.52%
7/1995 - 6/1996	\$0.75 xs \$0.25	100.00%	0.00%	0.00%
	\$4.0 xs \$1.0	50.00%	42.35%	7.65%
	\$7.5 xs \$5.0	20.00%	75.21%	4.79%
	\$12.5 xs \$12.5	18.00%	77.41%	4.59%
	\$10.0 xs \$25.0	12.50%	81.80%	5.70%
	\$25.0 xs \$50.0	0.00%	88.12%	11.88%
7/1996 - 6/1997	\$0.75 xs \$0.25	100.00%	0.00%	0.00%
	\$4.0 xs \$1.0	50.00%	42.94%	7.06%
	\$7.5 xs \$5.0	20.00%	75.22%	4.78%
	\$12.5 xs \$12.5	18.00%	77.97%	4.03%
	\$10.0 xs \$25.0	12.50%	81.80%	5.70%
	\$25.0 xs \$50.0	0.00%	87.74%	12.26%
7/1997 - 6/1998	\$0.75 xs \$0.25	100.00%	0.00%	0.00%
	\$4.0 xs \$1.0	50.00%	42.94%	7.06%
	\$7.5 xs \$5.0	20.00%	74.34%	5.66%
	\$12.5 xs \$12.5	18.00%	77.97%	4.03%
	\$10.0 xs \$25.0	12.50%	79.03%	8.47%
	\$25.0 xs \$50.0	0.00%	87.17%	12.83%
	\$15.0 xs \$120.0	0.00%	89.02%	10.98%
7/1998 - 6/1999	\$0.75 xs \$0.25	100.00%	0.00%	0.00%
	\$4 xs \$1.0	50.00%	42.63%	7.37%
	\$7.5 xs \$5.0	20.00%	74.04%	5.96%
	\$12.5 xs \$12.5	18.00%	77.93%	4.07%
	\$10 xs \$25	12.50%	79.03%	8.47%
	\$30 xs \$50	0.00%	87.17%	12.83%
	\$20 xs \$130	0.00%	89.02%	10.98%

SCHEDULE I: CLLAS REINSURANCE ARRANGEMENTS

Proportional Basis (Continued)

Fiscal Period	Layer (in million \$)	Retained Portion	Portion Reinsured with:	
			Registered Companies	Unregistered Companies
7/1999 - 6/2000	\$0.75 xs \$0.25	100.00%	0.00%	0.00%
	\$4 xs \$1.0	50.00%	46.80%	3.20%
	\$7.5 xs \$5.0	20.00%	75.98%	4.02%
	\$12.5 xs \$12.5	18.00%	77.61%	4.39%
	\$10 xs \$25	12.50%	79.12%	8.38%
	\$30 xs \$50	0.00%	86.00%	14.00%
	\$20 xs \$130	0.00%	88.16%	11.84%
7/2000 - 6/2001	\$0.75 xs \$0.25	100.00%	0.00%	0.00%
	\$4 xs \$1.0	50.00%	46.80%	3.20%
	\$7.5 xs \$5.0	20.00%	75.98%	4.02%
	\$12.5 xs \$12.5	18.00%	77.61%	4.39%
	\$10 xs \$25	12.50%	79.12%	8.38%
	\$30 xs \$50	0.00%	86.00%	14.00%
	\$20 xs \$140	0.00%	88.16%	11.84%
7/2001 - 6/2002	\$0.75 xs \$0.25	100.00%	0.00%	0.00%
	\$4 xs \$1.0	50.00%	46.80%	3.20%
	\$7.5 xs \$5.0	20.00%	80.00%	0.00%
	\$12.5 xs \$12.5	18.00%	78.97%	3.03%
	\$10 xs \$25	12.50%	79.12%	8.38%
	\$30 xs \$50	0.00%	86.00%	14.00%
	\$20 xs \$140	0.00%	88.16%	11.84%
7/2002 - 6/2003	\$0.75 xs \$0.25	100.00%	0.00%	0.00%
	\$4 xs \$1.0	100.00%	0.00%	0.00%
	\$7.5 xs \$5.0	20.00%	80.00%	0.00%
	\$12.5 xs \$12.5	18.00%	82.00%	0.00%
	\$10 xs \$25	12.50%	63.42%	24.08%
	\$30 xs \$50	0.00%	76.46%	23.54%
	\$20 xs \$140	0.00%	18.23%	81.77%

SCHEDULE I: CLLAS REINSURANCE ARRANGEMENTS

Proportional Basis (Continued)

Fiscal Period	Layer (in million \$)	Retained Portion	Portion Reinsured with:	
			Registered Companies	Unregistered Companies
7/2003 - 6/2004	\$0.75 xs \$0.25	100.00%	0.00%	0.00%
	\$4 xs \$1.0	100.00%	0.00%	0.00%
	\$7.5 xs \$5.0	20.00%	80.00%	0.00%
	\$12.5 xs \$12.5	18.00%	82.00%	0.00%
	\$10 xs \$25	12.50%	57.50%	30.00%
	\$30 xs \$50	0.00%	73.85%	26.15%
	\$20 xs \$140	0.00%	9.66%	90.34%
7/2004 - 6/2005	\$0.75 xs \$0.25	100.00%	0.00%	0.00%
	\$4 xs \$1.0	100.00%	0.00%	0.00%
	\$7.5 xs \$5.0	20.00%	75.00%	5.00%
	\$12.5 xs \$12.5	18.00%	82.00%	0.00%
	\$10 xs \$25	12.50%	63.05%	24.45%
	\$30 xs \$50	0.00%	74.86%	25.14%
	\$20 xs \$140	0.00%	9.66%	90.34%
7/2005 - 6/2006	\$0.75 xs \$0.25	100.00%	0.00%	0.00%
	\$4 xs \$1.0	100.00%	0.00%	0.00%
	\$7.5 xs \$5.0	20.00%	75.00%	5.00%
	\$12.5 xs \$12.5	18.00%	80.00%	2.00%
	\$10 xs \$25	12.50%	87.50%	0.00%
	\$30 xs \$50	0.00%	100.00%	0.00%
	\$20 xs \$140	0.00%	36.00%	64.00%
7/2006 - 6/2007	\$0.75 xs \$0.25	100.00%	0.00%	0.00%
	\$4 xs \$1.0	100.00%	0.00%	0.00%
	\$7.5 xs \$5.0	20.00%	75.00%	5.00%
	\$12.5 xs \$12.5	18.00%	77.00%	5.00%
	\$10 xs \$25	12.50%	87.50%	0.00%
	\$30 xs \$50	0.00%	100.00%	0.00%
	\$20 xs \$140	0.00%	36.00%	64.00%
	\$20 xs \$160	0.00%	100.00%	0.00%

SCHEDULE I: CLLAS REINSURANCE ARRANGEMENTS

Proportional Basis (Continued)

Fiscal Period	Layer (in million \$)	Retained Portion	Portion Reinsured with:	
			Registered Companies	Unregistered Companies
7/2007 - 6/2008	\$0.75 xs \$0.25	100.00%	0.00%	0.00%
	\$4 xs \$1.0	100.00%	0.00%	0.00%
	\$7.5 xs \$5.0	30.00%	65.00%	5.00%
	\$12.5 xs \$12.5	18.00%	77.00%	5.00%
	\$10 xs \$25	12.50%	87.50%	0.00%
	\$30 xs \$50	0.00%	100.00%	0.00%
	\$20 xs \$140	0.00%	36.00%	64.00%
	\$20 xs \$160	0.00%	100.00%	0.00%
7/2008 - 6/2009	\$0.975 xs \$0.025	100.00%	0.00%	0.00%
	\$4 xs \$1.0	100.00%	0.00%	0.00%
	\$7.5 xs \$5.0	35.00%	60.00%	5.00%
	\$12.5 xs \$12.5	24.00%	71.00%	5.00%
	\$10 xs \$25	12.50%	87.50%	0.00%
	\$30 xs \$50	0.00%	100.00%	0.00%
	\$20 xs \$140	0.00%	36.00%	64.00%
	\$30 xs \$160	0.00%	100.00%	0.00%
7/2009 - 6/2010	\$0.975 xs \$0.025	100.00%	0.00%	0.00%
	\$4 xs \$1.0	100.00%	0.00%	0.00%
	\$7.5 xs \$5.0	45.00%	52.00%	3.00%
	\$12.5 xs \$12.5	28.00%	68.00%	4.00%
	\$10 xs \$25	15.00%	85.00%	0.00%
	\$30 xs \$50	0.00%	100.00%	0.00%
	\$20 xs \$140	0.00%	36.00%	64.00%
	\$30 xs \$160	0.00%	100.00%	0.00%
7/2010 - 6/2011	\$0.975 xs \$0.025	100.00%	0.00%	0.00%
	\$4 xs \$1.0	100.00%	0.00%	0.00%
	\$7.5 xs \$5.0	50.00%	47.50%	2.50%
	\$12.5 xs \$12.5	30.00%	67.50%	2.50%
	\$10 xs \$25	20.00%	80.00%	0.00%
	\$30 xs \$50	0.00%	100.00%	0.00%
	\$20 xs \$140	0.00%	36.00%	64.00%
	\$40 xs \$160	0.00%	100.00%	0.00%

SCHEDULE I: CLLAS REINSURANCE ARRANGEMENTS

Proportional Basis (Continued)

Fiscal Period	Layer (in million \$)	Retained Portion	Portion Reinsured with:	
			Registered Companies	Unregistered Companies
7/2011 - 6/2012	\$0.975 xs \$0.025	100.00%	0.00%	0.00%
	\$49 xs \$1.0	25.00%	50.00%	25.00%
	\$30 xs min\$65	0.00%	100.00%	0.00%
	\$40/\$60 xs \$160	0.00%	76.00%	24.00%
7/2012 - 6/2013	\$0.975 xs \$0.025	100.00%	0.00%	0.00%
	\$49 xs \$1.0	0.00%	65.00%	35.00%
	\$30 xs min\$65	0.00%	100.00%	0.00%
	\$40/\$60 xs \$160	0.00%	76.00%	24.00%
7/2013 - 6/2014	\$0.975 xs \$0.025	100.00%	0.00%	0.00%
	\$49 xs \$1.0	0.00%	70.00%	30.00%
	\$30 xs min\$65	0.00%	88.00%	12.00%
	\$40/\$60 xs \$160	0.00%	93.00%	7.00%
7/2014 - 6/2015	\$0.975 xs \$0.025	100.00%	0.00%	0.00%
	\$49 xs \$1.0	0.00%	80.00%	20.00%
	\$30 xs min\$65	0.00%	88.00%	12.00%
	\$40/\$60 xs \$160	0.00%	93.00%	7.00%
7/2015 - 6/2016	\$0.975 xs \$0.025	100.00%	0.00%	0.00%
	\$49 xs \$1.0	0.00%	80.00%	20.00%
	\$30 xs min\$65	0.00%	88.00%	12.00%
	\$40/\$60 xs \$160	0.00%	93.00%	7.00%

SCHEDULE I: CLLAS REINSURANCE ARRANGEMENTS

Aggregate Basis Ceded to Unregistered Company

- | | |
|-----------------|---|
| 7/1989 - 6/1990 | a) Aggregate of \$750,000 of CLLAS retention after reflection of proportional reinsurance, and
b) \$4,250,000 excess \$15,000,000 of CLLAS retention after reflection of proportional reinsurance. |
| 7/1990 - 6/1991 | a) Aggregate of \$900,000 of CLLAS retention after reflection of proportional reinsurance, and
b) \$4,250,000 excess of \$15,000,000 of CLLAS retention after reflection of proportional reinsurance. |
| 7/1991 - 6/1992 | a) Aggregate of \$1,000,000 of CLLAS retention after reflection of proportional reinsurance, and
b) \$25,000,000 excess of \$12,000,000 of CLLAS retention after reflection of proportional reinsurance. |
| 7/1992 - 6/1993 | a) Aggregate of \$1,000,000 of CLLAS retention after reflection of proportional reinsurance, and
b) \$25,000,000 excess of \$12,000,000 of CLLAS retention after reflection of proportional reinsurance. |
| 7/1993 - 6/1994 | a) Aggregate of \$2,750,000 excess of \$250,000 of CLLAS retention after reflection of proportional reinsurance, and
b) \$14,000,000 excess of \$14,000,000 of CLLAS retention after reflection of proportional reinsurance. |
| 7/1994 - 6/1995 | a) Aggregate of \$2,750,000 excess of \$250,000 of CLLAS retention after reflection of proportional reinsurance, and
b) \$14,000,000 excess of \$14,000,000 of CLLAS retention after reflection of proportional reinsurance. |
| 7/1995 - 6/1996 | a) Aggregate of \$4,700,000 excess of \$3,300,000 of CLLAS retention after reflection of proportional reinsurance, and
b) \$14,000,000 excess of \$14,000,000 of CLLAS retention after reflection of proportional reinsurance. |
| 7/1996 - 6/1997 | a) Aggregate of \$4,700,000 excess of \$3,300,000 of CLLAS retention after reflection of proportional reinsurance, and
b) \$14,000,000 excess of \$14,000,000 of CLLAS retention after reflection of proportional reinsurance. |

SCHEDULE I: CLLAS REINSURANCE ARRANGEMENTS

Aggregate Basis Ceded to Unregistered Company (Continued)

- | | |
|-----------------|---|
| 7/1998 - 6/1999 | a) Aggregate of \$4,700,000 excess of \$3,300,000 of CLLAS retention after reflection of proportional reinsurance, and
b) \$14,000,000 excess of \$14,000,000 of CLLAS retention after reflection of proportional reinsurance. |
| 7/1999 – 6/2000 | a) Aggregate of \$4,700,000 excess of \$3,300,000 of CLLAS retention after reflection of proportional reinsurance, and
b) \$14,000,000 excess of \$14,000,000 of CLLAS retention after reflection of proportional reinsurance |
| 7/2000 – 6/2001 | a) Aggregate of \$4,700,000 excess of \$3,300,000 of CLLAS retention after reflection of proportional reinsurance, and
b) \$14,000,000 excess of \$14,000,000 of CLLAS retention after reflection of proportional reinsurance |
| 7/2001 – 6/2002 | a) Aggregate of \$4,700,000 excess of \$3,300,000 of CLLAS retention after reflection of proportional reinsurance, and
b) \$14,000,000 excess of \$14,000,000 of CLLAS retention after reflection of proportional reinsurance |
| 7/2002 – 6/2003 | a) Aggregate of \$7,500,000 excess of \$5,500,000 of CLLAS retention after reflection of proportional reinsurance, and
b) \$20,000,000 excess of \$20,000,000 of CLLAS retention after reflection of proportional reinsurance |
| 7/2003 – 6/2004 | a) Aggregate of \$7,500,000 excess of \$5,500,000 of CLLAS retention after reflection of proportional reinsurance, and
b) \$20,000,000 excess of \$20,000,000 of CLLAS retention after reflection of proportional reinsurance |
| 7/2004 – 6/2005 | a) Aggregate of \$7,500,000 excess of \$5,500,000 of CLLAS retention after reflection of proportional reinsurance, and
b) \$20,000,000 excess of \$20,000,000 of CLLAS retention after reflection of proportional reinsurance |
| 7/2005 – 6/2006 | a) Aggregate of \$9,500,000 excess of \$5,500,000 of CLLAS retention after reflection of proportional reinsurance, and
b) \$20,000,000 excess of \$20,000,000 of CLLAS retention after reflection of proportional reinsurance |

SCHEDULE I: CLLAS REINSURANCE ARRANGEMENTS

Aggregate Basis Ceded to Unregistered Company (Continued)

7/2006 – 6/2007	a) Aggregate of \$5,000,000 excess of \$15,000,000 of CLLAS retention after reflection of proportional reinsurance, and b) \$20,000,000 excess of \$20,000,000 of CLLAS retention after reflection of proportional reinsurance
7/2007 – 6/2008	a) Aggregate of \$5,000,000 excess of \$15,000,000 of CLLAS retention after reflection of proportional reinsurance, and b) \$20,000,000 excess of \$20,000,000 of CLLAS retention after reflection of proportional reinsurance
7/2008 – 6/2009	a) Aggregate of \$5,000,000 excess of \$15,000,000 of CLLAS retention after reflection of proportional reinsurance, and b) \$20,000,000 excess of \$20,000,000 of CLLAS retention after reflection of proportional reinsurance
7/2009 – 6/2010	a) Aggregate of \$10,000,000 excess of \$15,000,000 of CLLAS retention after reflection of proportional reinsurance, and b) \$15,000,000 excess of \$25,000,000 of CLLAS retention after reflection of proportional reinsurance
7/2010 – 6/2011	a) Aggregate of \$10,000,000 excess of \$15,000,000 of CLLAS retention after reflection of proportional reinsurance, and b) \$15,000,000 excess of \$25,000,000 of CLLAS retention after reflection of proportional reinsurance
7/2011 – 6/2012	Aggregate of \$22,500,000 excess of \$17,500,000 of CLLAS/Colchester retention after reflection of reinsurance
7/2012 – 6/2013	Aggregate of \$10,000,000 excess of \$5,000,000 of CLLAS retention after reflection of proportional reinsurance
7/2013 – 6/2014	Aggregate of \$10,000,000 excess of \$5,000,000 of CLLAS retention after reflection of proportional reinsurance
7/2014 – 6/2015	Aggregate of \$10,000,000 excess of \$5,000,000 of CLLAS retention after reflection of proportional reinsurance
7/2015 – 6/2016	Aggregate of \$10,000,000 excess of \$5,000,000 of CLLAS retention after reflection of proportional reinsurance

Exhibit 1.1
Canadian Lawyers Liability Assurance Society

Cumulative Paid Losses and ALAE (in \$000s)
Gross of Reinsurance
As at December 31, 2015

Policy Period	6	18	30	42	54	66	78	90	102	114	126	138	150	162	174	186	198	210	Ultimate*
1987/1988	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1988/1989	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1989/1990	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1990/1991	0	0	0	0	0	0	0	1,007	2,773	3,593	3,593	3,593	3,593	3,593	3,593	3,593	3,593	3,593	3,593
1991/1992	0	0	0	0	0	1,244	6,061	6,036	6,036	6,036	6,036	7,417	7,417	7,417	7,417	7,417	7,417	7,417	7,417
1992/1993	0	0	0	0	0	0	0	0	0	305	326	327	327	327	327	327	327	327	327
1993/1994	0	0	0	15,287	15,279	15,279	15,280	15,280	15,280	16,314	16,832	17,109	30,655	30,655	30,655	30,655	30,655	30,655	30,655
1994/1995	0	26	58	7,885	7,903	7,903	9,319	9,319	9,319	9,319	9,319	9,319	9,319	9,319	9,319	9,319	9,319	9,319	9,319
1995/1996	0	0	1,217	1,375	1,393	1,407	3,752	3,743	3,743	3,743	3,743	3,743	3,743	3,743	3,743	3,743	3,743	3,743	3,743
1996/1997	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1997/1998	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1998/1999	0	0	0	1,094	20,159	20,297	20,297	20,297	20,297	20,297	20,297	20,297	20,297	20,297	20,297	20,297	20,297	20,297	20,297
1999/2000	0	0	0	0	0	421	421	7,026	7,026	8,482	8,493	8,493	8,493	8,493	8,493	8,493	8,493	8,493	8,493
2000/2001	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2001/2002	0	0	0	3,046	3,144	17,180	17,553	17,554	17,554	17,554	17,554	17,554	17,554	17,554	17,554				17,554
2002/2003	0	0	4	5	10	342	868	3,395	3,398	3,416	3,422	3,444	3,465	3,466					4,181
2003/2004	0	0	22,503	24,279	24,447	25,735	28,084	37,302	37,503	38,933	38,933	38,933	38,933						39,319
2004/2005	0	11	912	945	975	980	987	1,262	1,262	1,262	1,262	1,262							1,719
2005/2006	0	3	3	683	712	712	712	712	764	766	766								1,255
2006/2007	0	0	0	0	0	0	6,389	6,469	6,474	6,474									7,106
2007/2008	0	0	2,166	2,184	13,439	14,160	14,165	14,168	13,938										18,211
2008/2009	0	5	5	5	5	355	355	2,806											3,736
2009/2010	0	20	20	523	523	7,637	8,203												43,281
2010/2011	0	1,663	2,155	2,160	3,696	3,903													17,098
2011/2012	10	107	107	196	2,281														7,910
2012/2013	0	0	12	234															7,281
2013/2014	0	0	0																9,655
2014/2015	0	0																	12,934
2015/2016	0																		<u>6,737</u>
																			281,821

* From Exh. 3, Col. (4)

Paid-to-Ultimate Pattern

Policy Period	6	18	30	42	54	66	78	90	102	114	126	138	150	162	174	186	198	210
1987/1988																		
1988/1989																		
1989/1990																		
1990/1991								28.0%	77.2%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
1991/1992						16.8%	81.7%	81.4%	81.4%	81.4%	81.4%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
1992/1993										93.3%	99.7%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
1993/1994				49.9%	49.8%	49.8%	49.8%	49.8%	49.8%	49.8%	53.2%	54.9%	55.8%	100.0%	100.0%	100.0%	100.0%	100.0%
1994/1995		0.3%	0.6%	84.6%	84.8%	84.8%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
1995/1996			32.5%	36.7%	37.2%	37.6%	100.2%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
1996/1997																		
1997/1998																		
1998/1999				5.4%	99.3%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
1999/2000						5.0%	5.0%	82.7%	82.7%	99.9%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	
2000/2001																		
2001/2002				17.4%	17.9%	97.9%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%			
2002/2003			0.1%	0.1%	0.2%	8.2%	20.8%	81.2%	81.3%	81.7%	81.9%	82.4%	82.9%	82.9%				
2003/2004			57.2%	61.7%	62.2%	65.5%	71.4%	94.9%	95.4%	99.0%	99.0%	99.0%	99.0%					
2004/2005		0.6%	53.0%	55.0%	56.7%	57.0%	57.4%	73.4%	73.4%	73.4%	73.4%	73.4%						
2005/2006		0.2%	0.2%	54.4%	56.7%	56.7%	56.7%	56.7%	60.9%	61.0%	61.0%							
2006/2007							89.9%	91.0%	91.1%	91.1%								
2007/2008			11.9%	12.0%	73.8%	77.8%	77.8%	77.8%	76.5%									
2008/2009		0.1%	0.1%	0.1%	0.1%	9.5%	9.5%	75.1%										
2009/2010		0.0%	0.0%	1.2%	1.2%		19.0%											
2010/2011		9.7%	12.6%	12.6%	21.6%	22.8%												
2011/2012	0.1%	1.3%	1.4%	2.5%	28.8%													
2012/2013			0.2%	3.2%														
2013/2014																		
2014/2015																		
2015/2016																		

Payout Pattern Selections

	6	18	30	42	54	66	78	90	102	114	126	138	150	162	174	186	198	210
Selected at 12/31/2014	1.0%	7.0%	17.0%	27.0%	37.0%	48.5%	60.0%	70.0%	77.0%	80.5%	83.5%	86.5%	89.5%	92.5%	95.0%	97.0%	99.0%	100.0%
Selected at 12/31/2015	1.0%	7.0%	17.0%	27.0%	37.0%	48.5%	60.0%	70.0%	77.0%	80.5%	83.5%	86.5%	89.5%	92.5%	95.0%	97.0%	99.0%	100.0%

Case Reserves (in \$000s)
Gross of Reinsurance
As at December 31, 2015

[illegible]

Exhibit 1.3
Canadian Lawyers Liability Assurance Society

Incurred Losses (in \$000s)
Gross of Reinsurance
As at December 31, 2015

Policy Period	6	18	30	42	54	66	78	90	102	114	126	138	150	162	174	186	198	210
1987/1988	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1988/1989	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1989/1990	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1990/1991	0	0	0	500	600	600	200	2,232	3,423	3,593	3,593	3,593	3,593	3,593	3,593	3,593	3,593	3,593
1991/1992	0	0	1,750	2,500	4,050	9,244	7,054	7,536	7,536	7,536	7,536	7,436	7,417	7,417	7,417	7,417	7,417	7,417
1992/1993	0	0	0	0	0	0	0	500	500	339	339	327	327	327	327	327	327	327
1993/1994	0	0	0	17,246	19,070	19,031	22,031	31,030	31,030	31,030	31,030	32,530	32,530	30,655	30,655	30,655	30,655	30,655
1994/1995	0	801	2,782	8,704	9,153	10,003	9,819	9,319	9,319	9,319	9,319	9,319	9,319	9,319	9,319	9,319	9,319	9,319
1995/1996	0	750	1,365	1,395	1,443	3,443	3,753	3,743	3,743	3,743	3,743	3,743	3,743	3,743	3,743	3,743	3,743	3,743
1996/1997	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1997/1998	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1998/1999	0	215	4,215	18,099	21,051	20,512	20,297	20,297	20,297	20,297	20,297	20,297	20,297	20,297	20,297	20,297	20,297	20,297
1999/2000	0	0	0	0	0	7,421	7,421	8,282	8,276	8,493	8,493	8,493	8,493	8,493	8,493	8,493	8,493	8,493
2000/2001	0	0	0	0	0	500	500	1,000	1,000	1,000	1,000	0	0	0	0	0	0	0
2001/2002	500	500	6,700	8,688	19,351	18,749	18,749	18,749	18,254	18,254	17,554	17,554	17,554	17,554	17,554	17,554	17,554	17,554
2002/2003	0	100	100	100	4,600	5,898	6,094	6,521	6,521	6,521	6,521	6,521	6,521	4,021	4,021	4,021	4,021	4,021
2003/2004	0	500	27,420	28,054	28,054	29,047	31,609	38,666	39,253	38,933	38,933	38,933	38,933	38,933	38,933	38,933	38,933	38,933
2004/2005	1,000	1,775	1,850	1,850	1,850	1,850	1,850	2,074	2,074	2,074	2,074	2,074	2,074	1,262	1,262	1,262	1,262	1,262
2005/2006	0	3	3	712	712	712	712	712	814	816	766	766	766	766	766	766	766	766
2006/2007	250	1,550	1,800	2,550	3,550	6,750	6,967	6,568	6,474	6,474	6,474	6,474	6,474	6,474	6,474	6,474	6,474	6,474
2007/2008	0	0	4,266	6,766	15,366	15,266	16,366	17,749	17,519	17,519	17,519	17,519	17,519	17,519	17,519	17,519	17,519	17,519
2008/2009	0	25	25	5	1,105	955	1,355	2,962	2,962	2,962	2,962	2,962	2,962	2,962	2,962	2,962	2,962	2,962
2009/2010	25	1,300	2,300	4,120	8,023	11,908	42,379	42,379	42,379	42,379	42,379	42,379	42,379	42,379	42,379	42,379	42,379	42,379
2010/2011	0	2,027	3,750	7,242	15,242	15,242	15,242	15,242	15,242	15,242	15,242	15,242	15,242	15,242	15,242	15,242	15,242	15,242
2011/2012	225	122	107	1,557	3,275	3,275	3,275	3,275	3,275	3,275	3,275	3,275	3,275	3,275	3,275	3,275	3,275	3,275
2012/2013	0	0	25	256	256	256	256	256	256	256	256	256	256	256	256	256	256	256
2013/2014	0	0	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
2014/2015	0	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10
2015/2016	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

Reported Age-to-Age Factors

Policy Period	6-18	18-30	30-42	42-54	54-66	66-78	78-90	90-102	102-114	114-126	126-138	138-150	150-162	162-174	174-186	186-198	198-210	To Ult
1987/1988																		
1988/1989																		
1989/1990																		
1990/1991				1.200	1.000	0.333	11.158	1.534	1.050	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
1991/1992			1.429	1.620	2.282	0.763	1.068	1.000	1.000	1.000	0.987	0.997	1.000	1.000	1.000	1.000	1.000	1.000
1992/1993								1.000	0.678	1.000	0.963	1.000	1.000	1.000	1.000	1.000	1.000	1.000
1993/1994				1.106	0.998	1.158	1.408	1.000	1.000	1.000	1.048	1.000	0.942	1.000	1.000	1.000	1.000	1.000
1994/1995		3.473	3.129	1.052	1.093	0.982	0.949	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
1995/1996		1.820	1.022	1.034	2.386	1.090	0.997	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
1996/1997																		
1997/1998																		
1998/1999		19.605	4.294	1.163	0.974	0.990	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
1999/2000						1.000	1.116	0.999	1.026	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2000/2001						1.000	2.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2001/2002	1.000	13.400	1.297	2.227	0.969	1.000	1.000	0.974	1.000	0.962	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2002/2003		1.000	1.000	46.000	1.282	1.033	1.070	1.000	1.000	1.000	1.000	0.617	1.000	1.000	1.000	1.000	1.000	1.000
2003/2004		54.839	1.023	1.000	1.035	1.088	1.223	1.015	0.992	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2004/2005	1.775	1.042	1.000	1.000	1.000	1.000	1.121	1.000	1.000	1.000	0.609	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2005/2006		1.000	251.330	1.000	1.000	1.000	1.000	1.143	1.002	0.939	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2006/2007	6.200	1.161	1.417	1.392	1.901	1.032	0.943	0.986	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2007/2008			1.586	2.271	0.993	1.072	1.085	0.987	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2008/2009		1.000	0.202	219.163	0.864	1.419	2.186	2.186	2.186	2.186	2.186	2.186	2.186	2.186	2.186	2.186	2.186	2.186
2009/2010	52.000	1.769	1.791	1.947	1.484	3.559	3.559	3.559	3.559	3.559	3.559	3.559	3.559	3.559	3.559	3.559	3.559	3.559
2010/2011		1.849	1.931	2.105	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2011/2012	0.542	0.878	14.547	2.104	2.104	2.104	2.104	2.104	2.104	2.104	2.104	2.104	2.104	2.104	2.104	2.104	2.104	2.104
2012/2013			10.234	10.234	10.234	10.234	10.234	10.234	10.234	10.234	10.234	10.234	10.234	10.234	10.234	10.234	10.234	10.234
2013/2014																		
2014/2015																		
2015/2016																		

Reported Averages

	6-18	18-30	30-42	42-54	54-66	66-78	78-90	90-102	102-114	114-126	126-138	138-150	150-162	162-174	174-186	186-198	198-210	To Ult
Simple Average																		
All years	12.303	7.911	18.577	16.905	1.266	1.148	1.833	1.040	0.983	0.993	0.967	0.965	0.994	1.000	1.000	1.000	1.000	1.000
Latest 5	0.542	1.499	5.741	45.518	1.249	1.616	1.267	1.026	0.999	0.980	0.902	0.904	1.000	1.000	1.000	1.000	1.000	1.000
Medial Average																		
All years	2.992	4.284	3.264	4.481	1.215	1.042	1.230	1.009	1.002	0.997	0.995	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Latest 5	-	1.769	4.652	2.160	1.159	1.174	1.068	1.001	1.000	0.987	1.000	1.000	1.000	1.000	-	1.000	1.000	1.000
Volume Weighted Average																		
All years	4.834	6.156	1.888	1.422	1.156	1.218	1.150	1.006	0.999	0.995	0.997	0.983	0.983	1.000	1.000	1.000	1.000	1.000
Latest 5	9.597	2.082	2.123	2.184	1.158	1.904	1.103	1.006	0.994	0.989	0.973	0.965	1.000	1.000	1.000	1.000	1.000	1.000

Reported Factor Selections

	6-18	18-30	30-42	42-54	54-66	66-78	78-90	90-102	102-114	114-126	126-138	138-150	150-162	162-174	174-186	186-198	198-210	To Ult
Selected at 12/31/2014	1.996	2.410	1.522	1.317	1.180	1.057	1.005	1.010	1.010	1.005	1.000	1.002	1.010	1.008	1.000	1.000	1.000	1.000
Selected at 12/31/2015	2.077	2.626	1.414	1.282	1.224	1.062	1.005	1.010	1.010	1.005	1.000	1.002	1.010	1.008	1.000	1.000	1.000	1.000
Factor to ultimate	13.500	6.500	2.475	1.750	1.365	1.115	1.050	1.045	1.035	1.025	1.020	1.020	1.018	1.008	1.000	1.000	1.000	1.000
Selected % of Ultimate	0.074	0.154	0.404	0.571	0.733	0.897	0.952	0.957	0.966	0.976	0.980	0.980	0.983	0.993	1.000	1.000	1.000	1.000

Exhibit 1.4
Canadian Lawyers Liability Assurance Society

Cumulative Paid Losses and ALAE (in \$000s)
Net of Proportional Reinsurance
As at December 31, 2015

Policy Period	6	18	30	42	54	66	78	90	102	114	126	138	150	162	174	186	198	210	Ultimate*
1987/1988	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1988/1989	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1989/1990	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1990/1991	0	0	0	0	0	0	0	503	1,387	1,797	1,797	1,797	1,797	1,797	1,797	1,797	1,797	1,797	1,797
1991/1992	0	0	0	0	0	622	2,785	2,780	2,780	2,780	2,780	3,470	3,470	3,470	3,470	3,470	3,470	3,470	3,470
1992/1993	0	0	0	0	0	0	0	0	0	152	163	163	163	163	163	163	163	163	163
1993/1994	0	0	0	4,182	4,180	4,180	4,191	4,191	4,191	4,191	4,708	4,967	5,105	8,388	8,388	8,388	8,388	8,388	8,388
1994/1995	0	13	29	3,916	3,925	3,925	4,633	4,633	4,633	4,633	4,633	4,633	4,633	4,633	4,633	4,633	4,633	4,633	4,633
1995/1996	0	0	608	688	696	703	1,876	1,871	1,871	1,871	1,871	1,871	1,871	1,871	1,871	1,871	1,871	1,871	1,871
1996/1997	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1997/1998	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1998/1999	0	0	0	0	6,185	6,254	6,254	6,254	6,254	6,254	6,254	6,254	6,254	6,254	6,254	6,254	6,254	6,254	6,254
1999/2000	0	0	0	0	0	210	210	2,731	2,731	3,459	3,465	3,465	3,465	3,465	3,465	3,465	3,465	3,465	3,465
2000/2001	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2001/2002	0	0	0	1,523	1,572	5,532	5,602	5,602	5,602	5,602	5,602	5,602	5,602	5,602	5,602	5,602	5,602	5,602	5,602
2002/2003	0	0	4	5	10	342	868	3,395	3,398	3,416	3,422	3,444	3,465	3,466					4,096
2003/2004	0	0	7,481	9,033	9,064	10,352	11,009	12,342	12,503	13,933	13,933	13,933	13,933						14,116
2004/2005	0	11	912	945	975	980	987	1,262	1,262	1,262	1,262	1,262							1,477
2005/2006	0	3	3	683	712	712	712	712	764	766	766								993
2006/2007	0	0	0	0	0	0	5,688	5,764	5,769	5,769									6,076
2007/2008	0	0	2,166	2,184	8,361	8,520	8,521	8,521	8,292										12,232
2008/2009	0	5	5	5	5	355	355	2,806											3,397
2009/2010	0	20	20	523	523	7,441	8,007												21,102
2010/2011	0	1,663	2,155	2,160	3,696	3,903													11,588
2011/2012	10	107	107	129	650														2,173
2012/2013	0	0	12	200															435
2013/2014	0	0	0																269
2014/2015	0	0																	413
2015/2016	0																		212
																			114,223

* From Exh. 4, Col. (4)

Paid-to-Ultimate Pattern

Policy Period	6	18	30	42	54	66	78	90	102	114	126	138	150	162	174	186	198	210
1987/1988																		
1988/1989																		
1989/1990																		
1990/1991								28.0%	77.2%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
1991/1992						17.9%	80.3%	80.1%	80.1%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
1992/1993									93.3%	99.7%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
1993/1994				49.9%	49.8%	49.8%	50.0%	50.0%	50.0%	56.1%	59.2%	60.9%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
1994/1995		0.3%	0.6%	84.5%	84.7%	84.7%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
1995/1996			32.5%	36.7%	37.2%	37.6%	100.2%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
1996/1997																		
1997/1998																		
1998/1999					98.9%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
1999/2000						6.1%	6.1%	78.8%	78.8%	99.8%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
2000/2001																		
2001/2002				27.2%	28.1%	98.8%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%			
2002/2003			0.1%	0.1%	0.2%	8.4%	21.2%	82.9%	82.9%	83.4%	83.5%	84.1%	84.6%	84.6%				
2003/2004			53.0%	64.0%	64.2%	73.3%	78.0%	87.4%	88.6%	98.7%	98.7%	98.7%	98.7%					
2004/2005		0.7%	61.7%	64.0%	66.0%	66.4%	66.8%	85.4%	85.5%	85.4%	85.5%							
2005/2006		0.3%	0.3%	68.7%	71.7%	71.7%	71.7%	71.7%	76.9%	77.1%	77.1%							
2006/2007							93.6%	94.9%	95.0%	95.0%								
2007/2008			17.7%	17.9%	68.4%	69.7%	69.7%	67.8%										
2008/2009		0.1%	0.1%	0.1%	0.1%	10.5%	10.5%	82.6%										
2009/2010		0.1%	0.1%	2.5%	2.5%	35.3%	37.9%											
2010/2011		14.3%	18.6%	18.6%	31.9%	33.7%												
2011/2012	0.4%	4.9%	4.9%	5.9%	29.9%													
2012/2013			2.7%	45.9%														
2013/2014																		
2014/2015																		
2015/2016																		

Payout Pattern Selections

	6	18	30	42	54	66	78	90	102	114	126	138	150	162	174	186	198	210
Selected at 12/31/2014	1.0%	7.0%	17.0%	27.0%	37.0%	48.5%	60.0%	70.0%	77.0%	80.5%	83.5%	86.5%	89.5%	92.5%	95.0%	97.0%	99.0%	100.0%
Selected at 12/31/2015	1.0%	7.0%	17.0%	27.0%	37.0%	48.5%	60.0%	70.0%	77.0%	80.5%	83.5%	86.5%	89.5%	92.5%	95.0%	97.0%	99.0%	100.0%

Case Reserves (in \$000s)
Net of Proportional Reinsurance
As at December 31, 2015

Policy Period	6	18	30	42	54	66	78	90	102	114	126	138	150	162	174	186	198	210
1987/1988	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1988/1989	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1989/1990	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1990/1991	0	0	0		300	300	100	613	325	0	0	0	0	0	0	0	0	0
1991/1992	0	0	875	1,250	2,025	3,100	499	750	750	750	750	10	0	0	0	0	0	0
1992/1993	0	0	0	0	0	0	0	250	250	17	7	0	0	0	0	0	0	0
1993/1994	0	0	0	833	1,882	1,875	2,700	4,425	4,425	3,908	3,919	3,780	0	0	0	0	0	0
1994/1995	0	388	1,362	409	625	1,050	250	0	0	0	0	0	0	0	0	0	0	0
1995/1996	0	375	74	10	25	1,018	1	0	0	0	0	0	0	0	0	0	0	0
1996/1997	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1997/1998	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1998/1999	0	108	2,108	2,233	385	108	0	0	0	0	0	0	0	0	0	0	0	0
1999/2000	0	0	0	0	0	2,600	2,600	626	625	5	0	0	0	0	0	0	0	0
2000/2001	0	0	0	0	0	250	250	500	500	500	500	0	0	0	0	0	0	0
2001/2002	250	250	3,350	2,821	4,893	667	598	598	350	350	0	0	0	0	0	0	0	0
2002/2003	0	100	96	95	4,590	5,555	5,226	3,126	3,123	3,105	3,099	3,077	557	556				
2003/2004	0	500	3,755	1,939	1,909	744	463	1,325	1,750	0	0	0	0					
2004/2005	1,000	1,764	938	905	875	870	863	812	812	812	812	0						
2005/2006	0	0	0	30	0	0	0	0	50	50	0							
2006/2007	250	1,550	1,800	2,550	3,550	6,150	505	60	0	0								
2007/2008	0	0	2,100	4,582	1,263	1,086	2,185	3,582	3,581									
2008/2009	0	20	20	0	1,100	600	1,000	156										
2009/2010	25	1,280	2,280	3,597	7,500	4,271	12,551											
2010/2011	0	365	1,594	4,582	6,746	6,539												
2011/2012	215	15	0	340	249													
2012/2013	0	0	13	22														
2013/2014	0	0	0															
2014/2015	0	10																
2015/2016	0																	

Exhibit 1.6
Canadian Lawyers Liability Assurance Society

Incurred Losses (in \$000s)
Net of Proportional Reinsurance
As at December 31, 2015

Policy Period	6	18	30	42	54	66	78	90	102	114	126	138	150	162	174	186	198	210
1987/1988	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1988/1989	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1989/1990	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1990/1991	0	0	0	250	300	300	100	1,116	1,712	1,797	1,797	1,797	1,797	1,797	1,797	1,797	1,797	1,797
1991/1992	0	0	875	1,250	2,025	3,722	3,284	3,530	3,530	3,530	3,530	3,480	3,470	3,470	3,470	3,470	3,470	3,470
1992/1993	0	0	0	0	0	0	0	250	250	170	170	163	163	163	163	163	163	163
1993/1994	0	0	0	5,014	6,063	6,056	6,891	8,616	8,616	8,616	8,616	8,886	8,886	8,886	8,388	8,388	8,388	8,388
1994/1995	0	400	1,391	4,326	4,550	4,975	4,883	4,633	4,633	4,633	4,633	4,633	4,633	4,633	4,633	4,633	4,633	4,633
1995/1996	0	375	682	698	721	1,721	1,876	1,871	1,871	1,871	1,871	1,871	1,871	1,871	1,871	1,871	1,871	1,871
1996/1997	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1997/1998	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1998/1999	0	108	2,108	2,233	6,570	6,362	6,254	6,254	6,254	6,254	6,254	6,254	6,254	6,254	6,254	6,254	6,254	6,254
1999/2000	0	0	0	0	0	2,810	2,810	3,358	3,356	3,465	3,465	3,465	3,465	3,465	3,465	3,465	3,465	3,465
2000/2001	0	0	0	0	0	250	250	500	500	500	500	0	0	0	0	0	0	0
2001/2002	250	250	3,350	4,344	6,465	6,200	6,200	6,200	5,952	5,952	5,602	5,602	5,602	5,602	5,602	5,602	5,602	5,602
2002/2003	0	100	100	100	4,600	5,898	6,094	6,521	6,521	6,521	6,521	6,521	6,521	4,021	4,021			
2003/2004	0	500	11,236	10,973	10,973	11,097	11,471	13,666	14,253	13,933	13,933	13,933	13,933					
2004/2005	1,000	1,775	1,850	1,850	1,850	1,850	1,850	2,074	2,074	2,074	2,074	2,074	2,074	1,262				
2005/2006	0	3	3	712	712	712	712	712	814	816	766							
2006/2007	250	1,550	1,800	2,550	3,550	6,150	6,193	5,824	5,769									
2007/2008	0	0	4,266	6,766	9,624	9,606	10,706	12,103	11,872									
2008/2009	0	25	25	5	1,105	955	1,355	2,962										
2009/2010	25	1,300	2,300	4,120	8,023	11,712	20,558											
2010/2011	0	2,027	3,750	6,742	10,442	10,442												
2011/2012	225	122	107	469	899													
2012/2013	0	0	25	221														
2013/2014	0	0	0															
2014/2015	0	10																
2015/2016	0																	

Reported Age-to-Age Factors

Policy Period	6-18	18-30	30-42	42-54	54-66	66-78	78-90	90-102	102-114	114-126	126-138	138-150	150-162	162-174	174-186	186-198	198-210	To Ult
1987/1988																		
1988/1989																		
1989/1990																		
1990/1991				1.200	1.000	0.333	11.158	1.534	1.050	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	
1991/1992			1.429	1.620	1.838	0.882	1.075	1.000	1.000	1.000	0.986	0.997	1.000	1.000	1.000	1.000	1.000	
1992/1993								1.000	0.678	1.000	0.963	1.000	1.000	1.000	1.000	1.000	1.000	
1993/1994				1.209	0.999	1.138	1.250	1.000	1.000	1.000	1.031	1.000	0.944	1.000	1.000	1.000	1.000	
1994/1995		3.473	3.110	1.052	1.093	0.982	0.949	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	
1995/1996		1.820	1.022	1.034	2.386	1.090	0.997	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	
1996/1997																		
1997/1998																		
1998/1999		19.605	1.059	2.943	0.968	0.983	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	
1999/2000						1.000	1.195	1.000	1.032	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	
2000/2001						1.000	2.000	1.000	1.000	1.000								
2001/2002	1.000	13.400	1.297	1.488	0.959	1.000	1.000	0.960	1.000	0.941	1.000	1.000	1.000	1.000				
2002/2003		1.000	1.000	46.000	1.282	1.033	1.070	1.000	1.000	1.000	1.000	0.617	1.000					
2003/2004		22.471	0.977	1.000	1.011	1.034	1.191	1.043	0.978	1.000	1.000	1.000						
2004/2005	1.775	1.042	1.000	1.000	1.000	1.000	1.121	1.000	1.000	1.000	0.609							
2005/2006		1.000	251.330	1.000	1.000	1.000	1.000	1.143	1.002	0.939								
2006/2007	6.200	1.161	1.417	1.392	1.732	1.007	0.940	0.991	1.000									
2007/2008			1.586	1.422	0.998	1.115	1.130	0.981										
2008/2009		1.000	0.202	219.163	0.864	1.419	2.186											
2009/2010	52.000	1.769	1.791	1.947	1.460	1.755												
2010/2011		1.849	1.798	1.549	1.000													
2011/2012	0.542	0.878	4.383	1.916														
2012/2013			8.856															
2013/2014																		
2014/2015																		
2015/2016																		

Reported Averages

	6-18	18-30	30-42	42-54	54-66	66-78	78-90	90-102	102-114	114-126	126-138	138-150	150-162	162-174	174-186	186-198	198-210	To Ult
Simple Average																		
All years	12.303	5.421	17.641	16.879	1.224	1.045	1.829	1.041	0.983	0.991	0.966	0.965	0.994	1.000	1.000	1.000	1.000	
Latest 5	0.542	1.499	3.406	45.200	1.211	1.259	1.276	1.032	0.996	0.976	0.902	0.904	1.000	1.000	1.000	1.000	1.000	
Medial Average																		
All years	2.992	4.284	2.195	4.452	1.167	1.045	1.226	1.011	1.001	0.995	0.995	1.000	1.000	1.000	1.000	1.000	1.000	
Latest 5	-	1.769	2.658	1.804	1.153	1.180	1.084	1.011	1.000	0.980	1.000	1.000	1.000	1.000	-	1.000	1.000	
Volume Weighted Average																		
All years	4.877	3.973	1.554	1.498	1.171	1.138	1.131	1.010	0.997	0.993	0.981	0.956	0.988	1.000	1.000	1.000	1.000	
Latest 5	9.597	1.792	1.862	1.662	1.187	1.357	1.137	1.012	0.989	0.986	0.954	0.915	1.000	1.000	1.000	1.000	1.000	

Reported Factor Selections

	6-18	18-30	30-42	42-54	54-66	66-78	78-90	90-102	102-114	114-126	126-138	138-150	150-162	162-174	174-186	186-198	198-210	To Ult
Selected at 12/31/2014	1.996	2.410	1.522	1.317	1.180	1.057	1.005	1.010	1.010	1.005	1.000	1.002	1.010	1.008	1.000	1.000	1.000	1.000
Selected at 12/31/2015	2.077	2.626	1.414	1.282	1.224	1.062	1.005	1.010	1.010	1.005	1.000	1.002	1.010	1.008	1.000	1.000	1.000	1.000
Factor to ultimate	13.500	6.500	2.475	1.750	1.365	1.115	1.050	1.045	1.035	1.025	1.020	1.020	1.018	1.008	1.000	1.000	1.000	1.000
Selected % of Ultimate	0.074	0.154	0.404	0.571	0.733	0.897	0.952	0.957	0.966	0.976	0.980	0.980	0.983	0.993	1.000	1.000	1.000	1.000

Cumulative Number of Claims Reported
Gross and Net of Reinsurance
As at December 31, 2015

[illegible]

Number of Claims Open
Gross and Net of Reinsurance
As at December 31, 2015

[illegible]

Exhibit 1.8
Canadian Lawyers Liability Assurance Society

Indicated and Selected Incurred Loss Development Factors
For Losses in Excess of Various Per Occurrence Retentions *
As at December 31, 2015

Retention per Occurrence	Loss Development Factor to Ultimate at Duration t (in months)													
	6	18	30	42	54	66	78	90	102	114	126	138	150	162
25,000	3.029	1.997	1.332	1.125	1.033	0.974	0.946	0.945	0.952	0.961	0.965	0.963	0.964	0.965
50,000	3.683	2.331	1.460	1.188	1.065	0.987	0.950	0.945	0.950	0.958	0.961	0.957	0.957	0.958
100,000	4.568	2.772	1.623	1.276	1.115	1.009	0.959	0.948	0.950	0.957	0.959	0.952	0.949	0.950
200,000	5.569	3.180	1.715	1.325	1.129	1.005	0.951	0.945	0.946	0.952	0.956	0.947	0.942	0.940
300,000	6.350	3.418	1.688	1.306	1.111	0.981	0.928	0.928	0.934	0.942	0.948	0.942	0.938	0.937
500,000	9.046	4.338	1.691	1.294	1.100	0.956	0.901	0.915	0.930	0.936	0.947	0.943	0.936	0.939
Interpolated at 1,000,000	15.397	6.946	2.235	1.560	1.212	0.954	0.861	0.883	0.901	0.905	0.921	0.912	0.897	0.899
Selected at 12/31/2015														
Loss Dev. Factor	13.500	6.500	2.475	1.750	1.365	1.115	1.050	1.045	1.035	1.025	1.020	1.020	1.018	1.008
IBNR Factor	0.926	0.846	0.596	0.429	0.267	0.103	0.048	0.043	0.034	0.024	0.020	0.020	0.017	0.007
Selected at 12/31/2014														
Loss Dev. Factor	12.625	6.325	2.625	1.725	1.310	1.110	1.050	1.045	1.035	1.025	1.020	1.020	1.018	1.008
IBNR Factor	0.921	0.842	0.619	0.420	0.237	0.099	0.048	0.043	0.034	0.024	0.020	0.020	0.017	0.007

* Based on industry data for Lawyers Professional Liability insurance.

Exhibit 2.1
Canadian Lawyers Liability Assurance Society

IBNR - Reflecting Proportional Reinsurance
Period: 1987-2 to 1988-1
As at December 31, 2015

Layer	4.4 xs .6	5 xs 5	15 xs 10	Total
<u>Derivation of Ultimate Incurred</u>				
Earned Lawyer Count	1,479	1,479	1,479	
Expected Loss Cost per Lawyer	\$527	\$298	\$465	
Gross Expected Loss Volume	\$779,433	\$440,742	\$687,735	
IBNR Factor	0.000	0.000	0.000	
IBNR Amount	\$0	\$0	\$0	\$0
Case Reserves	\$0	\$0	\$0	\$0
Total Reserves (Ind. & Leg.)	\$0	\$0	\$0	\$0
Paid to Date	\$0	\$0	\$0	\$0
Total Ultimate Incurred	\$0	\$0	\$0	\$0
<u>Derivation of Loss Adjustment Expenses</u>				
IBNR LAE	\$0	\$0	\$0	\$0
Case Reserves LAE	\$0	\$0	\$0	\$0
Total LAE(1.95%)	\$0	\$0	\$0	\$0
<u>Distribution of Losses between CLLAS and Proportional Reinsurers</u>				
Retention	0.5000	0.0800	0.1600	
Reinsured	0.5000	0.9200	0.8400	
Paid to Date Retained	\$0	\$0	\$0	\$0
Paid Ceded to				
Registered Reinsurers	\$0	\$0	\$0	\$0
Unregistered Reinsurers	\$0	\$0	\$0	\$0
Case Reserves Retained	\$0	\$0	\$0	\$0
Case Reserves Ceded to				
Registered Reinsurers	\$0	\$0	\$0	\$0
Unregistered Reinsurers	\$0	\$0	\$0	\$0
IBNR Reserves Retained	\$0	\$0	\$0	\$0
IBNR Reserves Ceded to				
Registered Reinsurers	\$0	\$0	\$0	\$0
Unregistered Reinsurers	\$0	\$0	\$0	\$0
Total Reserves Retained	\$0	\$0	\$0	\$0
Reserves Ceded to				
Registered Reinsurers	\$0	\$0	\$0	\$0
Unregistered Reinsurers	\$0	\$0	\$0	\$0

Exhibit 2.2
Canadian Lawyers Liability Assurance Society

IBNR - Reflecting Proportional Reinsurance
Period: 1988-2 to 1990-1
As at December 31, 2015

Layer	4 xs 1	5 xs 5	15 xs 10	Total
<u>Derivation of Ultimate Incurred</u>				
Earned Lawyer Count	3,885	3,885	3,885	
Expected Loss Cost per Lawyer	\$483	\$298	\$465	
Gross Expected Loss Volume	\$1,876,455	\$1,157,730	\$1,806,525	
IBNR Factor	0.000	0.000	0.000	
IBNR Amount	\$0	\$0	\$0	\$0
Case Reserves	\$0	\$0	\$0	\$0
Total Reserves (Ind. & Leg.)	\$0	\$0	\$0	\$0
Paid to Date	\$0	\$0	\$0	\$0
Total Ultimate Incurred	\$0	\$0	\$0	\$0
<u>Derivation of Loss Adjustment Expenses</u>				
IBNR LAE	\$0	\$0	\$0	\$0
Case Reserves LAE	\$0	\$0	\$0	\$0
Total LAE(1.95%)	\$0	\$0	\$0	\$0
<u>Distribution of Losses between CLLAS and Proportional Reinsurers</u>				
Retention	0.5000	0.0800	0.1733	
Reinsured	0.5000	0.9200	0.8267	
Paid to Date Retained	\$0	\$0	\$0	\$0
Paid Ceded to				
Registered Reinsurers	\$0	\$0	\$0	\$0
Unregistered Reinsurers	\$0	\$0	\$0	\$0
Case Reserves Retained	\$0	\$0	\$0	\$0
Case Reserves Ceded to				
Registered Reinsurers	\$0	\$0	\$0	\$0
Unregistered Reinsurers	\$0	\$0	\$0	\$0
IBNR Reserves Retained	\$0	\$0	\$0	\$0
IBNR Reserves Ceded to				
Registered Reinsurers	\$0	\$0	\$0	\$0
Unregistered Reinsurers	\$0	\$0	\$0	\$0
Total Reserves Retained	\$0	\$0	\$0	\$0
Reserves Ceded to				
Registered Reinsurers	\$0	\$0	\$0	\$0
Unregistered Reinsurers	\$0	\$0	\$0	\$0

Exhibit 2.3
Canadian Lawyers Liability Assurance Society

IBNR - Reflecting Proportional Reinsurance
Period: 1990-2 to 1991-1
As at December 31, 2014

Layer	4 xs 1	5 xs 5	15 xs 10	25 xs 50	Total
<u>Derivation of Ultimate Incurred</u>					
Earned Lawyer Count	2,352	2,352	2,352	2,352	
Expected Loss Cost per Lawyer	\$483	\$298	\$465	\$200	
Gross Expected Loss Volume	\$1,136,016	\$700,896	\$1,093,680	\$470,400	
IBNR Factor	0.000	0.000	0.000	0.000	
IBNR Amount	\$0	\$0	\$0	\$0	\$0
Case Reserves	\$0	\$0	\$0	\$0	\$0
Total Reserves (Ind. & Leg.)	\$0	\$0	\$0	\$0	\$0
Paid to Date	\$3,593,148	\$0	\$0	\$0	\$3,593,148
Total Ultimate Incurred	\$3,593,148	\$0	\$0	\$0	\$3,593,148
<u>Derivation of Loss Adjustment Expenses</u>					
IBNR LAE	\$0	\$0	\$0	\$0	\$0
Case Reserves LAE	\$0	\$0	\$0	\$0	\$0
Total LAE(3.15%)	\$0	\$0	\$0	\$0	\$0
<u>Distribution of Losses between CLLAS and Proportional Reinsurers</u>					
Retention	0.5000	0.0800	0.1733	0.0000	
Reinsured	0.5000	0.9200	0.8267	1.0000	
Paid to Date Retained	\$1,796,574	\$0	\$0	\$0	\$1,796,574
Paid Ceded to					
Registered Reinsurers	\$1,796,574	\$0	\$0	\$0	\$1,796,574
Unregistered Reinsurers	\$0	\$0	\$0	\$0	\$0
Case Reserves Retained	\$0	\$0	\$0	\$0	\$0
Case Reserves Ceded to					
Registered Reinsurers	\$0	\$0	\$0	\$0	\$0
Unregistered Reinsurers	\$0	\$0	\$0	\$0	\$0
IBNR Reserves Retained	\$0	\$0	\$0	\$0	\$0
IBNR Reserves Ceded to					
Registered Reinsurers	\$0	\$0	\$0	\$0	\$0
Unregistered Reinsurers	\$0	\$0	\$0	\$0	\$0
Total Reserves Retained	\$0	\$0	\$0	\$0	\$0
Reserves Ceded to					
Registered Reinsurers	\$0	\$0	\$0	\$0	\$0
Unregistered Reinsurers	\$0	\$0	\$0	\$0	\$0

Exhibit 2.4
Canadian Lawyers Liability Assurance Society

IBNR - Reflecting Proportional Reinsurance
Period: 1991-2 to 1994-2
As at December 31, 2014

Layer	4 xs 1	7.5 xs 5	12.5 xs 12.5	10 xs 25	25 xs 50	Total
<u>Derivation of Ultimate Incurred</u>						
Earned Lawyer Count	8,597	8,597	8,597	8,597	8,597	
Expected Loss Cost per Lawyer	\$680	\$520	\$420	\$220	\$277	
Gross Expected Loss Volume	\$5,845,960	\$4,470,440	\$3,610,740	\$1,891,340	\$2,385,130	
IBNR Factor	0.000	0.000	0.000	0.000	0.000	
IBNR Amount	\$0	\$0	\$0	\$0	\$0	\$0
Case Reserves	\$0	\$0	\$0	\$0	\$0	\$0
Total Reserves (Ind. & Leg.)	\$0	\$0	\$0	\$0	\$0	\$0
Paid to Date	\$19,806,907	\$15,792,618	\$7,654,825	\$0	\$0	\$43,254,351
Total Ultimate Incurred	\$19,806,907	\$15,792,618	\$7,654,825	\$0	\$0	\$43,254,351
<u>Derivation of Loss Adjustment Expenses</u>						
IBNR LAE	\$0	\$0	\$0	\$0	\$0	\$0
Case Reserves LAE	\$0	\$0	\$0	\$0	\$0	\$0
Total LAE(3.15%)	\$0	\$0	\$0	\$0	\$0	\$0
<u>Distribution of Losses between CLLAS and Proportional Reinsurers</u>						
Retention	0.5000	0.2000	0.1800	0.1250	0.0000	
Reinsured	0.5000	0.8000	0.8200	0.8750	1.0000	
Paid to Date Retained	\$9,903,454	\$3,158,524	\$1,377,869	\$0	\$0	\$14,439,846
Paid Ceded to						
Registered Reinsurers	\$9,640,239	\$11,609,722	\$5,774,800	\$0	\$0	\$27,024,761
Unregistered Reinsurers	\$263,215	\$1,024,373	\$502,157	\$0	\$0	\$1,789,744
Case Reserves Retained	\$0	\$0	\$0	\$0	\$0	\$0
Case Reserves Ceded to						
Registered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0
Unregistered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0
IBNR Reserves Retained	\$0	\$0	\$0	\$0	\$0	\$0
IBNR Reserves Ceded to						
Registered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0
Unregistered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0
Total Reserves Retained	\$0	\$0	\$0	\$0	\$0	\$0
Reserves Ceded to						
Registered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0
Unregistered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0

Exhibit 2.5
Canadian Lawyers Liability Assurance Society

IBNR - Reflecting Proportional Reinsurance
Period: 1995-1 to 1997-1
As at December 31, 2014

Layer	.75 xs .25	4 xs 1	7.5 xs 5	12.5 xs 12.5	10 xs 25	25 xs 50	Total
<u>Derivation of Ultimate Incurred</u>							
Earned Lawyer Count	6,376	6,376	6,376	6,376	6,376	6,376	
Expected Loss Cost per Lawyer	\$10	\$1,035	\$636	\$521	\$269	\$317	
Gross Expected Loss Volume	\$63,760	\$6,597,580	\$4,052,030	\$3,324,730	\$1,716,670	\$2,019,230	
IBNR Factor	0.000	0.000	0.000	0.000	0.000	0.000	
IBNR Amount	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Case Reserves	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Reserves (Ind. & Leg.)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Paid to Date	\$0	\$8,117,555	\$87,714	\$0	\$0	\$0	\$8,205,269
Total Ultimate Incurred	\$0	\$8,117,555	\$87,714	\$0	\$0	\$0	\$8,205,269
<u>Derivation of Loss Adjustment Expenses</u>							
IBNR LAE	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Case Reserves LAE	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total LAE(3.15%)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<u>Distribution of Losses between CLLAS and Proportional Reinsurers</u>							
Retention	1.0000	0.5000	0.2000	0.1800	0.1250	0.0000	
Reinsured	0.0000	0.5000	0.8000	0.8200	0.8750	1.0000	
Paid to Date Retained	\$0	\$4,058,778	\$17,543	\$0	\$0	\$0	\$4,076,320
Paid Ceded to							
Registered Reinsurers	\$0	\$3,527,486	\$65,724	\$0	\$0	\$0	\$3,593,209
Unregistered Reinsurers	\$0	\$531,292	\$4,447	\$0	\$0	\$0	\$535,739
Case Reserves Retained	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Case Reserves Ceded to							
Registered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Unregistered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0
IBNR Reserves Retained	\$0	\$0	\$0	\$0	\$0	\$0	\$0
IBNR Reserves Ceded to							
Registered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Unregistered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Reserves Retained	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Reserves Ceded to							
Registered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Unregistered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0

Exhibit 2.6
Canadian Lawyers Liability Assurance Society

IBNR - Reflecting Proportional Reinsurance
Period : 1997-2 to 1998-1
As at December 31, 2014

Layer	.75 xs .25	4 xs 1	7.5 xs 5	12.5 xs 12.5	10 xs 25	25 xs 50	15 xs 120	Total
<u>Derivation of Ultimate Incurred</u>								
Earned Lawyer Count	2,640	2,640	2,640	2,640	2,640	2,640	2,012	
Expected Loss Cost per Lawyer	\$10	\$1,100	\$680	\$560	\$290	\$290	\$125	
Gross Expected Loss Volume	\$26,400	\$2,904,000	\$1,795,200	\$1,478,400	\$765,600	\$765,600	\$251,500	
IBNR Factor	0.000	0.000	0.000	0.000	0.000	0.000	0.000	
IBNR Amount	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Case Reserves	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Reserves (Ind. & Leg.)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Paid to Date	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Ultimate Incurred	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<u>Derivation of Loss Adjustment Expenses</u>								
IBNR LAE	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Case Reserves LAE	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total LAE(3.15%)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<u>Distribution of Losses between CLLAS and Proportional Reinsurers</u>								
Retention	1.0000	0.5000	0.2000	0.1800	0.1250	0.0000	0.0000	
Reinsured	0.0000	0.5000	0.8000	0.8200	0.8750	1.0000	1.0000	
Paid to Date Retained	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Paid Ceded to								
Registered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Unregistered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Case Reserves Retained	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Case Reserves Ceded to								
Registered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Unregistered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
IBNR Reserves Retained	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
IBNR Reserves Ceded to								
Registered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Unregistered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Reserves Retained	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Reserves Ceded to								
Registered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Unregistered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

Exhibit 2.7
Canadian Lawyers Liability Assurance Society

IBNR - Reflecting Proportional Reinsurance
Period : 1998-2 to 2000-1
As at December 31, 2014

Layer	.75 xs .25	4 xs 1	7.5 xs 5	12.5 xs 12.5	10 xs 25	30 xs 50	20 xs 130	Total
<u>Derivation of Ultimate Incurred</u>								
Earned Lawyer Count	6,067	6,067	6,067	6,067	6,067	6,085	4,643	
Expected Loss Cost per Lawyer	\$10	\$1,125	\$760	\$651	\$345	\$293	\$196	
Gross Expected Loss Volume	\$60,669	\$6,825,875	\$4,611,537	\$3,949,360	\$2,090,538	\$1,782,830	\$908,167	
IBNR Factor	0.000	0.000	0.000	0.000	0.000	0.000	0.000	
IBNR Amount	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Case Reserves	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Reserves (Ind. & Leg.)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Paid to Date	\$0	\$13,545,071	\$10,105,779	\$5,138,403	\$0	\$0	\$0	\$28,789,254
Total Ultimate Incurred	\$0	\$13,545,071	\$10,105,779	\$5,138,403	\$0	\$0	\$0	\$28,789,254
<u>Derivation of Loss Adjustment Expenses</u>								
IBNR LAE	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Case Reserves LAE	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total LAE(3.15%)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<u>Distribution of Losses between CLLAS and Proportional Reinsurers</u>								
Retention	1.0000	0.5000	0.2000	0.1800	0.1250	0.0000	0.0000	
Reinsured	0.0000	0.5000	0.8000	0.8200	0.8750	1.0000	1.0000	
Paid to Date Retained	\$0	\$6,772,536	\$2,021,156	\$924,913	\$0	\$0	\$0	\$9,718,604
Paid Ceded to								
Registered Reinsurers	\$0	\$6,019,744	\$7,532,871	\$4,004,358	\$0	\$0	\$0	\$17,556,972
Unregistered Reinsurers	\$0	\$752,792	\$551,752	\$209,133	\$0	\$0	\$0	\$1,513,677
Case Reserves Retained	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Case Reserves Ceded to								
Registered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Unregistered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
IBNR Reserves Retained	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
IBNR Reserves Ceded to								
Registered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Unregistered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Reserves Retained	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Reserves Ceded to								
Registered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Unregistered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

Exhibit 2.8
Canadian Lawyers Liability Assurance Society

IBNR - Reflecting Proportional Reinsurance
Period : 2000-2
As at December 31, 2015

Layer	.75 xs .25	4 xs 1	7.5 xs 5	12.5 xs 12.5	10 xs 25	30 xs 50	20 xs 140	Total
<u>Derivation of Ultimate Incurred</u>								
Earned Lawyer Count	1,918	1,918	1,918	1,918	1,918	1,945	1,462	
Expected Loss Cost per Lawyer	\$70	\$1,463	\$1,167	\$948	\$436	\$82	\$43	
Gross Expected Loss Volume	\$134,248	\$2,805,790	\$2,238,112	\$1,818,106	\$836,175	\$159,517	\$62,859	
IBNR Factor	0	0.000	0.000	0.000	0.000	0.000	0	
IBNR Amount	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Case Reserves	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Reserves (Ind. & Leg.)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Paid to Date	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Ultimate Incurred	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<u>Derivation of Loss Adjustment Expenses</u>								
IBNR LAE	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Case Reserves LAE	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total LAE(1.95%)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<u>Distribution of Losses between CLLAS and Proportional Reinsurers</u>								
Retention	1.0000	0.5000	0.2000	0.1800	0.1250	0.0000	0.0000	
Reinsured to Registered	0.0000	0.4680	0.7598	0.7761	0.7912	0.8600	0.8816	
Reinsured to Unregistered	0.0000	0.0320	0.0402	0.0439	0.0838	0.1400	0.1184	
Paid to Date Retained	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Paid Ceded to								
Registered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Unregistered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Case Reserves Retained	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Case Reserves Ceded to								
Registered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Unregistered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
IBNR Reserves Retained	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
IBNR Reserves Ceded to								
Registered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Unregistered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Reserves Retained	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Reserves Ceded to								
Registered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Unregistered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

Exhibit 2.9
Canadian Lawyers Liability Assurance Society

IBNR - Reflecting Proportional Reinsurance
Period : 2001-1
As at December 31, 2015

Layer	.75 xs .25	4 xs 1	7.5 xs 5	12.5 xs 12.5	10 xs 25	30 xs 50	20 xs 140	Total
<u>Derivation of Ultimate Incurred</u>								
Earned Lawyer Count	2,090	2,090	2,090	2,090	2,090	2,096	1,561	
Expected Loss Cost per Lawyer	\$70	\$1,463	\$1,167	\$948	\$436	\$82	\$43	
Gross Expected Loss Volume	\$146,300	\$3,057,670	\$2,439,030	\$1,981,320	\$911,240	\$171,858	\$67,116	
IBNR Factor	0	0.000	0.000	0.000	0.000	0.000	0	
IBNR Amount	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Case Reserves	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Reserves (Ind. & Leg.)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Paid to Date	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Ultimate Incurred	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<u>Derivation of Loss Adjustment Expenses</u>								
IBNR LAE	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Case Reserves LAE	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total LAE(1.95%)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<u>Distribution of Losses between CLLAS and Proportional Reinsurers</u>								
Retention	1.0000	0.5000	0.2000	0.1800	0.1250	0.0000	0.0000	
Reinsured to Registered	0.0000	0.4680	0.7598	0.7761	0.7912	0.8600	0.8816	
Reinsured to Unregistered	0.0000	0.0320	0.0402	0.0439	0.0838	0.1400	0.1184	
Paid to Date Retained	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Paid Ceded to								
Registered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Unregistered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Case Reserves Retained	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Case Reserves Ceded to								
Registered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Unregistered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
IBNR Reserves Retained	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
IBNR Reserves Ceded to								
Registered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Unregistered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Reserves Retained	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Reserves Ceded to								
Registered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Unregistered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

Exhibit 2.10
Canadian Lawyers Liability Assurance Society

IBNR - Reflecting Proportional Reinsurance
Period : 2001-2
As at December 31, 2015

Layer	.75 xs .25	4 xs 1	7.5 xs 5	12.5 xs 12.5	10 xs 25	30 xs 50	20 xs 140	Total
<u>Derivation of Ultimate Incurred</u>								
Earned Lawyer Count	2,067	2,067	2,067	2,067	2,067	2,096	1,568	
Expected Loss Cost per Lawyer	\$70	\$1,463	\$1,167	\$948	\$436	\$82	\$43	
Gross Expected Loss Volume	\$144,690	\$3,024,021	\$2,412,189	\$1,959,516	\$901,212	\$171,831	\$67,424	
IBNR Factor	0.000	0.000	0.000	0.000	0.000	0.000	0.000	
IBNR Amount	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Case Reserves	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Reserves (Ind. & Leg.)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Paid to Date	\$0	\$7,154,054	\$7,500,000	\$2,890,929	\$0	\$0	\$0	\$17,544,983
Total Ultimate Incurred	\$0	\$7,154,054	\$7,500,000	\$2,890,929	\$0	\$0	\$0	\$17,544,983
<u>Derivation of Loss Adjustment Expenses</u>								
IBNR LAE	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Case Reserves LAE	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total LAE(1.95%)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<u>Distribution of Losses between CLLAS and Proportional Reinsurers</u>								
Retention	1.0000	0.5000	0.2000	0.1800	0.1250	0.0000	0.0000	
Reinsured to Registered	0.0000	0.4680	0.8000	0.7897	0.7912	0.8600	0.8816	
Reinsured to Unregistered	0.0000	0.0320	0.0000	0.0303	0.0838	0.1400	0.1184	
Paid to Date Retained	\$0	\$3,577,027	\$1,500,000	\$520,367	\$0	\$0	\$0	\$5,597,394
Paid Ceded to								
Registered Reinsurers	\$0	\$3,348,097	\$6,000,000	\$2,282,966	\$0	\$0	\$0	\$11,631,064
Unregistered Reinsurers	\$0	\$228,930	\$0	\$87,595	\$0	\$0	\$0	\$316,525
Case Reserves Retained	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Case Reserves Ceded to								
Registered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Unregistered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
IBNR Reserves Retained	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
IBNR Reserves Ceded to								
Registered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Unregistered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Reserves Retained	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Reserves Ceded to								
Registered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Unregistered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

Exhibit 2.11
Canadian Lawyers Liability Assurance Society

IBNR - Reflecting Proportional Reinsurance
Period : 2002-1
As at December 31, 2015

Layer	.75 xs .25	4 xs 1	7.5 xs 5	12.5 xs 12.5	10 xs 25	30 xs 50	20 xs 140	Total
<u>Derivation of Ultimate Incurred</u>								
Earned Lawyer Count	2,175	2,175	2,175	2,175	2,175	2,175	1,663	
Expected Loss Cost per Lawyer	\$70	\$1,463	\$1,167	\$948	\$436	\$82	\$43	
Gross Expected Loss Volume	\$152,215	\$3,181,294	\$2,537,642	\$2,061,426	\$948,082	\$178,309	\$71,509	
IBNR Factor	0.000	0.000	0.000	0.000	0.000	0.000	0.000	
IBNR Amount	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Case Reserves	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Reserves (Ind. & Leg.)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Paid to Date	\$0	\$8,773	\$0	\$0	\$0	\$0	\$0	\$8,773
Total Ultimate Incurred	\$0	\$8,773	\$0	\$0	\$0	\$0	\$0	\$8,773
<u>Derivation of Loss Adjustment Expenses</u>								
IBNR LAE	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Case Reserves LAE	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total LAE(1.95%)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<u>Distribution of Losses between CLLAS and Proportional Reinsurers</u>								
Retention	1.0000	0.5000	0.2000	0.1800	0.1250	0.0000	0.0000	
Reinsured to Registered	0.0000	0.4680	0.8000	0.7897	0.7912	0.8600	0.8816	
Reinsured to Unregistered	0.0000	0.0320	0.0000	0.0303	0.0838	0.1400	0.1184	
Paid to Date Retained	\$0	\$4,387	\$0	\$0	\$0	\$0	\$0	\$4,387
Paid Ceded to								
Registered Reinsurers	\$0	\$4,106	\$0	\$0	\$0	\$0	\$0	\$4,106
Unregistered Reinsurers	\$0	\$281	\$0	\$0	\$0	\$0	\$0	\$281
Case Reserves Retained	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Case Reserves Ceded to								
Registered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Unregistered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
IBNR Reserves Retained	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
IBNR Reserves Ceded to								
Registered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Unregistered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Reserves Retained	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Reserves Ceded to								
Registered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Unregistered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

Exhibit 2.12
Canadian Lawyers Liability Assurance Society

IBNR - Reflecting Proportional Reinsurance
Period : 2002-2
As at December 31, 2015

Layer	.75 xs .25	4 xs 1	7.5 xs 5	12.5 xs 12.5	10 xs 25	30 xs 50	20 xs 140	Total
<u>Derivation of Ultimate Incurred</u>								
Earned Lawyer Count	2,175	2,175	2,175	2,175	2,175	2,175	1,971	
Expected Loss Cost per Lawyer	\$73	\$1,524	\$1,224	\$1,002	\$464	\$92	\$49	
Gross Expected Loss Volume	\$158,739	\$3,313,938	\$2,661,588	\$2,178,849	\$1,008,968	\$200,054	\$96,555	
IBNR Factor	0.008	0.008	0.008	0.008	0.008	0.008	0.008	
IBNR Amount	\$1,270	\$26,512	\$21,293	\$17,431	\$8,072	\$1,600	\$772	\$76,950
Case Reserves	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Reserves (Ind. & Leg.)	\$1,270	\$26,512	\$21,293	\$17,431	\$8,072	\$1,600	\$772	\$76,950
Paid to Date	\$0	\$271,947	\$0	\$0	\$0	\$0	\$0	\$271,947
Total Ultimate Incurred	\$1,270	\$298,458	\$21,293	\$17,431	\$8,072	\$1,600	\$772	\$348,896
<u>Derivation of Loss Adjustment Expenses</u>								
IBNR LAE	\$25	\$517	\$415	\$340	\$157	\$31	\$15	\$1,501
Case Reserves LAE	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total LAE(1.95%)	\$25	\$517	\$415	\$340	\$157	\$31	\$15	\$1,501
<u>Distribution of Losses between CLLAS and Proportional Reinsurers</u>								
Retention	1.0000	1.0000	0.2000	0.1800	0.1250	0.0000	0.0000	
Reinsured to Registered	0.0000	0.0000	0.8000	0.8200	0.6342	0.7646	0.1823	
Reinsured to Unregistered	0.0000	0.0000	0.0000	0.0000	0.2408	0.2354	0.8177	
Paid to Date Retained	\$0	\$271,947	\$0	\$0	\$0	\$0	\$0	\$271,947
Paid Ceded to								
Registered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Unregistered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Case Reserves Retained	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Case Reserves Ceded to								
Registered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Unregistered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
IBNR Reserves Retained	\$1,270	\$26,512	\$4,259	\$3,138	\$1,009	\$0	\$0	\$36,186
IBNR Reserves Ceded to								
Registered Reinsurers	\$0	\$0	\$17,034	\$14,293	\$5,119	\$1,224	\$141	\$37,811
Unregistered Reinsurers	\$0	\$0	\$0	\$0	\$1,944	\$377	\$632	\$2,952
Total Reserves Retained	\$1,270	\$26,512	\$4,259	\$3,138	\$1,009	\$0	\$0	\$36,186
Reserves Ceded to								
Registered Reinsurers	\$0	\$0	\$17,034	\$14,293	\$5,119	\$1,224	\$141	\$37,811
Unregistered Reinsurers	\$0	\$0	\$0	\$0	\$1,944	\$377	\$632	\$2,952

Exhibit 2.13
Canadian Lawyers Liability Assurance Society

IBNR - Reflecting Proportional Reinsurance
Period : 2003-1
As at December 31, 2015

Layer	.75 xs .25	4 xs 1	7.5 xs 5	12.5 xs 12.5	10 xs 25	30 xs 50	20 xs 140	Total
<u>Derivation of Ultimate Incurred</u>								
Earned Lawyer Count	2,349	2,349	2,349	2,349	2,349	2,349	2,040	
Expected Loss Cost per Lawyer	\$73	\$1,524	\$1,224	\$1,002	\$464	\$92	\$49	
Gross Expected Loss Volume	\$171,450	\$3,579,305	\$2,874,717	\$2,353,322	\$1,089,762	\$216,074	\$99,948	
IBNR Factor	0.008	0.008	0.008	0.008	0.008	0.008	0.008	
IBNR Amount	\$1,372	\$28,634	\$22,998	\$18,827	\$8,718	\$1,729	\$800	\$83,077
Case Reserves	\$0	\$555,530	\$0	\$0	\$0	\$0	\$0	\$555,530
Total Reserves (Ind. & Leg.)	\$1,372	\$584,164	\$22,998	\$18,827	\$8,718	\$1,729	\$800	\$638,607
Paid to Date	\$0	\$3,193,669	\$0	\$0	\$0	\$0	\$0	\$3,193,669
Total Ultimate Incurred	\$1,372	\$3,777,833	\$22,998	\$18,827	\$8,718	\$1,729	\$800	\$3,832,276
<u>Derivation of Loss Adjustment Expenses</u>								
IBNR LAE	\$27	\$558	\$448	\$367	\$170	\$34	\$16	\$1,620
Case Reserves LAE	\$0	\$10,833	\$0	\$0	\$0	\$0	\$0	\$10,833
Total LAE(1.95%)	\$27	\$11,391	\$448	\$367	\$170	\$34	\$16	\$12,453
<u>Distribution of Losses between CLLAS and Proportional Reinsurers</u>								
Retention	1.0000	1.0000	0.2000	0.1800	0.1250	0.0000	0.0000	
Reinsured to Registered	0.0000	0.0000	0.8000	0.8200	0.6342	0.7646	0.1823	
Reinsured to Unregistered	0.0000	0.0000	0.0000	0.0000	0.2408	0.2354	0.8177	
Paid to Date Retained	\$0	\$3,193,669	\$0	\$0	\$0	\$0	\$0	\$3,193,669
Paid Ceded to								
Registered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Unregistered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Case Reserves Retained	\$0	\$555,530	\$0	\$0	\$0	\$0	\$0	\$555,530
Case Reserves Ceded to								
Registered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Unregistered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
IBNR Reserves Retained	\$1,372	\$28,634	\$4,600	\$3,389	\$1,090	\$0	\$0	\$39,084
IBNR Reserves Ceded to								
Registered Reinsurers	\$0	\$0	\$18,398	\$15,438	\$5,529	\$1,322	\$146	\$40,832
Unregistered Reinsurers	\$0	\$0	\$0	\$0	\$2,099	\$407	\$654	\$3,160
Total Reserves Retained	\$1,372	\$584,164	\$4,600	\$3,389	\$1,090	\$0	\$0	\$594,614
Reserves Ceded to								
Registered Reinsurers	\$0	\$0	\$18,398	\$15,438	\$5,529	\$1,322	\$146	\$40,832
Unregistered Reinsurers	\$0	\$0	\$0	\$0	\$2,099	\$407	\$654	\$3,160

Exhibit 2.14
Canadian Lawyers Liability Assurance Society

IBNR - Reflecting Proportional Reinsurance
Period : 2003-2
As at December 31, 2015

Layer	.75 xs .25	4 xs 1	7.5 xs 5	12.5 xs 12.5	10 xs 25	30 xs 50	20 xs 140	Total
<u>Derivation of Ultimate Incurred</u>								
Earned Lawyer Count	2,349	2,349	2,349	2,349	2,349	2,349	2,040	
Expected Loss Cost per Lawyer	\$76	\$1,592	\$1,218	\$1,025	\$483	\$103	\$57	
Gross Expected Loss Volume	\$178,496	\$3,739,011	\$2,861,780	\$2,407,226	\$1,134,252	\$241,908	\$116,266	
IBNR Factor	0.018	0.018	0.018	0.018	0.018	0.018	0.018	
IBNR Amount	\$3,213	\$67,302	\$51,512	\$43,330	\$20,417	\$4,354	\$2,093	\$192,221
Case Reserves	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Reserves (Ind. & Leg.)	\$3,213	\$67,302	\$51,512	\$43,330	\$20,417	\$4,354	\$2,093	\$192,221
Paid to Date	\$0	\$1,637,555	\$0	\$0	\$0	\$0	\$0	\$1,637,555
Total Ultimate Incurred	\$3,213	\$1,704,858	\$51,512	\$43,330	\$20,417	\$4,354	\$2,093	\$1,829,776
<u>Derivation of Loss Adjustment Expenses</u>								
IBNR LAE	\$63	\$1,312	\$1,004	\$845	\$398	\$85	\$41	\$3,748
Case Reserves LAE	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total LAE(1.95%)	\$63	\$1,312	\$1,004	\$845	\$398	\$85	\$41	\$3,748
<u>Distribution of Losses between CLLAS and Proportional Reinsurers</u>								
Retention	1.0000	1.0000	0.2000	0.1800	0.1250	0.0000	0.0000	
Reinsured to Registered	0.0000	0.0000	0.8000	0.8200	0.5750	0.7385	0.0966	
Reinsured to Unregistered	0.0000	0.0000	0.0000	0.0000	0.3000	0.2615	0.9034	
Paid to Date Retained	\$0	\$1,637,555	\$0	\$0	\$0	\$0	\$0	\$1,637,555
Paid Ceded to								
Registered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Unregistered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Case Reserves Retained	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Case Reserves Ceded to								
Registered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Unregistered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
IBNR Reserves Retained	\$3,213	\$67,302	\$10,302	\$7,799	\$2,552	\$0	\$0	\$91,169
IBNR Reserves Ceded to								
Registered Reinsurers	\$0	\$0	\$41,210	\$35,531	\$11,740	\$3,216	\$202	\$91,898
Unregistered Reinsurers	\$0	\$0	\$0	\$0	\$6,125	\$1,139	\$1,891	\$9,154
Total Reserves Retained	\$3,213	\$67,302	\$10,302	\$7,799	\$2,552	\$0	\$0	\$91,169
Reserves Ceded to								
Registered Reinsurers	\$0	\$0	\$41,210	\$35,531	\$11,740	\$3,216	\$202	\$91,898
Unregistered Reinsurers	\$0	\$0	\$0	\$0	\$6,125	\$1,139	\$1,891	\$9,154

Exhibit 2.15
Canadian Lawyers Liability Assurance Society

IBNR - Reflecting Proportional Reinsurance
Period : 2004-1
As at December 31, 2015

Layer	.75 xs .25	4 xs 1	7.5 xs 5	12.5 xs 12.5	10 xs 25	30 xs 50	20 xs 140	Total
<u>Derivation of Ultimate Incurred</u>								
Earned Lawyer Count	2,371	2,371	2,371	2,371	2,371	2,371	2,059	
Expected Loss Cost per Lawyer	\$76	\$1,592	\$1,215	\$1,023	\$482	\$103	\$57	
Gross Expected Loss Volume	\$180,168	\$3,774,035	\$2,879,622	\$2,424,815	\$1,143,109	\$244,174	\$117,370	
IBNR Factor	0.018	0.018	0.018	0.018	0.018	0.018	0.018	
IBNR Amount	\$3,243	\$67,933	\$51,833	\$43,647	\$20,576	\$4,395	\$2,113	\$193,739
Case Reserves	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Reserves (Ind. & Leg.)	\$3,243	\$67,933	\$51,833	\$43,647	\$20,576	\$4,395	\$2,113	\$193,739
Paid to Date	\$0	\$7,295,780	\$7,500,000	\$12,500,000	\$10,000,000	\$0	\$0	\$37,295,780
Total Ultimate Incurred	\$3,243	\$7,363,713	\$7,551,833	\$12,543,647	\$10,020,576	\$4,395	\$2,113	\$37,489,519
<u>Derivation of Loss Adjustment Expenses</u>								
IBNR LAE	\$63	\$1,325	\$1,011	\$851	\$401	\$86	\$41	\$3,778
Case Reserves LAE	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total LAE(1.95%)	\$63	\$1,325	\$1,011	\$851	\$401	\$86	\$41	\$3,778
<u>Distribution of Losses between CLLAS and Proportional Reinsurers</u>								
Retention	1.0000	1.0000	0.2000	0.1800	0.1250	0.0000	0.0000	
Reinsured to Registered	0.0000	0.0000	0.8000	0.8200	0.5750	0.7385	0.0966	
Reinsured to Unregistered	0.0000	0.0000	0.0000	0.0000	0.3000	0.2615	0.9034	
Paid to Date Retained	\$0	\$7,295,780	\$1,500,000	\$2,250,000	\$1,250,000	\$0	\$0	\$12,295,780
Paid Ceded to								
Registered Reinsurers	\$0	\$0	\$6,000,000	\$10,250,000	\$5,750,000	\$0	\$0	\$22,000,000
Unregistered Reinsurers	\$0	\$0	\$0	\$0	\$3,000,000	\$0	\$0	\$3,000,000
Case Reserves Retained	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Case Reserves Ceded to								
Registered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Unregistered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
IBNR Reserves Retained	\$3,243	\$67,933	\$10,367	\$7,856	\$2,572	\$0	\$0	\$91,971
IBNR Reserves Ceded to								
Registered Reinsurers	\$0	\$0	\$41,467	\$35,790	\$11,831	\$3,246	\$204	\$92,538
Unregistered Reinsurers	\$0	\$0	\$0	\$0	\$6,173	\$1,149	\$1,909	\$9,231
Total Reserves Retained	\$3,243	\$67,933	\$10,367	\$7,856	\$2,572	\$0	\$0	\$91,971
Reserves Ceded to								
Registered Reinsurers	\$0	\$0	\$41,467	\$35,790	\$11,831	\$3,246	\$204	\$92,538
Unregistered Reinsurers	\$0	\$0	\$0	\$0	\$6,173	\$1,149	\$1,909	\$9,231

Exhibit 2.16
Canadian Lawyers Liability Assurance Society

IBNR - Reflecting Proportional Reinsurance
Period : 2004-2
As at December 31, 2015

Layer	.75 xs .25	4 xs 1	7.5 xs 5	12.5 xs 12.5	10 xs 25	30 xs 50	20 xs 140	Total
<u>Derivation of Ultimate Incurred</u>								
Earned Lawyer Count	2,371	2,371	2,371	2,371	2,371	2,371	2,059	
Expected Loss Cost per Lawyer	\$79	\$1,668	\$1,284	\$1,092	\$520	\$118	\$66	
Gross Expected Loss Volume	\$187,279	\$3,954,203	\$3,043,825	\$2,588,971	\$1,232,842	\$279,734	\$135,902	
IBNR Factor	0.020	0.020	0.020	0.020	0.020	0.020	0.020	
IBNR Amount	\$3,746	\$79,084	\$60,877	\$51,779	\$24,657	\$5,595	\$2,718	\$228,455
Case Reserves	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Reserves (Ind. & Leg.)	\$3,746	\$79,084	\$60,877	\$51,779	\$24,657	\$5,595	\$2,718	\$228,455
Paid to Date	\$0	\$1,223,995	\$0	\$0	\$0	\$0	\$0	\$1,223,995
Total Ultimate Incurred	\$3,746	\$1,303,079	\$60,877	\$51,779	\$24,657	\$5,595	\$2,718	\$1,452,451
<u>Derivation of Loss Adjustment Expenses</u>								
IBNR LAE	\$73	\$1,542	\$1,187	\$1,010	\$481	\$109	\$53	\$4,455
Case Reserves LAE	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total LAE(1.95%)	\$73	\$1,542	\$1,187	\$1,010	\$481	\$109	\$53	\$4,455
<u>Distribution of Losses between CLLAS and Proportional Reinsurers</u>								
Retention	1.0000	1.0000	0.2000	0.1800	0.1250	0.0000	0.0000	
Reinsured to Registered	0.0000	0.0000	0.7500	0.8200	0.6305	0.7486	0.0966	
Reinsured to Unregistered	0.0000	0.0000	0.0500	0.0000	0.2445	0.2514	0.9034	
Paid to Date Retained	\$0	\$1,223,995	\$0	\$0	\$0	\$0	\$0	\$1,223,995
Paid Ceded to								
Registered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Unregistered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Case Reserves Retained	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Case Reserves Ceded to								
Registered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Unregistered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
IBNR Reserves Retained	\$3,746	\$79,084	\$12,175	\$9,320	\$3,082	\$0	\$0	\$107,407
IBNR Reserves Ceded to								
Registered Reinsurers	\$0	\$0	\$45,657	\$42,459	\$15,546	\$4,188	\$263	\$108,113
Unregistered Reinsurers	\$0	\$0	\$3,044	\$0	\$6,029	\$1,407	\$2,455	\$12,934
Total Reserves Retained	\$3,746	\$79,084	\$12,175	\$9,320	\$3,082	\$0	\$0	\$107,407
Reserves Ceded to								
Registered Reinsurers	\$0	\$0	\$45,657	\$42,459	\$15,546	\$4,188	\$263	\$108,113
Unregistered Reinsurers	\$0	\$0	\$3,044	\$0	\$6,029	\$1,407	\$2,455	\$12,934

Exhibit 2.17
Canadian Lawyers Liability Assurance Society

IBNR - Reflecting Proportional Reinsurance
Period : 2005-1
As at December 31, 2015

Layer	.75 xs .25	4 xs 1	7.5 xs 5	12.5 xs 12.5	10 xs 25	30 xs 50	20 xs 140	Total
<u>Derivation of Ultimate Incurred</u>								
Earned Lawyer Count	2,373	2,373	2,373	2,373	2,373	2,373	2,049	
Expected Loss Cost per Lawyer	\$79	\$1,668	\$1,280	\$1,090	\$519	\$118	\$66	
Gross Expected Loss Volume	\$187,428	\$3,957,330	\$3,036,359	\$2,585,526	\$1,231,847	\$279,955	\$135,201	
IBNR Factor	0.020	0.020	0.020	0.020	0.020	0.020	0.020	
IBNR Amount	\$3,749	\$79,147	\$60,727	\$51,711	\$24,637	\$5,599	\$2,704	\$228,273
Case Reserves	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Reserves (Ind. & Leg.)	\$3,749	\$79,147	\$60,727	\$51,711	\$24,637	\$5,599	\$2,704	\$228,273
Paid to Date	\$38,338	\$0	\$0	\$0	\$0	\$0	\$0	\$38,338
Total Ultimate Incurred	\$42,086	\$79,147	\$60,727	\$51,711	\$24,637	\$5,599	\$2,704	\$266,611
<u>Derivation of Loss Adjustment Expenses</u>								
IBNR LAE	\$73	\$1,543	\$1,184	\$1,008	\$480	\$109	\$53	\$4,451
Case Reserves LAE	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total LAE(1.95%)	\$73	\$1,543	\$1,184	\$1,008	\$480	\$109	\$53	\$4,451
<u>Distribution of Losses between CLLAS and Proportional Reinsurers</u>								
Retention	1.0000	1.0000	0.2000	0.1800	0.1250	0.0000	0.0000	
Reinsured to Registered	0.0000	0.0000	0.7500	0.8200	0.6305	0.7486	0.0966	
Reinsured to Unregistered	0.0000	0.0000	0.0500	0.0000	0.2445	0.2514	0.9034	
Paid to Date Retained	\$38,338	\$0	\$0	\$0	\$0	\$0	\$0	\$38,338
Paid Ceded to								
Registered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Unregistered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Case Reserves Retained	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Case Reserves Ceded to								
Registered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Unregistered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
IBNR Reserves Retained	\$3,749	\$79,147	\$12,145	\$9,308	\$3,080	\$0	\$0	\$107,428
IBNR Reserves Ceded to								
Registered Reinsurers	\$0	\$0	\$45,545	\$42,403	\$15,534	\$4,191	\$261	\$107,934
Unregistered Reinsurers	\$0	\$0	\$3,036	\$0	\$6,024	\$1,408	\$2,443	\$12,911
Total Reserves Retained	\$3,749	\$79,147	\$12,145	\$9,308	\$3,080	\$0	\$0	\$107,428
Reserves Ceded to								
Registered Reinsurers	\$0	\$0	\$45,545	\$42,403	\$15,534	\$4,191	\$261	\$107,934
Unregistered Reinsurers	\$0	\$0	\$3,036	\$0	\$6,024	\$1,408	\$2,443	\$12,911

Exhibit 2.18
Canadian Lawyers Liability Assurance Society

IBNR - Reflecting Proportional Reinsurance
Period : 2005-2
As at December 31, 2015

Layer	.75 xs .25	4 xs 1	7.5 xs 5	12.5 xs 12.5	10 xs 25	30 xs 50	20 xs 140	Total
<u>Derivation of Ultimate Incurred</u>								
Earned Lawyer Count	2,373	2,373	2,373	2,373	2,373	2,373	2,049	
Expected Loss Cost per Lawyer	\$83	\$1,752	\$1,359	\$1,171	\$565	\$139	\$79	
Gross Expected Loss Volume	\$196,918	\$4,156,620	\$3,223,221	\$2,778,400	\$1,339,985	\$329,778	\$161,832	
IBNR Factor	0.020	0.020	0.020	0.020	0.020	0.020	0.020	
IBNR Amount	\$3,938	\$83,132	\$64,464	\$55,568	\$26,800	\$6,596	\$3,237	\$243,735
Case Reserves	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Reserves (Ind. & Leg.)	\$3,938	\$83,132	\$64,464	\$55,568	\$26,800	\$6,596	\$3,237	\$243,735
Paid to Date	\$0	\$762,712	\$0	\$0	\$0	\$0	\$0	\$762,712
Total Ultimate Incurred	\$3,938	\$845,845	\$64,464	\$55,568	\$26,800	\$6,596	\$3,237	\$1,006,447
<u>Derivation of Loss Adjustment Expenses</u>								
IBNR LAE	\$77	\$1,621	\$1,257	\$1,084	\$523	\$129	\$63	\$4,753
Case Reserves LAE	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total LAE(1.95%)	\$77	\$1,621	\$1,257	\$1,084	\$523	\$129	\$63	\$4,753
<u>Distribution of Losses between CLLAS and Proportional Reinsurers</u>								
Retention	1.0000	1.0000	0.2000	0.1800	0.1250	0.0000	0.0000	
Reinsured to Registered	0.0000	0.0000	0.7500	0.8000	0.8750	1.0000	0.3600	
Reinsured to Unregistered	0.0000	0.0000	0.0500	0.0200	0.0000	0.0000	0.6400	
Paid to Date Retained	\$0	\$762,712	\$0	\$0	\$0	\$0	\$0	\$762,712
Paid Ceded to								
Registered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Unregistered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Case Reserves Retained	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Case Reserves Ceded to								
Registered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Unregistered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
IBNR Reserves Retained	\$3,938	\$83,132	\$12,893	\$10,002	\$3,350	\$0	\$0	\$113,316
IBNR Reserves Ceded to								
Registered Reinsurers	\$0	\$0	\$48,348	\$44,454	\$23,450	\$6,596	\$1,165	\$124,013
Unregistered Reinsurers	\$0	\$0	\$3,223	\$1,111	\$0	\$0	\$2,071	\$6,406
Total Reserves Retained	\$3,938	\$83,132	\$12,893	\$10,002	\$3,350	\$0	\$0	\$113,316
Reserves Ceded to								
Registered Reinsurers	\$0	\$0	\$48,348	\$44,454	\$23,450	\$6,596	\$1,165	\$124,013
Unregistered Reinsurers	\$0	\$0	\$3,223	\$1,111	\$0	\$0	\$2,071	\$6,406

Exhibit 2.19
Canadian Lawyers Liability Assurance Society

IBNR - Reflecting Proportional Reinsurance
Period : 2006-1
As at December 31, 2015

Layer	.75 xs .25	4 xs 1	7.5 xs 5	12.5 xs 12.5	10 xs 25	30 xs 50	20 xs 140	Total
<u>Derivation of Ultimate Incurred</u>								
Earned Lawyer Count	2,397	2,397	2,397	2,397	2,397	2,397	2,076	
Expected Loss Cost per Lawyer	\$83	\$1,752	\$1,357	\$1,170	\$564	\$139	\$79	
Gross Expected Loss Volume	\$198,972	\$4,199,982	\$3,251,953	\$2,804,645	\$1,352,973	\$333,218	\$164,004	
IBNR Factor	0.020	0.020	0.020	0.020	0.020	0.020	0.020	
IBNR Amount	\$3,979	\$84,000	\$65,039	\$56,093	\$27,059	\$6,664	\$3,280	\$246,115
Case Reserves	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Reserves (Ind. & Leg.)	\$3,979	\$84,000	\$65,039	\$56,093	\$27,059	\$6,664	\$3,280	\$246,115
Paid to Date	\$0	\$2,833	\$0	\$0	\$0	\$0	\$0	\$2,833
Total Ultimate Incurred	\$3,979	\$86,833	\$65,039	\$56,093	\$27,059	\$6,664	\$3,280	\$248,948
<u>Derivation of Loss Adjustment Expenses</u>								
IBNR LAE	\$78	\$1,638	\$1,268	\$1,094	\$528	\$130	\$64	\$4,799
Case Reserves LAE	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total LAE(1.95%)	\$78	\$1,638	\$1,268	\$1,094	\$528	\$130	\$64	\$4,799
<u>Distribution of Losses between CLLAS and Proportional Reinsurers</u>								
Retention	1.0000	1.0000	0.2000	0.1800	0.1250	0.0000	0.0000	
Reinsured to Registered	0.0000	0.0000	0.7500	0.8000	0.8750	1.0000	0.3600	
Reinsured to Unregistered	0.0000	0.0000	0.0500	0.0200	0.0000	0.0000	0.6400	
Paid to Date Retained	\$0	\$2,833	\$0	\$0	\$0	\$0	\$0	\$2,833
Paid Ceded to								
Registered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Unregistered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Case Reserves Retained	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Case Reserves Ceded to								
Registered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Unregistered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
IBNR Reserves Retained	\$3,979	\$84,000	\$13,008	\$10,097	\$3,382	\$0	\$0	\$114,466
IBNR Reserves Ceded to								
Registered Reinsurers	\$0	\$0	\$48,779	\$44,874	\$23,677	\$6,664	\$1,181	\$125,176
Unregistered Reinsurers	\$0	\$0	\$3,252	\$1,122	\$0	\$0	\$2,099	\$6,473
Total Reserves Retained	\$3,979	\$84,000	\$13,008	\$10,097	\$3,382	\$0	\$0	\$114,466
Reserves Ceded to								
Registered Reinsurers	\$0	\$0	\$48,779	\$44,874	\$23,677	\$6,664	\$1,181	\$125,176
Unregistered Reinsurers	\$0	\$0	\$3,252	\$1,122	\$0	\$0	\$2,099	\$6,473

Exhibit 2.20
Canadian Lawyers Liability Assurance Society

IBNR - Reflecting Proportional Reinsurance
Period : 2006-2
As at December 31, 2015

Layer	.75 xs .25	4 xs 1	7.5 xs 5	12.5 xs 12.5	10 xs 25	30 xs 50	20 xs 140	20 xs 160	Total
<u>Derivation of Ultimate Incurred</u>									
Earned Lawyer Count	2,397	2,397	2,397	2,397	2,397	2,397	2,076	877	
Expected Loss Cost per Lawyer	\$185	\$1,885	\$1,532	\$1,302	\$540	\$42	\$24	\$18	
Gross Expected Loss Volume	\$443,245	\$4,519,084	\$3,673,441	\$3,121,345	\$1,295,199	\$100,685	\$49,824	\$15,791	
IBNR Factor	0.024	0.024	0.024	0.024	0.024	0.024	0.024	0.024	
IBNR Amount	\$10,638	\$108,458	\$88,163	\$74,912	\$31,085	\$2,416	\$1,196	\$379	\$317,247
Case Reserves	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Reserves (Ind. & Leg.)	\$10,638	\$108,458	\$88,163	\$74,912	\$31,085	\$2,416	\$1,196	\$379	\$317,247
Paid to Date	\$0	\$5,593,313	\$880,794	\$0	\$0	\$0	\$0	\$0	\$6,474,107
Total Ultimate Incurred	\$10,638	\$5,701,771	\$968,957	\$74,912	\$31,085	\$2,416	\$1,196	\$379	\$6,791,354
<u>Derivation of Loss Adjustment Expenses</u>									
IBNR LAE	\$207	\$2,115	\$1,719	\$1,461	\$606	\$47	\$23	\$7	\$6,186
Case Reserves LAE	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total LAE(1.95%)	\$207	\$2,115	\$1,719	\$1,461	\$606	\$47	\$23	\$7	\$6,186
<u>Distribution of Losses between CLLAS and Proportional Reinsurers</u>									
Retention	1.0000	1.0000	0.2000	0.1800	0.1250	0.0000	0.0000	0.0000	
Reinsured to Registered	0.0000	0.0000	0.7500	0.7700	0.8750	1.0000	0.3600	1.0000	
Reinsured to Unregistered	0.0000	0.0000	0.0500	0.0500	0.0000	0.0000	0.6400	0.0000	
Paid to Date Retained	\$0	\$5,593,313	\$176,159	\$0	\$0	\$0	\$0	\$0	\$5,769,472
Paid Ceded to									
Registered Reinsurers	\$0	\$0	\$660,596	\$0	\$0	\$0	\$0	\$0	\$660,596
Unregistered Reinsurers	\$0	\$0	\$44,040	\$0	\$0	\$0	\$0	\$0	\$44,040
Case Reserves Retained	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Case Reserves Ceded to									
Registered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Unregistered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
IBNR Reserves Retained	\$10,638	\$108,458	\$17,633	\$13,484	\$3,886	\$0	\$0	\$0	\$154,098
IBNR Reserves Ceded to									
Registered Reinsurers	\$0	\$0	\$66,122	\$57,682	\$27,199	\$2,416	\$430	\$379	\$154,229
Unregistered Reinsurers	\$0	\$0	\$4,408	\$3,746	\$0	\$0	\$765	\$0	\$8,919
Total Reserves Retained	\$10,638	\$108,458	\$17,633	\$13,484	\$3,886	\$0	\$0	\$0	\$154,098
Reserves Ceded to									
Registered Reinsurers	\$0	\$0	\$66,122	\$57,682	\$27,199	\$2,416	\$430	\$379	\$154,229
Unregistered Reinsurers	\$0	\$0	\$4,408	\$3,746	\$0	\$0	\$765	\$0	\$8,919

Exhibit 2.21
Canadian Lawyers Liability Assurance Society

IBNR - Reflecting Proportional Reinsurance
Period : 2007-1
As at December 31, 2015

Layer	.75 xs .25	4 xs 1	7.5 xs 5	12.5 xs 12.5	10 xs 25	30 xs 50	20 xs 140	20 xs 160	Total
<u>Derivation of Ultimate Incurred</u>									
Earned Lawyer Count	2,374	2,374	2,374	2,374	2,374	2,374	2,127	2,127	
Expected Loss Cost per Lawyer	\$184	\$1,879	\$1,531	\$1,301	\$540	\$42	\$24	\$18	
Gross Expected Loss Volume	\$437,492	\$4,460,430	\$3,636,029	\$3,088,127	\$1,281,128	\$99,719	\$51,054	\$38,291	
IBNR Factor	0.024	0.024	0.024	0.024	0.024	0.024	0.024	0.024	
IBNR Amount	\$10,500	\$107,050	\$87,265	\$74,115	\$30,747	\$2,393	\$1,225	\$919	\$314,214
Case Reserves	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Reserves (Ind. & Leg.)	\$10,500	\$107,050	\$87,265	\$74,115	\$30,747	\$2,393	\$1,225	\$919	\$314,214
Paid to Date	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Ultimate Incurred	\$10,500	\$107,050	\$87,265	\$74,115	\$30,747	\$2,393	\$1,225	\$919	\$314,214
<u>Derivation of Loss Adjustment Expenses</u>									
IBNR LAE	\$205	\$2,087	\$1,702	\$1,445	\$600	\$47	\$24	\$18	\$6,127
Case Reserves LAE	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total LAE(1.95%)	\$205	\$2,087	\$1,702	\$1,445	\$600	\$47	\$24	\$18	\$6,127
<u>Distribution of Losses between CLLAS and Proportional Reinsurers</u>									
Retention	1.0000	1.0000	0.2000	0.1800	0.1250	0.0000	0.0000	0.0000	
Reinsured to Registered	0.0000	0.0000	0.7500	0.7700	0.8750	1.0000	0.3600	1.0000	
Reinsured to Unregistered	0.0000	0.0000	0.0500	0.0500	0.0000	0.0000	0.6400	0.0000	
Paid to Date Retained	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Paid Ceded to									
Registered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Unregistered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Case Reserves Retained	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Case Reserves Ceded to									
Registered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Unregistered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
IBNR Reserves Retained	\$10,500	\$107,050	\$17,453	\$13,341	\$3,843	\$0	\$0	\$0	\$152,187
IBNR Reserves Ceded to									
Registered Reinsurers	\$0	\$0	\$65,449	\$57,069	\$26,904	\$2,393	\$441	\$919	\$153,174
Unregistered Reinsurers	\$0	\$0	\$4,363	\$3,706	\$0	\$0	\$784	\$0	\$8,853
Total Reserves Retained	\$10,500	\$107,050	\$17,453	\$13,341	\$3,843	\$0	\$0	\$0	\$152,187
Reserves Ceded to									
Registered Reinsurers	\$0	\$0	\$65,449	\$57,069	\$26,904	\$2,393	\$441	\$919	\$153,174
Unregistered Reinsurers	\$0	\$0	\$4,363	\$3,706	\$0	\$0	\$784	\$0	\$8,853

Exhibit 2.22
Canadian Lawyers Liability Assurance Society

IBNR - Reflecting Proportional Reinsurance
Period : 2007-2
As at December 31, 2015

Layer	.75 xs .25	4 xs 1	7.5 xs 5	12.5 xs 12.5	10 xs 25	30 xs 50	20 xs 140	20 xs 160	Total
<u>Derivation of Ultimate Incurred</u>									
Earned Lawyer Count	2,356	2,356	2,356	2,356	2,356	2,356	2,099	1,414	
Expected Loss Cost per Lawyer	\$106	\$1,501	\$1,279	\$945	\$379	\$28	\$13	\$9	
Gross Expected Loss Volume	\$248,658	\$3,536,467	\$3,013,726	\$2,225,966	\$893,454	\$65,961	\$27,284	\$12,724	
IBNR Factor	0.034	0.034	0.034	0.034	0.034	0.034	0.034	0.034	
IBNR Amount	\$8,454	\$120,240	\$102,467	\$75,683	\$30,377	\$2,243	\$928	\$433	\$340,824
Case Reserves	\$0	\$80,599	\$0	\$0	\$0	\$0	\$0	\$0	\$80,599
Total Reserves (Ind. & Leg.)	\$8,454	\$200,839	\$102,467	\$75,683	\$30,377	\$2,243	\$928	\$433	\$421,423
Paid to Date	\$0	\$1,954,739	\$0	\$0	\$0	\$0	\$0	\$0	\$1,954,739
Total Ultimate Incurred	\$8,454	\$2,155,578	\$102,467	\$75,683	\$30,377	\$2,243	\$928	\$433	\$2,376,162
<u>Derivation of Loss Adjustment Expenses</u>									
IBNR LAE	\$165	\$2,345	\$1,998	\$1,476	\$592	\$44	\$18	\$8	\$6,646
Case Reserves LAE	\$0	\$1,572	\$0	\$0	\$0	\$0	\$0	\$0	\$1,572
Total LAE(1.95%)	\$165	\$3,916	\$1,998	\$1,476	\$592	\$44	\$18	\$8	\$8,218
<u>Distribution of Losses between CLLAS and Proportional Reinsurers</u>									
Retention	1.0000	1.0000	0.3000	0.1800	0.1250	0.0000	0.0000	0.0000	
Reinsured to Registered	0.0000	0.0000	0.6500	0.7700	0.8750	1.0000	0.3600	1.0000	
Reinsured to Unregistered	0.0000	0.0000	0.0500	0.0500	0.0000	0.0000	0.6400	0.0000	
Paid to Date Retained	\$0	\$1,954,739	\$0	\$0	\$0	\$0	\$0	\$0	\$1,954,739
Paid Ceded to									
Registered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Unregistered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Case Reserves Retained	\$0	\$80,599	\$0	\$0	\$0	\$0	\$0	\$0	\$80,599
Case Reserves Ceded to									
Registered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Unregistered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
IBNR Reserves Retained	\$8,454	\$120,240	\$30,740	\$13,623	\$3,797	\$0	\$0	\$0	\$176,854
IBNR Reserves Ceded to									
Registered Reinsurers	\$0	\$0	\$66,603	\$58,276	\$26,580	\$2,243	\$334	\$433	\$154,469
Unregistered Reinsurers	\$0	\$0	\$5,123	\$3,784	\$0	\$0	\$594	\$0	\$9,501
Total Reserves Retained	\$8,454	\$200,839	\$30,740	\$13,623	\$3,797	\$0	\$0	\$0	\$257,453
Reserves Ceded to									
Registered Reinsurers	\$0	\$0	\$66,603	\$58,276	\$26,580	\$2,243	\$334	\$433	\$154,469
Unregistered Reinsurers	\$0	\$0	\$5,123	\$3,784	\$0	\$0	\$594	\$0	\$9,501

Exhibit 2.23
Canadian Lawyers Liability Assurance Society

IBNR - Reflecting Proportional Reinsurance
Period : 2008-1
As at December 31, 2015

Layer	.75 xs .25	4 xs 1	7.5 xs 5	12.5 xs 12.5	10 xs 25	30 xs 50	20 xs 140	20 xs 160	Total
<u>Derivation of Ultimate Incurred</u>									
Earned Lawyer Count	2,428	2,428	2,428	2,428	2,428	2,428	2,162	1,476	
Expected Loss Cost per Lawyer	\$106	\$1,504	\$1,280	\$945	\$379	\$28	\$13	\$9	
Gross Expected Loss Volume	\$256,794	\$3,652,186	\$3,107,901	\$2,295,130	\$921,305	\$67,977	\$28,103	\$13,280	
IBNR Factor	0.034	0.034	0.034	0.034	0.034	0.034	0.034	0.034	
IBNR Amount	\$8,731	\$124,174	\$105,669	\$78,034	\$31,324	\$2,311	\$955	\$452	\$351,651
Case Reserves	\$0	\$3,500,000	\$0	\$0	\$0	\$0	\$0	\$0	\$3,500,000
Total Reserves (Ind. & Leg.)	\$8,731	\$3,624,174	\$105,669	\$78,034	\$31,324	\$2,311	\$955	\$452	\$3,851,651
Paid to Date	\$0	\$4,000,000	\$7,500,000	\$483,257	\$0	\$0	\$0	\$0	\$11,983,257
Total Ultimate Incurred	\$8,731	\$7,624,174	\$7,605,669	\$561,291	\$31,324	\$2,311	\$955	\$452	\$15,834,908
<u>Derivation of Loss Adjustment Expenses</u>									
IBNR LAE	\$170	\$2,421	\$2,061	\$1,522	\$611	\$45	\$19	\$9	\$6,857
Case Reserves LAE	\$0	\$68,250	\$0	\$0	\$0	\$0	\$0	\$0	\$68,250
Total LAE(1.95%)	\$170	\$70,671	\$2,061	\$1,522	\$611	\$45	\$19	\$9	\$75,107
<u>Distribution of Losses between CLLAS and Proportional Reinsurers</u>									
Retention	1.0000	1.0000	0.3000	0.1800	0.1250	0.0000	0.0000	0.0000	
Reinsured to Registered	0.0000	0.0000	0.6500	0.7700	0.8750	1.0000	0.3600	1.0000	
Reinsured to Unregistered	0.0000	0.0000	0.0500	0.0500	0.0000	0.0000	0.6400	0.0000	
Paid to Date Retained	\$0	\$4,000,000	\$2,250,000	\$86,986	\$0	\$0	\$0	\$0	\$6,336,986
Paid Ceded to									
Registered Reinsurers	\$0	\$0	\$4,875,000	\$372,108	\$0	\$0	\$0	\$0	\$5,247,108
Unregistered Reinsurers	\$0	\$0	\$375,000	\$24,163	\$0	\$0	\$0	\$0	\$399,163
Case Reserves Retained	\$0	\$3,500,000	\$0	\$0	\$0	\$0	\$0	\$0	\$3,500,000
Case Reserves Ceded to									
Registered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Unregistered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
IBNR Reserves Retained	\$8,731	\$124,174	\$31,701	\$14,046	\$3,916	\$0	\$0	\$0	\$182,568
IBNR Reserves Ceded to									
Registered Reinsurers	\$0	\$0	\$68,685	\$60,087	\$27,409	\$2,311	\$344	\$452	\$159,287
Unregistered Reinsurers	\$0	\$0	\$5,283	\$3,902	\$0	\$0	\$612	\$0	\$9,797
Total Reserves Retained	\$8,731	\$3,624,174	\$31,701	\$14,046	\$3,916	\$0	\$0	\$0	\$3,682,568
Reserves Ceded to									
Registered Reinsurers	\$0	\$0	\$68,685	\$60,087	\$27,409	\$2,311	\$344	\$452	\$159,287
Unregistered Reinsurers	\$0	\$0	\$5,283	\$3,902	\$0	\$0	\$612	\$0	\$9,797

Exhibit 2.24
Canadian Lawyers Liability Assurance Society

IBNR - Reflecting Proportional Reinsurance
Period : 2008-2
As at December 31, 2015

Layer	.975 xs .025	4 xs 1	7.5 xs 5	12.5 xs 12.5	10 xs 25	30 xs 50	20 xs 140	30 xs 160	Total
<u>Derivation of Ultimate Incurred</u>									
Earned Lawyer Count	2,393	2,393	2,393	2,393	2,393	2,393	2,136	1,457	
Expected Loss Cost per Lawyer	\$138	\$1,341	\$1,082	\$768	\$381	\$8	\$3	\$2	
Gross Expected Loss Volume	\$329,492	\$3,208,533	\$2,588,748	\$1,837,058	\$911,711	\$19,140	\$6,409	\$2,915	
IBNR Factor	0.043	0.043	0.043	0.043	0.043	0.043	0.043	0.043	
IBNR Amount	\$14,168	\$137,967	\$111,316	\$78,993	\$39,204	\$823	\$276	\$125	\$382,872
Case Reserves	\$0	\$155,778	\$0	\$0	\$0	\$0	\$0	\$0	\$155,778
Total Reserves (Ind. & Leg.)	\$14,168	\$293,745	\$111,316	\$78,993	\$39,204	\$823	\$276	\$125	\$538,650
Paid to Date	\$5,042	\$1,894,222	\$0	\$0	\$0	\$0	\$0	\$0	\$1,899,264
Total Ultimate Incurred	\$19,210	\$2,187,967	\$111,316	\$78,993	\$39,204	\$823	\$276	\$125	\$2,437,914
<u>Derivation of Loss Adjustment Expenses</u>									
IBNR LAE	\$276	\$2,690	\$2,171	\$1,540	\$764	\$16	\$5	\$2	\$7,466
Case Reserves LAE	\$0	\$3,038	\$0	\$0	\$0	\$0	\$0	\$0	\$3,038
Total LAE(1.95%)	\$276	\$5,728	\$2,171	\$1,540	\$764	\$16	\$5	\$2	\$10,504
<u>Distribution of Losses between CLLAS and Proportional Reinsurers</u>									
Retention	1.0000	1.0000	0.3500	0.2400	0.1250	0.0000	0.0000	0.0000	
Reinsured to Registered	0.0000	0.0000	0.6000	0.7100	0.8750	1.0000	0.3600	1.0000	
Reinsured to Unregistered	0.0000	0.0000	0.0500	0.0500	0.0000	0.0000	0.6400	0.0000	
Paid to Date Retained	\$5,042	\$1,894,222	\$0	\$0	\$0	\$0	\$0	\$0	\$1,899,264
Paid Ceded to									
Registered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Unregistered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Case Reserves Retained	\$0	\$155,778	\$0	\$0	\$0	\$0	\$0	\$0	\$155,778
Case Reserves Ceded to									
Registered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Unregistered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
IBNR Reserves Retained	\$14,168	\$137,967	\$38,961	\$18,958	\$4,900	\$0	\$0	\$0	\$214,955
IBNR Reserves Ceded to									
Registered Reinsurers	\$0	\$0	\$66,790	\$56,085	\$34,303	\$823	\$99	\$125	\$158,226
Unregistered Reinsurers	\$0	\$0	\$5,566	\$3,950	\$0	\$0	\$176	\$0	\$9,692
Total Reserves Retained	\$14,168	\$293,745	\$38,961	\$18,958	\$4,900	\$0	\$0	\$0	\$370,733
Reserves Ceded to									
Registered Reinsurers	\$0	\$0	\$66,790	\$56,085	\$34,303	\$823	\$99	\$125	\$158,226
Unregistered Reinsurers	\$0	\$0	\$5,566	\$3,950	\$0	\$0	\$176	\$0	\$9,692

Exhibit 2.25
Canadian Lawyers Liability Assurance Society

IBNR - Reflecting Proportional Reinsurance
Period : 2009-1
As at December 31, 2015

Layer	.975 xs .025	4 xs 1	7.5 xs 5	12.5 xs 12.5	10 xs 25	30 xs 50	20 xs 140	30 xs 160	Total
<u>Derivation of Ultimate Incurred</u>									
Earned Lawyer Count	2,443	2,443	2,443	2,443	2,443	2,443	2,174	1,472	
Expected Loss Cost per Lawyer	\$138	\$1,344	\$1,083	\$768	\$381	\$8	\$3	\$2	
Gross Expected Loss Volume	\$337,176	\$3,283,352	\$2,645,033	\$1,876,395	\$931,126	\$19,540	\$6,521	\$2,945	
IBNR Factor	0.043	0.043	0.043	0.043	0.043	0.043	0.043	0.043	
IBNR Amount	\$14,499	\$141,184	\$113,736	\$80,685	\$40,038	\$840	\$280	\$127	\$391,390
Case Reserves	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Reserves (Ind. & Leg.)	\$14,499	\$141,184	\$113,736	\$80,685	\$40,038	\$840	\$280	\$127	\$391,390
Paid to Date	\$0	\$907,009	\$0	\$0	\$0	\$0	\$0	\$0	\$907,009
Total Ultimate Incurred	\$14,499	\$1,048,193	\$113,736	\$80,685	\$40,038	\$840	\$280	\$127	\$1,298,399
<u>Derivation of Loss Adjustment Expenses</u>									
IBNR LAE	\$283	\$2,753	\$2,218	\$1,573	\$781	\$16	\$5	\$2	\$7,632
Case Reserves LAE	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total LAE(1.95%)	\$283	\$2,753	\$2,218	\$1,573	\$781	\$16	\$5	\$2	\$7,632
<u>Distribution of Losses between CLLAS and Proportional Reinsurers</u>									
Retention	1.0000	1.0000	0.3500	0.2400	0.1250	0.0000	0.0000	0.0000	
Reinsured to Registered	0.0000	0.0000	0.6000	0.7100	0.8750	1.0000	0.3600	1.0000	
Reinsured to Unregistered	0.0000	0.0000	0.0500	0.0500	0.0000	0.0000	0.6400	0.0000	
Paid to Date Retained	\$0	\$907,009	\$0	\$0	\$0	\$0	\$0	\$0	\$907,009
Paid Ceded to									
Registered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Unregistered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Case Reserves Retained	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Case Reserves Ceded to									
Registered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Unregistered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
IBNR Reserves Retained	\$14,499	\$141,184	\$39,808	\$19,364	\$5,005	\$0	\$0	\$0	\$219,860
IBNR Reserves Ceded to									
Registered Reinsurers	\$0	\$0	\$68,242	\$57,286	\$35,034	\$840	\$101	\$127	\$161,630
Unregistered Reinsurers	\$0	\$0	\$5,687	\$4,034	\$0	\$0	\$179	\$0	\$9,901
Total Reserves Retained	\$14,499	\$141,184	\$39,808	\$19,364	\$5,005	\$0	\$0	\$0	\$219,860
Reserves Ceded to									
Registered Reinsurers	\$0	\$0	\$68,242	\$57,286	\$35,034	\$840	\$101	\$127	\$161,630
Unregistered Reinsurers	\$0	\$0	\$5,687	\$4,034	\$0	\$0	\$179	\$0	\$9,901

Exhibit 2.26
Canadian Lawyers Liability Assurance Society

IBNR - Reflecting Proportional Reinsurance
Period : 2009-2
As at December 31, 2015

Layer	.975 xs .025	4 xs 1	7.5 xs 5	12.5 xs 12.5	10 xs 25	30 xs 50	20 xs 140	30 xs 160	Total
<u>Derivation of Ultimate Incurred</u>									
Earned Lawyer Count	2,402	2,402	2,402	2,402	2,402	2,402	2,118	1,441	
Expected Loss Cost per Lawyer	\$143	\$1,419	\$1,093	\$844	\$373	\$13	\$7	\$5	
Gross Expected Loss Volume	\$343,640	\$3,408,081	\$2,624,425	\$2,027,484	\$894,687	\$31,220	\$14,828	\$7,206	
IBNR Factor	0.048	0.048	0.048	0.048	0.048	0.048	0.048	0.048	
IBNR Amount	\$16,495	\$163,588	\$125,972	\$97,319	\$42,945	\$1,499	\$712	\$346	\$448,875
Case Reserves	\$0	\$2,175,840	\$7,500,000	\$12,500,000	\$10,000,000	\$0	\$0	\$0	\$32,175,840
Total Reserves (Ind. & Leg.)	\$16,495	\$2,339,428	\$7,625,972	\$12,597,319	\$10,042,945	\$1,499	\$712	\$346	\$32,624,715
Paid to Date	\$0	\$3,324,160	\$0	\$0	\$0	\$0	\$0	\$0	\$3,324,160
Total Ultimate Incurred	\$16,495	\$5,663,588	\$7,625,972	\$12,597,319	\$10,042,945	\$1,499	\$712	\$346	\$35,948,875
<u>Derivation of Loss Adjustment Expenses</u>									
IBNR LAE	\$322	\$3,190	\$2,456	\$1,898	\$837	\$29	\$14	\$7	\$8,753
Case Reserves LAE	\$0	\$42,429	\$146,250	\$243,750	\$195,000	\$0	\$0	\$0	\$627,429
Total LAE(1.95%)	\$322	\$45,619	\$148,706	\$245,648	\$195,837	\$29	\$14	\$7	\$636,182
<u>Distribution of Losses between CLLAS and Proportional Reinsurers</u>									
Retention	1.0000	1.0000	0.4500	0.2800	0.1500	0.0000	0.0000	0.0000	
Reinsured to Registered	0.0000	0.0000	0.5200	0.6800	0.8500	1.0000	0.3600	1.0000	
Reinsured to Unregistered	0.0000	0.0000	0.0300	0.0400	0.0000	0.0000	0.6400	0.0000	
Paid to Date Retained	\$0	\$3,324,160	\$0	\$0	\$0	\$0	\$0	\$0	\$3,324,160
Paid Ceded to									
Registered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Unregistered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Case Reserves Retained	\$0	\$2,175,840	\$3,375,000	\$3,500,000	\$1,500,000	\$0	\$0	\$0	\$10,550,840
Case Reserves Ceded to									
Registered Reinsurers	\$0	\$0	\$3,900,000	\$8,500,000	\$8,500,000	\$0	\$0	\$0	\$20,900,000
Unregistered Reinsurers	\$0	\$0	\$225,000	\$500,000	\$0	\$0	\$0	\$0	\$725,000
IBNR Reserves Retained	\$16,495	\$163,588	\$56,688	\$27,249	\$6,442	\$0	\$0	\$0	\$270,461
IBNR Reserves Ceded to									
Registered Reinsurers	\$0	\$0	\$65,506	\$66,177	\$36,503	\$1,499	\$256	\$346	\$170,287
Unregistered Reinsurers	\$0	\$0	\$3,779	\$3,893	\$0	\$0	\$456	\$0	\$8,127
Total Reserves Retained	\$16,495	\$2,339,428	\$3,431,688	\$3,527,249	\$1,506,442	\$0	\$0	\$0	\$10,821,301
Reserves Ceded to									
Registered Reinsurers	\$0	\$0	\$3,965,506	\$8,566,177	\$8,536,503	\$1,499	\$256	\$346	\$21,070,287
Unregistered Reinsurers	\$0	\$0	\$228,779	\$503,893	\$0	\$0	\$456	\$0	\$733,127

Exhibit 2.27
Canadian Lawyers Liability Assurance Society

IBNR - Reflecting Proportional Reinsurance
Period : 2010-1
As at December 31, 2015

Layer	.975 xs .025	4 xs 1	7.5 xs 5	12.5 xs 12.5	10 xs 25	30 xs 50	20 xs 140	30 xs 160	Total
<u>Derivation of Ultimate Incurred</u>									
Earned Lawyer Count	2,416	2,416	2,416	2,416	2,416	2,416	2,135	1,466	
Expected Loss Cost per Lawyer	\$144	\$1,428	\$1,095	\$846	\$373	\$13	\$7	\$5	
Gross Expected Loss Volume	\$347,777	\$3,449,111	\$2,644,515	\$2,042,387	\$900,893	\$31,402	\$14,947	\$7,331	
IBNR Factor	0.048	0.048	0.048	0.048	0.048	0.048	0.048	0.048	
IBNR Amount	\$16,693	\$165,557	\$126,937	\$98,035	\$43,243	\$1,507	\$717	\$352	\$453,041
Case Reserves	\$0	\$2,000,000	\$0	\$0	\$0	\$0	\$0	\$0	\$2,000,000
Total Reserves (Ind. & Leg.)	\$16,693	\$2,165,557	\$126,937	\$98,035	\$43,243	\$1,507	\$717	\$352	\$2,453,041
Paid to Date	\$0	\$4,522,604	\$356,558	\$0	\$0	\$0	\$0	\$0	\$4,879,162
Total Ultimate Incurred	\$16,693	\$6,688,161	\$483,495	\$98,035	\$43,243	\$1,507	\$717	\$352	\$7,332,203
<u>Derivation of Loss Adjustment Expenses</u>									
IBNR LAE	\$326	\$3,228	\$2,475	\$1,912	\$843	\$29	\$14	\$7	\$8,834
Case Reserves LAE	\$0	\$39,000	\$0	\$0	\$0	\$0	\$0	\$0	\$39,000
Total LAE(1.95%)	\$326	\$42,228	\$2,475	\$1,912	\$843	\$29	\$14	\$7	\$47,834
<u>Distribution of Losses between CLLAS and Proportional Reinsurers</u>									
Retention	1.0000	1.0000	0.4500	0.2800	0.1500	0.0000	0.0000	0.0000	
Reinsured to Registered	0.0000	0.0000	0.5200	0.6800	0.8500	1.0000	0.3600	1.0000	
Reinsured to Unregistered	0.0000	0.0000	0.0300	0.0400	0.0000	0.0000	0.6400	0.0000	
Paid to Date Retained	\$0	\$4,522,604	\$160,451	\$0	\$0	\$0	\$0	\$0	\$4,683,055
Paid Ceded to									
Registered Reinsurers	\$0	\$0	\$185,410	\$0	\$0	\$0	\$0	\$0	\$185,410
Unregistered Reinsurers	\$0	\$0	\$10,697	\$0	\$0	\$0	\$0	\$0	\$10,697
Case Reserves Retained	\$0	\$2,000,000	\$0	\$0	\$0	\$0	\$0	\$0	\$2,000,000
Case Reserves Ceded to									
Registered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Unregistered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
IBNR Reserves Retained	\$16,693	\$165,557	\$57,122	\$27,450	\$6,486	\$0	\$0	\$0	\$273,308
IBNR Reserves Ceded to									
Registered Reinsurers	\$0	\$0	\$66,007	\$66,664	\$36,756	\$1,507	\$258	\$352	\$171,544
Unregistered Reinsurers	\$0	\$0	\$3,808	\$3,921	\$0	\$0	\$459	\$0	\$8,189
Total Reserves Retained	\$16,693	\$2,165,557	\$57,122	\$27,450	\$6,486	\$0	\$0	\$0	\$2,273,308
Reserves Ceded to									
Registered Reinsurers	\$0	\$0	\$66,007	\$66,664	\$36,756	\$1,507	\$258	\$352	\$171,544
Unregistered Reinsurers	\$0	\$0	\$3,808	\$3,921	\$0	\$0	\$459	\$0	\$8,189

Exhibit 2.28
Canadian Lawyers Liability Assurance Society

IBNR - Reflecting Proportional Reinsurance
Period : 2010-2
As at December 31, 2015

Layer	.975 xs .025	4 xs 1	7.5 xs 5	12.5 xs 12.5	10 xs 25	30 xs 50	20 xs 140	40 xs 160	Total
<u>Derivation of Ultimate Incurred</u>									
Earned Lawyer Count	2,368	2,368	2,368	2,368	2,368	2,368	2,094	1,434	
Expected Loss Cost per Lawyer	\$132	\$1,350	\$1,057	\$838	\$367	\$20	\$13	\$9	
Gross Expected Loss Volume	\$311,556	\$3,197,598	\$2,502,009	\$1,983,277	\$869,590	\$47,355	\$27,222	\$12,902	
IBNR Factor	0.103	0.103	0.103	0.103	0.103	0.103	0.103	0.103	
IBNR Amount	\$32,090	\$329,353	\$257,707	\$204,277	\$89,568	\$4,878	\$2,804	\$1,329	\$922,005
Case Reserves	\$0	\$34,301	\$0	\$0	\$0	\$0	\$0	\$0	\$34,301
Total Reserves (Ind. & Leg.)	\$32,090	\$363,654	\$257,707	\$204,277	\$89,568	\$4,878	\$2,804	\$1,329	\$956,306
Paid to Date	\$242,012	\$15,699	\$0	\$0	\$0	\$0	\$0	\$0	\$257,711
Total Ultimate Incurred	\$274,102	\$379,353	\$257,707	\$204,277	\$89,568	\$4,878	\$2,804	\$1,329	\$1,214,017
<u>Derivation of Loss Adjustment Expenses</u>									
IBNR LAE	\$626	\$6,422	\$5,025	\$3,983	\$1,747	\$95	\$55	\$26	\$17,979
Case Reserves LAE	\$0	\$669	\$0	\$0	\$0	\$0	\$0	\$0	\$669
Total LAE(1.95%)	\$626	\$7,091	\$5,025	\$3,983	\$1,747	\$95	\$55	\$26	\$18,648
<u>Distribution of Losses between CLLAS and Proportional Reinsurers</u>									
Retention	1.0000	1.0000	0.5000	0.3000	0.2000	0.0000	0.0000	0.0000	
Reinsured to Registered	0.0000	0.0000	0.4750	0.6750	0.8000	1.0000	0.3600	1.0000	
Reinsured to Unregistered	0.0000	0.0000	0.0250	0.0250	0.0000	0.0000	0.6400	0.0000	
Paid to Date Retained	\$242,012	\$15,699	\$0	\$0	\$0	\$0	\$0	\$0	\$257,711
Paid Ceded to									
Registered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Unregistered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Case Reserves Retained	\$0	\$34,301	\$0	\$0	\$0	\$0	\$0	\$0	\$34,301
Case Reserves Ceded to									
Registered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Unregistered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
IBNR Reserves Retained	\$32,090	\$329,353	\$128,853	\$61,283	\$17,914	\$0	\$0	\$0	\$569,493
IBNR Reserves Ceded to									
Registered Reinsurers	\$0	\$0	\$122,411	\$137,887	\$71,654	\$4,878	\$1,009	\$1,329	\$339,168
Unregistered Reinsurers	\$0	\$0	\$6,443	\$5,107	\$0	\$0	\$1,794	\$0	\$13,344
Total Reserves Retained	\$32,090	\$363,654	\$128,853	\$61,283	\$17,914	\$0	\$0	\$0	\$603,794
Reserves Ceded to									
Registered Reinsurers	\$0	\$0	\$122,411	\$137,887	\$71,654	\$4,878	\$1,009	\$1,329	\$339,168
Unregistered Reinsurers	\$0	\$0	\$6,443	\$5,107	\$0	\$0	\$1,794	\$0	\$13,344

Exhibit 2.29
Canadian Lawyers Liability Assurance Society

IBNR - Reflecting Proportional Reinsurance
Period : 2011-1
As at December 31, 2015

Layer	.975 xs .025	4 xs 1	7.5 xs 5	12.5 xs 12.5	10 xs 25	30 xs 50	20 xs 140	40 xs 160	Total
<u>Derivation of Ultimate Incurred</u>									
Earned Lawyer Count	2,403	2,403	2,403	2,403	2,403	2,403	2,140	1,472	
Expected Loss Cost per Lawyer	\$131	\$1,347	\$1,056	\$837	\$367	\$20	\$13	\$9	
Gross Expected Loss Volume	\$315,296	\$3,235,990	\$2,537,427	\$2,011,531	\$882,137	\$48,065	\$27,814	\$13,250	
IBNR Factor	0.103	0.103	0.103	0.103	0.103	0.103	0.103	0.103	
IBNR Amount	\$32,476	\$333,307	\$261,355	\$207,188	\$90,860	\$4,951	\$2,865	\$1,365	\$934,365
Case Reserves	\$0	\$2,304,363	\$7,500,000	\$1,500,000	\$0	\$0	\$0	\$0	\$11,304,363
Total Reserves (Ind. & Leg.)	\$32,476	\$2,637,670	\$7,761,355	\$1,707,187	\$90,860	\$4,951	\$2,865	\$1,365	\$12,238,728
Paid to Date	\$0	\$3,645,638	\$0	\$0	\$0	\$0	\$0	\$0	\$3,645,638
Total Ultimate Incurred	\$32,476	\$6,283,308	\$7,761,355	\$1,707,187	\$90,860	\$4,951	\$2,865	\$1,365	\$15,884,366
<u>Derivation of Loss Adjustment Expenses</u>									
IBNR LAE	\$633	\$6,499	\$5,096	\$4,040	\$1,772	\$97	\$56	\$27	\$18,220
Case Reserves LAE	\$0	\$44,935	\$146,250	\$29,250	\$0	\$0	\$0	\$0	\$220,435
Total LAE(1.95%)	\$633	\$51,435	\$151,346	\$33,290	\$1,772	\$97	\$56	\$27	\$238,655
<u>Distribution of Losses between CLLAS and Proportional Reinsurers</u>									
Retention	1.0000	1.0000	0.5000	0.3000	0.2000	0.0000	0.0000	0.0000	
Reinsured to Registered	0.0000	0.0000	0.4750	0.6750	0.8000	1.0000	0.3600	1.0000	
Reinsured to Unregistered	0.0000	0.0000	0.0250	0.0250	0.0000	0.0000	0.6400	0.0000	
Paid to Date Retained	\$0	\$3,645,638	\$0	\$0	\$0	\$0	\$0	\$0	\$3,645,638
Paid Ceded to									
Registered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Unregistered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Case Reserves Retained	\$0	\$2,304,363	\$3,750,000	\$450,000	\$0	\$0	\$0	\$0	\$6,504,363
Case Reserves Ceded to									
Registered Reinsurers	\$0	\$0	\$3,562,500	\$1,012,500	\$0	\$0	\$0	\$0	\$4,575,000
Unregistered Reinsurers	\$0	\$0	\$187,500	\$37,500	\$0	\$0	\$0	\$0	\$225,000
IBNR Reserves Retained	\$32,476	\$333,307	\$130,677	\$62,156	\$18,172	\$0	\$0	\$0	\$576,788
IBNR Reserves Ceded to									
Registered Reinsurers	\$0	\$0	\$124,144	\$139,852	\$72,688	\$4,951	\$1,031	\$1,365	\$344,030
Unregistered Reinsurers	\$0	\$0	\$6,534	\$5,180	\$0	\$0	\$1,833	\$0	\$13,547
Total Reserves Retained	\$32,476	\$2,637,670	\$3,880,677	\$512,156	\$18,172	\$0	\$0	\$0	\$7,081,152
Reserves Ceded to									
Registered Reinsurers	\$0	\$0	\$3,686,644	\$1,152,351	\$72,688	\$4,951	\$1,031	\$1,365	\$4,919,030
Unregistered Reinsurers	\$0	\$0	\$194,034	\$42,680	\$0	\$0	\$1,833	\$0	\$238,547

Exhibit 2.30
Canadian Lawyers Liability Assurance Society

IBNR - Reflecting Proportional Reinsurance
Period : 2011-2
As at December 31, 2015

Layer	.975 xs .025	4 xs 1	5 xs 5	10 xs 10	30 xs 20	30 xs Min 65	40 xs 160	60 xs 160	Total
<u>Derivation of Ultimate Incurred</u>									
Earned Lawyer Count	2,340	2,340	2,340	2,340	2,340	2,340	714	1,770	
Expected Loss Cost per Lawyer	\$125	\$1,248	\$640	\$780	\$870	\$1	\$8	\$9	
Gross Expected Loss Volume	\$291,817	\$2,919,370	\$1,497,082	\$1,824,927	\$2,034,400	\$2,918	\$5,398	\$16,206	
IBNR Factor	0.267	0.267	0.267	0.267	0.267	0.267	0.267	0.267	
IBNR Amount	\$77,915	\$779,472	\$399,721	\$487,256	\$543,185	\$779	\$1,441	\$4,327	\$2,294,095
Case Reserves	\$0	\$994,000	\$0	\$0	\$0	\$0	\$0	\$0	\$994,000
Total Reserves (Ind. & Leg.)	\$77,915	\$1,773,472	\$399,721	\$487,256	\$543,185	\$779	\$1,441	\$4,327	\$3,288,095
Paid to Date	\$106,507	\$2,174,500	\$0	\$0	\$0	\$0	\$0	\$0	\$2,281,007
Total Ultimate Incurred	\$184,422	\$3,947,972	\$399,721	\$487,256	\$543,185	\$779	\$1,441	\$4,327	\$5,569,102
<u>Derivation of Loss Adjustment Expenses</u>									
IBNR LAE	\$1,519	\$15,200	\$7,795	\$9,501	\$10,592	\$15	\$28	\$84	\$44,735
Case Reserves LAE	\$0	\$19,383	\$0	\$0	\$0	\$0	\$0	\$0	\$19,383
Total LAE(1.95%)	\$1,519	\$34,583	\$7,795	\$9,501	\$10,592	\$15	\$28	\$84	\$64,118
<u>Distribution of Losses between CLLAS, Colchester and Proportional Reinsurers</u>									
Retention	1.0000	0.2500	0.2500	0.2500	0.2500	0.0000	0.0000	0.0000	
Reinsured to Colchester	0.0000	0.2500	0.2500	0.2500	0.2500	0.0000	0.0000	0.0000	
Reinsured to Registered	0.0000	0.5000	0.5000	0.5000	0.5000	1.0000	0.7600	0.7600	
Reinsured to Unregistered	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.2400	0.2400	
Paid to Date Retained	\$106,507	\$543,625	\$0	\$0	\$0	\$0	\$0	\$0	\$650,132
Paid Ceded to									
Colchester	\$0	\$543,625	\$0	\$0	\$0	\$0	\$0	\$0	\$543,625
Registered Reinsurers	\$0	\$1,087,250	\$0	\$0	\$0	\$0	\$0	\$0	\$1,087,250
Unregistered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Case Reserves Retained	\$0	\$248,500	\$0	\$0	\$0	\$0	\$0	\$0	\$248,500
Case Reserves Ceded to									
Colchester	\$0	\$248,500	\$0	\$0	\$0	\$0	\$0	\$0	\$248,500
Registered Reinsurers	\$0	\$497,000	\$0	\$0	\$0	\$0	\$0	\$0	\$497,000
Unregistered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
IBNR Reserves Retained	\$77,915	\$194,868	\$99,930	\$121,814	\$135,796	\$0	\$0	\$0	\$630,323
IBNR Reserves Ceded to									
Colchester	\$0	\$194,868	\$99,930	\$121,814	\$135,796	\$0	\$0	\$0	\$552,408
Registered Reinsurers	\$0	\$389,736	\$199,860	\$243,628	\$271,592	\$779	\$1,095	\$3,288	\$1,109,979
Unregistered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$346	\$1,038	\$1,384
Total Reserves Retained	\$77,915	\$443,368	\$99,930	\$121,814	\$135,796	\$0	\$0	\$0	\$878,823
Reserves Ceded to									
Colchester	\$0	\$443,368	\$99,930	\$121,814	\$135,796	\$0	\$0	\$0	\$800,908
Registered Reinsurers	\$0	\$886,736	\$199,860	\$243,628	\$271,592	\$779	\$1,095	\$3,288	\$1,606,979
Unregistered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$346	\$1,038	\$1,384

Exhibit 2.31
Canadian Lawyers Liability Assurance Society

IBNR - Reflecting Proportional Reinsurance
Period : 2012-1
As at December 31, 2015

Layer	.975 xs .025	4 xs 1	5 xs 5	10 xs 10	30 xs 20	30 xs Min 65	40 xs 160	60 xs 160	Total
<u>Derivation of Ultimate Incurred</u>									
Earned Lawyer Count	2,368	2,368	2,368	2,368	2,368	2,368	721	1,496	
Expected Loss Cost per Lawyer	\$127	\$1,267	\$650	\$780	\$870	\$1	\$8	\$9	
Gross Expected Loss Volume	\$299,961	\$3,000,842	\$1,538,861	\$1,847,159	\$2,059,183	\$2,953	\$5,452	\$13,699	
IBNR Factor	0.267	0.267	0.267	0.267	0.267	0.267	0.267	0.267	
IBNR Amount	\$80,090	\$801,225	\$410,876	\$493,191	\$549,802	\$789	\$1,456	\$3,658	\$2,341,085
Case Reserves	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Reserves (Ind. & Leg.)	\$80,090	\$801,225	\$410,876	\$493,191	\$549,802	\$789	\$1,456	\$3,658	\$2,341,085
Paid to Date	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Ultimate Incurred	\$80,090	\$801,225	\$410,876	\$493,191	\$549,802	\$789	\$1,456	\$3,658	\$2,341,085
<u>Derivation of Loss Adjustment Expenses</u>									
IBNR LAE	\$1,562	\$15,624	\$8,012	\$9,617	\$10,721	\$15	\$28	\$71	\$45,651
Case Reserves LAE	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total LAE(1.95%)	\$1,562	\$15,624	\$8,012	\$9,617	\$10,721	\$15	\$28	\$71	\$45,651
<u>Distribution of Losses between CLLAS, Colchester and Proportional Reinsurers</u>									
Retention	1.0000	0.2500	0.2500	0.2500	0.2500	0.0000	0.0000	0.0000	
Reinsured to Colchester	0.0000	0.2500	0.2500	0.2500	0.2500	0.0000	0.0000	0.0000	
Reinsured to Registered	0.0000	0.5000	0.5000	0.5000	0.5000	1.0000	0.7600	0.7600	
Reinsured to Unregistered	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.2400	0.2400	
Paid to Date Retained	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Paid Ceded to									
Colchester	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Registered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Unregistered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Case Reserves Retained	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Case Reserves Ceded to									
Colchester	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Registered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Unregistered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
IBNR Reserves Retained	\$80,090	\$200,306	\$102,719	\$123,298	\$137,450	\$0	\$0	\$0	\$643,863
IBNR Reserves Ceded to									
Colchester	\$0	\$200,306	\$102,719	\$123,298	\$137,450	\$0	\$0	\$0	\$563,773
Registered Reinsurers	\$0	\$400,612	\$205,438	\$246,596	\$274,901	\$789	\$1,106	\$2,780	\$1,132,222
Unregistered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$349	\$878	\$1,227
Total Reserves Retained	\$80,090	\$200,306	\$102,719	\$123,298	\$137,450	\$0	\$0	\$0	\$643,863
Reserves Ceded to									
Colchester	\$0	\$200,306	\$102,719	\$123,298	\$137,450	\$0	\$0	\$0	\$563,773
Registered Reinsurers	\$0	\$400,612	\$205,438	\$246,596	\$274,901	\$789	\$1,106	\$2,780	\$1,132,222
Unregistered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$349	\$878	\$1,227

Exhibit 2.32
Canadian Lawyers Liability Assurance Society

IBNR - Reflecting Proportional Reinsurance
Period : 2012-2
As at December 31, 2015

Layer	.975 xs .025	4 xs 1	5 xs 5	10 xs 10	30 xs 20	30 xs Min 65	40 xs 160	60 xs 160	Total
<u>Derivation of Ultimate Incurred</u>									
Earned Lawyer Count	2,064	2,064	2,064	2,064	2,064	2,064	720	1,473	
Expected Loss Cost per Lawyer	\$121	\$1,178	\$673	\$847	\$1,103	\$10	\$28	\$35	
Gross Expected Loss Volume	\$249,311	\$2,431,845	\$1,389,765	\$1,748,431	\$2,277,091	\$20,641	\$19,857	\$50,969	
IBNR Factor	0.429	0.429	0.429	0.429	0.429	0.429	0.429	0.429	
IBNR Amount	\$106,955	\$1,043,261	\$596,209	\$750,077	\$976,872	\$8,855	\$8,519	\$21,866	\$3,512,613
Case Reserves	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Reserves (Ind. & Leg.)	\$106,955	\$1,043,261	\$596,209	\$750,077	\$976,872	\$8,855	\$8,519	\$21,866	\$3,512,613
Paid to Date	\$0	\$34,457	\$0	\$0	\$0	\$0	\$0	\$0	\$34,457
Total Ultimate Incurred	\$106,955	\$1,077,718	\$596,209	\$750,077	\$976,872	\$8,855	\$8,519	\$21,866	\$3,547,070
<u>Derivation of Loss Adjustment Expenses</u>									
IBNR LAE	\$2,086	\$20,344	\$11,626	\$14,626	\$19,049	\$173	\$166	\$426	\$68,496
Case Reserves LAE	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total LAE(1.95%)	\$2,086	\$20,344	\$11,626	\$14,626	\$19,049	\$173	\$166	\$426	\$68,496
<u>Distribution of Losses between CLLAS, Colchester and Proportional Reinsurers</u>									
Retention	1.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	
Reinsured to Colchester	0.0000	0.3500	0.3500	0.3500	0.3500	0.0000	0.0000	0.0000	
Reinsured to Registered	0.0000	0.6500	0.6500	0.6500	0.6500	1.0000	0.7600	0.7600	
Reinsured to Unregistered	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.2400	0.2400	
Paid to Date Retained	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Paid Ceded to									
Colchester	\$0	\$12,060	\$0	\$0	\$0	\$0	\$0	\$0	\$12,060
Registered Reinsurers	\$0	\$22,397	\$0	\$0	\$0	\$0	\$0	\$0	\$22,397
Unregistered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Case Reserves Retained	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Case Reserves Ceded to									
Colchester	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Registered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Unregistered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
IBNR Reserves Retained	\$106,955	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$106,955
IBNR Reserves Ceded to									
Colchester	\$0	\$365,141	\$208,673	\$262,527	\$341,905	\$0	\$0	\$0	\$1,178,247
Registered Reinsurers	\$0	\$678,120	\$387,536	\$487,550	\$634,967	\$8,855	\$6,474	\$16,618	\$2,220,120
Unregistered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$2,044	\$5,248	\$7,292
Total Reserves Retained	\$106,955	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$106,955
Reserves Ceded to									
Colchester	\$0	\$365,141	\$208,673	\$262,527	\$341,905	\$0	\$0	\$0	\$1,178,247
Registered Reinsurers	\$0	\$678,120	\$387,536	\$487,550	\$634,967	\$8,855	\$6,474	\$16,618	\$2,220,120
Unregistered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$2,044	\$5,248	\$7,292

Exhibit 2.33
Canadian Lawyers Liability Assurance Society

IBNR - Reflecting Proportional Reinsurance
Period : 2013-1
As at December 31, 2015

Layer	.975 xs .025	4 xs 1	5 xs 5	10 xs 10	30 xs 20	30 xs Min 65	40 xs 160	60 xs 160	Total
<u>Derivation of Ultimate Incurred</u>									
Earned Lawyer Count	2,064	2,064	2,064	2,064	2,064	2,064	720	1,473	
Expected Loss Cost per Lawyer	\$121	\$1,178	\$673	\$847	\$1,103	\$10	\$28	\$35	
Gross Expected Loss Volume	\$249,311	\$2,431,845	\$1,389,765	\$1,748,431	\$2,277,091	\$20,641	\$19,857	\$50,969	
IBNR Factor	0.429	0.429	0.429	0.429	0.429	0.429	0.429	0.429	
IBNR Amount	\$106,955	\$1,043,261	\$596,209	\$750,077	\$976,872	\$8,855	\$8,519	\$21,866	\$3,512,613
Case Reserves	\$21,582	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$21,582
Total Reserves (Ind. & Leg.)	\$128,537	\$1,043,261	\$596,209	\$750,077	\$976,872	\$8,855	\$8,519	\$21,866	\$3,534,195
Paid to Date	\$199,808	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$199,808
Total Ultimate Incurred	\$328,345	\$1,043,261	\$596,209	\$750,077	\$976,872	\$8,855	\$8,519	\$21,866	\$3,734,003
<u>Derivation of Loss Adjustment Expenses</u>									
IBNR LAE	\$2,086	\$20,344	\$11,626	\$14,626	\$19,049	\$173	\$166	\$426	\$68,496
Case Reserves LAE	\$421	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$421
Total LAE(1.95%)	\$2,506	\$20,344	\$11,626	\$14,626	\$19,049	\$173	\$166	\$426	\$68,917
<u>Distribution of Losses between CLLAS, Colchester and Proportional Reinsurers</u>									
Retention	1.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	
Reinsured to Colchester	0.0000	0.3500	0.3500	0.3500	0.3500	0.0000	0.0000	0.0000	
Reinsured to Registered	0.0000	0.6500	0.6500	0.6500	0.6500	1.0000	0.7600	0.7600	
Reinsured to Unregistered	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.2400	0.2400	
Paid to Date Retained	\$199,808	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$199,808
Paid Ceded to									
Colchester	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Registered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Unregistered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Case Reserves Retained	\$21,582	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$21,582
Case Reserves Ceded to									
Colchester	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Registered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Unregistered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
IBNR Reserves Retained	\$106,955	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$106,955
IBNR Reserves Ceded to									
Colchester	\$0	\$365,141	\$208,673	\$262,527	\$341,905	\$0	\$0	\$0	\$1,178,247
Registered Reinsurers	\$0	\$678,120	\$387,536	\$487,550	\$634,967	\$8,855	\$6,474	\$16,618	\$2,220,120
Unregistered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$2,044	\$5,248	\$7,292
Total Reserves Retained	\$128,537	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$128,537
Reserves Ceded to									
Colchester	\$0	\$365,141	\$208,673	\$262,527	\$341,905	\$0	\$0	\$0	\$1,178,247
Registered Reinsurers	\$0	\$678,120	\$387,536	\$487,550	\$634,967	\$8,855	\$6,474	\$16,618	\$2,220,120
Unregistered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$2,044	\$5,248	\$7,292

Exhibit 2.34
Canadian Lawyers Liability Assurance Society

IBNR - Reflecting Proportional Reinsurance
Period : 2013-2
As at December 31, 2015

Layer	.975 xs .025	4 xs 1	5 xs 5	10 xs 10	30 xs 20	30 xs Min 65	40 xs 160	60 xs 160	Total
<u>Derivation of Ultimate Incurred</u>									
Earned Lawyer Count	2,029	2,029	2,029	2,029	2,029	2,029	785	1,451	
Expected Loss Cost per Lawyer	\$109	\$1,112	\$595	\$755	\$919	\$10	\$17	\$21	
Gross Expected Loss Volume	\$221,779	\$2,255,576	\$1,207,600	\$1,531,464	\$1,864,171	\$20,285	\$13,233	\$30,301	
IBNR Factor	0.596	0.596	0.596	0.596	0.596	0.596	0.596	0.596	
IBNR Amount	\$132,180	\$1,344,323	\$719,729	\$912,752	\$1,111,046	\$12,090	\$7,887	\$18,060	\$4,258,068
Case Reserves	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Reserves (Ind. & Leg.)	\$132,180	\$1,344,323	\$719,729	\$912,752	\$1,111,046	\$12,090	\$7,887	\$18,060	\$4,258,068
Paid to Date	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Ultimate Incurred	\$132,180	\$1,344,323	\$719,729	\$912,752	\$1,111,046	\$12,090	\$7,887	\$18,060	\$4,258,068
<u>Derivation of Loss Adjustment Expenses</u>									
IBNR LAE	\$2,578	\$26,214	\$14,035	\$17,799	\$21,665	\$236	\$154	\$352	\$83,032
Case Reserves LAE	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total LAE(1.95%)	\$2,578	\$26,214	\$14,035	\$17,799	\$21,665	\$236	\$154	\$352	\$83,032
<u>Distribution of Losses between CLLAS, Colchester and Proportional Reinsurers</u>									
Retention	1.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	
Reinsured to Colchester	0.0000	0.3000	0.3000	0.3000	0.3000	0.0000	0.0000	0.0000	
Reinsured to Registered	0.0000	0.7000	0.7000	0.7000	0.7000	0.8800	0.9300	0.9300	
Reinsured to Unregistered	0.0000	0.0000	0.0000	0.0000	0.0000	0.1200	0.0700	0.0700	
Paid to Date Retained	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Paid Ceded to									
Colchester	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Registered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Unregistered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Case Reserves Retained	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Case Reserves Ceded to									
Colchester	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Registered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Unregistered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
IBNR Reserves Retained	\$132,180	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$132,180
IBNR Reserves Ceded to									
Colchester	\$0	\$403,297	\$215,919	\$273,826	\$333,314	\$0	\$0	\$0	\$1,226,355
Registered Reinsurers	\$0	\$941,026	\$503,811	\$638,927	\$777,732	\$10,639	\$7,335	\$16,795	\$2,896,265
Unregistered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$1,451	\$552	\$1,264	\$3,267
Total Reserves Retained	\$132,180	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$132,180
Reserves Ceded to									
Colchester	\$0	\$403,297	\$215,919	\$273,826	\$333,314	\$0	\$0	\$0	\$1,226,355
Registered Reinsurers	\$0	\$941,026	\$503,811	\$638,927	\$777,732	\$10,639	\$7,335	\$16,795	\$2,896,265
Unregistered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$1,451	\$552	\$1,264	\$3,267

Exhibit 2.35
Canadian Lawyers Liability Assurance Society

IBNR - Reflecting Proportional Reinsurance
Period : 2014-1
As at December 31, 2015

Layer	.975 xs .025	4 xs 1	5 xs 5	10 xs 10	30 xs 20	30 xs Min 65	40 xs 160	60 xs 160	Total
<u>Derivation of Ultimate Incurred</u>									
Earned Lawyer Count	2,095	2,095	2,095	2,095	2,095	2,095	785	1,451	
Expected Loss Cost per Lawyer	\$109	\$1,112	\$595	\$755	\$919	\$10	\$17	\$21	
Gross Expected Loss Volume	\$229,054	\$2,329,562	\$1,247,211	\$1,581,698	\$1,925,319	\$20,950	\$13,233	\$30,301	
IBNR Factor	0.596	0.596	0.596	0.596	0.596	0.596	0.596	0.596	
IBNR Amount	\$136,516	\$1,388,419	\$743,338	\$942,692	\$1,147,490	\$12,486	\$7,887	\$18,060	\$4,396,888
Case Reserves	\$0	\$1,000,000	\$0	\$0	\$0	\$0	\$0	\$0	\$1,000,000
Total Reserves (Ind. & Leg.)	\$136,516	\$2,388,419	\$743,338	\$942,692	\$1,147,490	\$12,486	\$7,887	\$18,060	\$5,396,888
Paid to Date	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Ultimate Incurred	\$136,516	\$2,388,419	\$743,338	\$942,692	\$1,147,490	\$12,486	\$7,887	\$18,060	\$5,396,888
<u>Derivation of Loss Adjustment Expenses</u>									
IBNR LAE	\$2,662	\$27,074	\$14,495	\$18,382	\$22,376	\$243	\$154	\$352	\$85,739
Case Reserves LAE	\$0	\$19,500	\$0	\$0	\$0	\$0	\$0	\$0	\$19,500
Total LAE(1.95%)	\$2,662	\$46,574	\$14,495	\$18,382	\$22,376	\$243	\$154	\$352	\$105,239
<u>Distribution of Losses between CLLAS, Colchester and Proportional Reinsurers</u>									
Retention	1.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	
Reinsured to Colchester	0.0000	0.3000	0.3000	0.3000	0.3000	0.0000	0.0000	0.0000	
Reinsured to Registered	0.0000	0.7000	0.7000	0.7000	0.7000	0.8800	0.9300	0.9300	
Reinsured to Unregistered	0.0000	0.0000	0.0000	0.0000	0.0000	0.1200	0.0700	0.0700	
Paid to Date Retained	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Paid Ceded to									
Colchester	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Registered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Unregistered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Case Reserves Retained	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Case Reserves Ceded to									
Colchester	\$0	\$300,000	\$0	\$0	\$0	\$0	\$0	\$0	\$300,000
Registered Reinsurers	\$0	\$700,000	\$0	\$0	\$0	\$0	\$0	\$0	\$700,000
Unregistered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
IBNR Reserves Retained	\$136,516	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$136,516
IBNR Reserves Ceded to									
Colchester	\$0	\$416,526	\$223,001	\$282,808	\$344,247	\$0	\$0	\$0	\$1,266,582
Registered Reinsurers	\$0	\$971,893	\$520,336	\$659,884	\$803,243	\$10,988	\$7,335	\$16,795	\$2,990,476
Unregistered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$1,498	\$552	\$1,264	\$3,315
Total Reserves Retained	\$136,516	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$136,516
Reserves Ceded to									
Colchester	\$0	\$716,526	\$223,001	\$282,808	\$344,247	\$0	\$0	\$0	\$1,566,582
Registered Reinsurers	\$0	\$1,671,893	\$520,336	\$659,884	\$803,243	\$10,988	\$7,335	\$16,795	\$3,690,476
Unregistered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$1,498	\$552	\$1,264	\$3,315

Exhibit 2.36
Canadian Lawyers Liability Assurance Society

IBNR - Reflecting Proportional Reinsurance
Period : 2014-2
As at December 31, 2015

Layer	.975 xs .025	4 xs 1	5 xs 5	10 xs 10	30 xs 20	30 xs Min 65	40 xs 160	60 xs 160	Total
<u>Derivation of Ultimate Incurred</u>									
Earned Lawyer Count	2,103	2,103	2,103	2,103	2,103	2,103	365	1,511	
Expected Loss Cost per Lawyer	\$113	\$1,133	\$619	\$797	\$953	\$10	\$14	\$18	
Gross Expected Loss Volume	\$238,431	\$2,382,095	\$1,301,602	\$1,674,936	\$2,003,504	\$21,028	\$5,241	\$26,778	
IBNR Factor	0.846	0.846	0.846	0.846	0.846	0.846	0.846	0.846	
IBNR Amount	\$201,713	\$2,015,252	\$1,101,155	\$1,416,995	\$1,694,964	\$17,790	\$4,434	\$22,654	\$6,474,958
Case Reserves	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Reserves (Ind. & Leg.)	\$201,713	\$2,015,252	\$1,101,155	\$1,416,995	\$1,694,964	\$17,790	\$4,434	\$22,654	\$6,474,958
Paid to Date	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Ultimate Incurred	\$201,713	\$2,015,252	\$1,101,155	\$1,416,995	\$1,694,964	\$17,790	\$4,434	\$22,654	\$6,474,958
<u>Derivation of Loss Adjustment Expenses</u>									
IBNR LAE	\$3,933	\$39,297	\$21,473	\$27,631	\$33,052	\$347	\$86	\$442	\$126,262
Case Reserves LAE	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total LAE(1.95%)	\$3,933	\$39,297	\$21,473	\$27,631	\$33,052	\$347	\$86	\$442	\$126,262
<u>Distribution of Losses between CLLAS, Colchester and Proportional Reinsurers</u>									
Retention	1.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	
Reinsured to Colchester	0.0000	0.2000	0.2000	0.2000	0.2000	0.0000	0.0000	0.0000	
Reinsured to Registered	0.0000	0.8000	0.8000	0.8000	0.8000	0.8800	0.9300	0.9300	
Reinsured to Unregistered	0.0000	0.0000	0.0000	0.0000	0.0000	0.1200	0.0700	0.0700	
Paid to Date Retained	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Paid Ceded to									
Colchester	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Registered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Unregistered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Case Reserves Retained	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Case Reserves Ceded to									
Colchester	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Registered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Unregistered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
IBNR Reserves Retained	\$201,713	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$201,713
IBNR Reserves Ceded to									
Colchester	\$0	\$403,050	\$220,231	\$283,399	\$338,993	\$0	\$0	\$0	\$1,245,673
Registered Reinsurers	\$0	\$1,612,202	\$880,924	\$1,133,596	\$1,355,971	\$15,655	\$4,124	\$21,068	\$5,023,541
Unregistered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$2,135	\$310	\$1,586	\$4,031
Total Reserves Retained	\$201,713	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$201,713
Reserves Ceded to									
Colchester	\$0	\$403,050	\$220,231	\$283,399	\$338,993	\$0	\$0	\$0	\$1,245,673
Registered Reinsurers	\$0	\$1,612,202	\$880,924	\$1,133,596	\$1,355,971	\$15,655	\$4,124	\$21,068	\$5,023,541
Unregistered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$2,135	\$310	\$1,586	\$4,031

Exhibit 2.37
Canadian Lawyers Liability Assurance Society

IBNR - Reflecting Proportional Reinsurance
Period : 2015-1
As at December 31, 2015

Layer	.975 xs .025	4 xs 1	5 xs 5	10 xs 10	30 xs 20	30 xs Min 65	40 xs 160	60 xs 160	Total
<u>Derivation of Ultimate Incurred</u>									
Earned Lawyer Count	2,095	2,095	2,095	2,095	2,095	2,095	365	1,511	
Expected Loss Cost per Lawyer	\$113	\$1,132	\$619	\$797	\$953	\$10	\$14	\$18	
Gross Expected Loss Volume	\$237,405	\$2,371,850	\$1,296,004	\$1,668,962	\$1,996,358	\$20,953	\$5,241	\$26,778	
IBNR Factor	0.846	0.846	0.846	0.846	0.846	0.846	0.846	0.846	
IBNR Amount	\$200,845	\$2,006,585	\$1,096,419	\$1,411,942	\$1,688,919	\$17,726	\$4,434	\$22,654	\$6,449,524
Case Reserves	\$10,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$10,000
Total Reserves (Ind. & Leg.)	\$210,845	\$2,006,585	\$1,096,419	\$1,411,942	\$1,688,919	\$17,726	\$4,434	\$22,654	\$6,459,524
Paid to Date	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Ultimate Incurred	\$210,845	\$2,006,585	\$1,096,419	\$1,411,942	\$1,688,919	\$17,726	\$4,434	\$22,654	\$6,459,524
<u>Derivation of Loss Adjustment Expenses</u>									
IBNR LAE	\$3,916	\$39,128	\$21,380	\$27,533	\$32,934	\$346	\$86	\$442	\$125,766
Case Reserves LAE	\$195	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$195
Total LAE(1.95%)	\$4,111	\$39,128	\$21,380	\$27,533	\$32,934	\$346	\$86	\$442	\$125,961
<u>Distribution of Losses between CLLAS, Colchester and Proportional Reinsurers</u>									
Retention	1.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	
Reinsured to Colchester	0.0000	0.2000	0.2000	0.2000	0.2000	0.0000	0.0000	0.0000	
Reinsured to Registered	0.0000	0.8000	0.8000	0.8000	0.8000	0.8800	0.9300	0.9300	
Reinsured to Unregistered	0.0000	0.0000	0.0000	0.0000	0.0000	0.1200	0.0700	0.0700	
Paid to Date Retained	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Paid Ceded to									
Colchester	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Registered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Unregistered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Case Reserves Retained	\$10,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$10,000
Case Reserves Ceded to									
Colchester	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Registered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Unregistered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
IBNR Reserves Retained	\$200,845	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$200,845
IBNR Reserves Ceded to									
Colchester	\$0	\$401,317	\$219,284	\$282,388	\$337,784	\$0	\$0	\$0	\$1,240,773
Registered Reinsurers	\$0	\$1,605,268	\$877,135	\$1,129,553	\$1,351,135	\$15,599	\$4,124	\$21,068	\$5,003,882
Unregistered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$2,127	\$310	\$1,586	\$4,023
Total Reserves Retained	\$210,845	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$210,845
Reserves Ceded to									
Colchester	\$0	\$401,317	\$219,284	\$282,388	\$337,784	\$0	\$0	\$0	\$1,240,773
Registered Reinsurers	\$0	\$1,605,268	\$877,135	\$1,129,553	\$1,351,135	\$15,599	\$4,124	\$21,068	\$5,003,882
Unregistered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$2,127	\$310	\$1,586	\$4,023

Exhibit 2.38
Canadian Lawyers Liability Assurance Society

IBNR - Reflecting Proportional Reinsurance
Period : 2015-2
As at December 31, 2015

Layer	.975 xs .025	4 xs 1	5 xs 5	10 xs 10	30 xs 20	30 xs Min 65	40 xs 160	60 xs 160	Total
<u>Derivation of Ultimate Incurred</u>									
Earned Lawyer Count	2,071	2,071	2,071	2,071	2,071	2,071	352	1,497	
Expected Loss Cost per Lawyer	\$110	\$1,110	\$595	\$779	\$894	\$10	\$15	\$18	
Gross Expected Loss Volume	\$228,692	\$2,298,213	\$1,231,451	\$1,612,951	\$1,851,470	\$20,706	\$5,161	\$27,092	
IBNR Factor	0.926	0.926	0.926	0.926	0.926	0.926	0.926	0.926	
IBNR Amount	\$211,768	\$2,128,145	\$1,140,324	\$1,493,593	\$1,714,461	\$19,173	\$4,779	\$25,087	\$6,737,330
Case Reserves	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Reserves (Ind. & Leg.)	\$211,768	\$2,128,145	\$1,140,324	\$1,493,593	\$1,714,461	\$19,173	\$4,779	\$25,087	\$6,737,330
Paid to Date	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Ultimate Incurred	\$211,768	\$2,128,145	\$1,140,324	\$1,493,593	\$1,714,461	\$19,173	\$4,779	\$25,087	\$6,737,330
<u>Derivation of Loss Adjustment Expenses</u>									
IBNR LAE	\$4,129	\$41,499	\$22,236	\$29,125	\$33,432	\$374	\$93	\$489	\$131,378
Case Reserves LAE	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total LAE(1.95%)	\$4,129	\$41,499	\$22,236	\$29,125	\$33,432	\$374	\$93	\$489	\$131,378
<u>Distribution of Losses between CLLAS, Colchester and Proportional Reinsurers</u>									
Retention	1.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	
Reinsured to Colchester	0.0000	0.2000	0.2000	0.2000	0.2000	0.0000	0.0000	0.0000	
Reinsured to Registered	0.0000	0.8000	0.8000	0.8000	0.8000	0.8800	0.9300	0.9300	
Reinsured to Unregistered	0.0000	0.0000	0.0000	0.0000	0.0000	0.1200	0.0700	0.0700	
Paid to Date Retained	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Paid Ceded to									
Colchester	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Registered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Unregistered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Case Reserves Retained	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Case Reserves Ceded to									
Colchester	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Registered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Unregistered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
IBNR Reserves Retained	\$211,768	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$211,768
IBNR Reserves Ceded to									
Colchester	\$0	\$425,629	\$228,065	\$298,719	\$342,892	\$0	\$0	\$0	\$1,295,305
Registered Reinsurers	\$0	\$1,702,516	\$912,259	\$1,194,874	\$1,371,569	\$16,873	\$4,444	\$23,331	\$5,225,866
Unregistered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$2,301	\$335	\$1,756	\$4,391
Total Reserves Retained	\$211,768	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$211,768
Reserves Ceded to									
Colchester	\$0	\$425,629	\$228,065	\$298,719	\$342,892	\$0	\$0	\$0	\$1,295,305
Registered Reinsurers	\$0	\$1,702,516	\$912,259	\$1,194,874	\$1,371,569	\$16,873	\$4,444	\$23,331	\$5,225,866
Unregistered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$2,301	\$335	\$1,756	\$4,391

Exhibit 2.39
Canadian Lawyers Liability Assurance Society

IBNR - Reflecting Proportional Reinsurance
Period: All Years
As at December 31, 2015

<u>Layer</u>	<u>Total</u>
IBNR Amount	\$46,326,224
Case Reserves	\$51,831,993
Total Reserves (Ind. & Leg.)	\$98,158,217
Paid to Date	\$183,662,927
Total Ultimate Incurred	\$281,821,144
 Paid to Date Retained	 \$84,687,929
Paid Ceded to	
Colchester	\$555,685
Registered Reinsurers	\$90,809,447
Unregistered Reinsurers	\$7,609,865
 Case Reserves Retained	 \$23,661,493
Case Reserves Ceded to	
Colchester	\$548,500
Registered Reinsurers	\$26,672,000
Unregistered Reinsurers	\$950,000
 IBNR Reserves Retained	 \$5,862,718
IBNR Reserves Ceded to	
Colchester	\$9,747,363
Registered Reinsurers	\$30,516,829
Unregistered Reinsurers	\$199,314
 Total Reserves Retained	 \$29,524,211
Reserves Ceded to	
Colchester	\$10,295,863
Registered Reinsurers	\$57,188,829
Unregistered Reinsurers	\$1,149,314

Exhibit 3
Canadian Lawyers Liability Assurance Society

Summary of Loss Experience
Gross of Reinsurance
As at December 31, 2015

Policy Period	(1) Paid Losses	(2) Case Reserves	(3) Provision for IBNR	(4) Ultimate Losses	(5) Earned Premium	(6) Ultimate Loss Ratio
1987/1988	0	0	0	0	4,434,000	0%
1988/1989	0	0	0	0	3,614,000	0%
1989/1990	0	0	0	0	3,740,400	0%
1990/1991	3,593,148	0	0	3,593,148	4,233,600	85%
1991/1992	7,416,563	0	0	7,416,563	4,320,000	172%
1992/1993	326,599	0	0	326,599	4,478,400	7%
1993/1994	30,654,825	0	0	30,654,825	4,512,600	679%
1994/1995	9,318,988	0	0	9,318,988	5,153,700	181%
1995/1996	3,742,644	0	0	3,742,644	5,807,500	64%
1996/1997	0	0	0	0	5,276,196	0%
1997/1998	0	0	0	0	6,587,610	0%
1998/1999	20,296,669	0	0	20,296,669	10,826,416	187%
1999/2000	8,492,585	0	0	8,492,585	12,093,829	70%
2000/2001	0	0	0	0	14,968,458	0%
2001/2002	17,553,756	0	0	17,553,756	14,694,378	119%
2002/2003	3,465,616	555,530	160,026	4,181,172	17,346,379	24%
2003/2004	38,933,335	0	385,960	39,319,295	22,376,007	176%
2004/2005	1,262,333	0	456,728	1,719,061	24,676,487	7%
2005/2006	765,546	0	489,850	1,255,396	25,025,027	5%
2006/2007	6,474,107	0	631,461	7,105,568	33,356,139	21%
2007/2008	13,937,996	3,580,599	692,475	18,211,070	27,040,048	67%
2008/2009	2,806,273	155,778	774,262	3,736,313	24,343,680	15%
2009/2010	8,203,322	34,175,840	901,917	43,281,079	23,632,747	183%
2010/2011	3,903,349	11,338,664	1,856,371	17,098,384	20,852,074	82%
2011/2012	2,281,007	994,000	4,635,181	7,910,188	17,006,743	47%
2012/2013	234,265	21,582	7,025,226	7,281,073	14,228,728	51%
2013/2014	0	1,000,000	8,654,956	9,654,956	13,954,400	69%
2014/2015	0	10,000	12,924,481	12,934,481	12,895,931	100%
2015/2016	0	0	6,737,330	6,737,330	6,253,259	108%
Total	183,662,927	51,831,993	46,326,224	281,821,144	387,728,736	73%
December 31, 1996 Retroassessment Call					7,000,000	
June 30, 1998 Retroassessment Call					1,600,000	
Total Including Retroassessment Calls				281,821,144	396,328,736	71%

(1), (2) and (3) from Exh. 2, excluding ULAE
(4) = (1) + (2) + (3)
(5) from CLLAS
(6) = (4) / (5)

Exhibit 4
Canadian Lawyers Liability Assurance Society

Summary of Reinsured Experience - Proportional, Stop Loss and Loss Portfolio Transfer
As at December 31, 2015

Policy Period	Net of Proportional Reinsurance				Stop Loss						Loss Portfolio Transfer			
	(1) Paid Losses	(2) Case Reserves	(3) Provision for IBNR	(4) Ultimate Losses	(5) Stop Loss Reins. Ratio	(6) Stop Loss Limit	(7) Paid Losses	(8) Case Reserves	(9) Provision for IBNR	(10) Ultimate Losses	(11) Paid Losses	(12) Case Reserves	(13) Provision for IBNR	(14) Ultimate Losses
1987/1988	0	0	0	0	0.0%	n/a	0	0	0	0	0	0	0	0
1988/1989	0	0	0	0	0.0%	n/a	0	0	0	0	0	0	0	0
1989/1990	0	0	0	0	30.0%	750,000	0	0	0	0	0	0	0	0
1990/1991	1,796,574	0	0	1,796,574	33.0%	900,000	900,000	0	0	900,000	0	0	0	0
1991/1992	3,470,496	0	0	3,470,496	36.0%	1,000,000	1,000,000	0	0	1,000,000	0	0	0	0
1992/1993	163,299	0	0	163,299	36.0%	1,000,000	163,299	0	0	163,299	0	0	0	0
1993/1994	8,388,230	0	0	8,388,230	60.0%	\$2.75M xs \$0.25M	2,750,000	0	0	2,750,000	0	0	0	0
1994/1995	4,633,180	0	0	4,633,180	60.0%	\$2.75M xs \$0.25M	2,750,000	0	0	2,750,000	0	0	0	0
1995/1996	1,871,322	0	0	1,871,322	30.0%	\$4.7M xs \$3.3M	0	0	0	0	0	0	0	0
1996/1997	0	0	0	0	30.0%	\$4.7M xs \$3.3M	0	0	0	0	0	0	0	0
1997/1998	0	0	0	0	30.0%	\$4.7M xs \$3.3M	0	0	0	0	0	0	0	0
1998/1999	6,254,045	0	0	6,254,045	30.0%	\$4.7M xs \$3.3M	2,954,045	0	0	2,954,045	0	0	0	0
1999/2000	3,464,559	0	0	3,464,559	30.0%	\$4.7M xs \$3.3M	164,559	0	0	164,559	0	0	0	0
2000/2001	0	0	0	0	30.0%	\$4.7M xs \$3.3M	0	0	0	0	0	0	0	0
2001/2002	5,601,781	0	0	5,601,781	30.0%	\$4.7M xs \$3.3M	2,301,781	0	0	2,301,781	0	0	0	0
2002/2003	3,465,616	555,530	75,271	4,096,416	30.0%	\$7.5M xs \$5.5M	0	0	22,581	22,581	49,818	555,530	52,689	658,038
2003/2004	13,933,335	0	183,140	14,116,475	30.0%	\$7.5M xs \$5.5M	7,500,000	0	0	7,500,000	0	0	183,140	183,140
2004/2005	1,262,333	0	214,835	1,477,169	30.0%	\$7.5M xs \$5.5M	0	0	64,451	64,451	0	0	150,385	150,385
2005/2006	765,546	0	227,782	993,328	40.0%	\$9.5M xs \$5.5M	0	0	91,113	91,113	53,432	0	136,669	190,101
2006/2007	5,769,472	0	306,285	6,075,757	10.0%	\$5M xs \$15M	0	0	30,629	30,629	719,159	0	275,657	994,816
2007/2008	8,291,725	3,580,599	359,422	12,231,746	10.0%	\$5M xs \$15M	0	0	35,942	35,942	85,259	3,580,599	323,480	3,989,338
2008/2009	2,806,273	155,778	434,814	3,396,865	10.0%	\$5M xs \$15M	0	0	43,481	43,481	2,801,231	155,778	391,333	3,348,342
2009/2010	8,007,215	12,550,840	543,770	21,101,825	15.0%	\$10M xs \$15M	0	5,558,055	543,770	6,101,825	7,987,519	6,992,785	0	14,980,304
2010/2011	3,903,349	6,538,664	1,146,281	11,588,294	17.5%	\$10M xs \$15M	0	0	200,599	200,599	1,829,913	6,538,664	945,682	9,314,259
2011/2012	650,132	248,500	1,274,186	2,172,818	3.5%	\$22.5M xs \$17.5M	0	0	44,597	44,597	543,626	248,500	1,229,590	2,021,716
2012/2013	199,808	21,582	213,909	435,299	0.0%	\$10M xs \$5M	0	0	0	0	0	0	0	0
2013/2014	0	0	268,697	268,697	0.0%	\$10M xs \$5M	0	0	0	0	0	0	0	0
2014/2015	0	10,000	402,558	412,558	0.0%	\$10M xs \$5M	0	0	0	0	0	0	0	0
2015/2016	0	0	211,768	211,768	0.0%	\$10M xs \$5M	0	0	0	0	0	0	0	0
Total	84,698,290	23,661,493	5,862,718	114,222,502			20,483,684	5,558,055	1,077,162	27,118,902	14,069,957	18,071,856	3,688,625	35,830,438

(1), (2) and (3) from Exh. 2, excluding ULAE; in 1993/1994, an expense amount of \$10,361 for claim 94-010 is fully assumed by CLLAS.

(4) = (1) + (2) + (3)

(5) selected judgmentally based on rating exercise

(6) from CLLAS

(7) = (1) subject to the stop loss attachment points and limits in (6)

(8) = (2) subject to the stop loss attachment points and limits in (6)

(9) = (3) x (5) when stop loss attachment point has not been reached; = (3) x 100% when stop loss attachment point has been reached but stop loss limit has not been reached; = (3) x 0% when stop loss limit has been reached

(10) = (7) + (8) + (9)

(11) = (1) - (7) - Exh. 5, Col. (1) for policy periods prior to June 30, 2012; = 0 otherwise

(12) = (2) - (8) for policy periods prior to June 30, 2012; = 0 otherwise

(13) = (3) - (9) for policy periods prior to June 30, 2012; = 0 otherwise

(14) = (11) + (12) + (13)

Exhibit 5
Canadian Lawyers Liability Assurance Society

Summary of Loss Experience
Net of Reinsurance
As at December 31, 2015

Policy Period	(1) Paid Losses	(2) Case Reserves	(3) Provision for IBNR	(4) Ultimate Losses	(5) Earned Premium	(6) Ultimate Loss Ratio
1987/1988	0	0	0	0	1,883,829	0%
1988/1989	0	0	0	0	1,137,725	0%
1989/1990	0	0	0	0	689,957	0%
1990/1991	896,574	0	0	896,574	586,847	153%
1991/1992	2,470,496	0	0	2,470,496	577,354	428%
1992/1993	0	0	0	0	389,208	0%
1993/1994	5,638,230	0	0	5,638,230	373,280	1510%
1994/1995	1,883,180	0	0	1,883,180	1,328,836	142%
1995/1996	1,871,322	0	0	1,871,322	1,930,552	97%
1996/1997	0	0	0	0	1,070,215	0%
1997/1998	0	0	0	0	1,627,963	0%
1998/1999	3,300,000	0	0	3,300,000	4,368,122	76%
1999/2000	3,300,000	0	0	3,300,000	5,100,300	65%
2000/2001	0	0	0	0	6,734,718	0%
2001/2002	3,300,000	0	0	3,300,000	5,919,526	56%
2002/2003	3,415,798	0	0	3,415,798	4,631,546	74%
2003/2004	6,433,335	0	0	6,433,335	6,619,932	97%
2004/2005	1,262,333	0	0	1,262,333	6,832,821	18%
2005/2006	712,114	0	0	712,114	6,259,056	11%
2006/2007	5,050,313	0	0	5,050,313	12,326,959	41%
2007/2008	8,206,466	0	0	8,206,466	10,121,699	81%
2008/2009	5,042	0	0	5,042	9,812,057	0%
2009/2010	19,696	0	0	19,696	9,849,698	0%
2010/2011	2,073,436	0	0	2,073,436	8,040,957	26%
2011/2012	106,506	0	0	106,506	5,101,008	2%
2012/2013	199,808	21,582	213,909	435,299	3,352,235	13%
2013/2014	0	0	268,697	268,697	3,154,848	9%
2014/2015	0	10,000	402,558	412,558	2,452,086	17%
2015/2016	0	0	211,768	211,768	1,213,633	17%
Total	50,144,649	31,582	1,096,931	51,273,162	123,486,968	42%
December 31, 1996 Retroassessment Call					7,000,000	
June 30, 1998 Retroassessment Call					1,600,000	
June 30, 2012 Loss Portfolio Transfer					(44,700,000)	
Total Including Retroassessment Calls				51,273,162	87,386,968	59%

(1) Fixed per L.P.T. for periods prior to June 30, 2012; Exh. 4 Col. (1) - Exh. 4 Col. (5) - Exh. 4 Col. (11) otherwise

(2) 0 per L.P.T. for periods prior to June 30, 2012; Exh. 4 Col. (2) - Exh. 4 Col. (6) - Exh. 4 Col. (12) otherwise

(3) 0 per L.P.T. for periods prior to June 30, 2012; Exh. 4 Col. (3) - Exh. 4 Col. (7) - Exh. 4 Col. (13) otherwise

(4) = (1) + (2) + (3)

(5) from CLLAS

(6) = (4) / (5)

Exhibit 6
Canadian Lawyers Liability Assurance Society

Unallocated Loss Adjustment Expenses Ratio
As at December 31, 2015

Calendar Year	(1) Estimated Annual Claims Management Expenses	(2) Assumed Portion Applicable to Losses Outstanding As at December 31, 2015	(3) Future Indexing (3% per year)	(4) Estimated Provision As at December 31, 2015
2016	453,000	7/7	1.000	453,000
2017	453,000	6/7	1.030	399,934
2018	453,000	5/7	1.061	343,277
2019	453,000	4/7	1.093	282,860
2020	453,000	3/7	1.126	218,509
2021	453,000	2/7	1.159	150,043
2022	453,000	1/7	1.194	77,272
Total				1,924,896

Gross Outstanding Liabilities

(5)	Case Reserves	51,831,993
(6)	IBNR	46,326,224
(7)	Total	98,158,217

**Unallocated Loss Adjustment Expenses Provision
as a % of Gross Outstanding liabilities**

(8)	Indicated	1.96%
(9)	Selected	1.95%

(1) Based upon actual CLLAS internal claims management expenses of \$499,000 in 2015 and estimated 2016 expenses of \$453,000

(2) Selected per actuarial judgment

(3) = $1.03^{(\text{Year} - 2016)}$

(4) = (1) x (2) x (3)

(5) = Exh. 3, Col. (2)

(6) = Exh. 3, Col. (3)

(7) = (5) + (6)

(8) = (4) / (7)

(9) Selected per actuarial judgment

Exhibit 7
Canadian Lawyers Liability Assurance Society

Provision for Unallocated Loss Adjustment Expenses
As at December 31, 2015

Policy Period	(1) Case Reserves	(2) ULAE Ratio	(3) Provision for ULAE	(4) Reserves	(5) ULAE Ratio	(6) Provision for ULAE	(7) Total Provision for ULAE
	Reserves						
1987/1988	0	1.95%	0	0	1.95%	0	0
1988/1989	0	1.95%	0	0	1.95%	0	0
1989/1990	0	1.95%	0	0	1.95%	0	0
1990/1991	0	1.95%	0	0	1.95%	0	0
1991/1992	0	1.95%	0	0	1.95%	0	0
1992/1993	0	1.95%	0	0	1.95%	0	0
1993/1994	0	1.95%	0	0	1.95%	0	0
1994/1995	0	1.95%	0	0	1.95%	0	0
1995/1996	0	1.95%	0	0	1.95%	0	0
1996/1997	0	1.95%	0	0	1.95%	0	0
1997/1998	0	1.95%	0	0	1.95%	0	0
1998/1999	0	1.95%	0	0	1.95%	0	0
1999/2000	0	1.95%	0	0	1.95%	0	0
2000/2001	0	1.95%	0	0	1.95%	0	0
2001/2002	0	1.95%	0	0	1.95%	0	0
2002/2003	555,530	1.95%	10,833	160,026	1.95%	3,121	13,953
2003/2004	0	1.95%	0	385,960	1.95%	7,526	7,526
2004/2005	0	1.95%	0	456,728	1.95%	8,906	8,906
2005/2006	0	1.95%	0	489,850	1.95%	9,552	9,552
2006/2007	0	1.95%	0	631,461	1.95%	12,313	12,313
2007/2008	3,580,599	1.95%	69,822	692,475	1.95%	13,503	83,325
2008/2009	155,778	1.95%	3,038	774,262	1.95%	15,098	18,136
2009/2010	34,175,840	1.95%	666,429	901,917	1.95%	17,587	684,016
2010/2011	11,338,664	1.95%	221,104	1,856,371	1.95%	36,199	257,303
2011/2012	994,000	1.95%	19,383	4,635,181	1.95%	90,386	109,769
2012/2013	21,582	1.95%	421	7,025,226	1.95%	136,992	137,413
2013/2014	1,000,000	1.95%	19,500	8,654,956	1.95%	168,772	188,272
2014/2015	10,000	1.95%	195	12,924,481	1.95%	252,027	252,222
2015/2016	0	1.95%	0	6,737,330	1.95%	131,378	131,378
Total	51,831,993	1.95%	1,010,724	46,326,224	1.95%	903,361	1,914,085

(1) = Exh. 3, Col. (2)

(2) = Exh. 6, Line (9)

(3) = (1) x (2)

(4) = Exh. 3, Col. (3)

(5) = Exh. 6, Line (9)

(6) = (4) x (5)

(7) = (3) + (6)

Exhibit 8
Canadian Lawyers Liability Assurance Society

Selection of Discount Rate
As at December 31, 2015

Issuer	(1) Holdings	(2) Coupon Rate	(3) Maturity Date	(4) Cost	(5) Market Value	(6) Valuation Date	(7) Market Yield	(8) Effective Yield	(9) Duration
MONEY MARKET									
Royal Bank BA	1,500,000		2016-03-15	1,496,955	1,496,955	2015-12-31	0.83%	0.83%	0.206
Canadian Imperial Bank BA	865,000		2016-02-16	863,960	863,960	2015-12-31	0.83%	0.83%	0.128
First Bank BA	1,520,000		2016-02-16	1,518,228	1,518,228	2015-12-31	0.83%	0.83%	0.128
TREASURY BILLS									
Canada Treasury Bills	1,000,000		2016-01-28	998,897	998,897	2015-12-31	0.47%	0.47%	0.076
Canada Treasury Bills	1,765,000		2016-01-14	1,763,999	1,763,999	2015-12-31	0.47%	0.47%	0.038
Canada Treasury Bills	1,755,000		2016-02-25	1,753,385	1,753,385	2015-12-31	0.47%	0.47%	0.152
GOVERNMENT BONDS									
Canada Housing Trust	300,000	1.85%	2016-12-15	303,900	303,504	2015-12-31	0.62%	0.62%	0.952
Canada Housing Trust	250,000	1.75%	2018-06-15	250,275	255,756	2015-12-31	0.80%	0.80%	2.414
Canada Housing Trust	250,000	1.95%	2019-06-15	250,238	258,155	2015-12-31	0.99%	0.99%	3.358
Canada Housing Trust	200,000	2.40%	2022-12-15	200,740	210,149	2015-12-31	1.63%	1.63%	6.457
Canada Housing Trust	200,000	2.35%	2023-09-15	211,240	208,736	2015-12-31	1.74%	1.75%	7.063
British Columbia Province	250,000	3.25%	2021-12-18	255,750	273,526	2015-12-31	1.59%	1.60%	5.491
Ontario Province	350,000	2.10%	2018-09-08	348,495	360,611	2015-12-31	0.95%	0.96%	2.611
Ontario Province	250,000	3.15%	2022-06-02	247,600	270,345	2015-12-31	1.80%	1.81%	5.876
Alberta Province	300,000	1.85%	2016-09-01	304,050	302,438	2015-12-31	0.63%	0.63%	0.663
Ontario Province	330,000	1.90%	2017-09-08	330,594	336,220	2015-12-31	0.77%	0.77%	1.659
Ontario Province	250,000	2.60%	2025-06-02	250,375	255,464	2015-12-31	2.34%	2.35%	8.412
CORPORATE BONDS									
Royal Bank of Canada	200,000	2.26%	2018-03-12	198,560	203,499	2015-12-31	1.45%	1.45%	2.143
Bank of Montreal	200,000	3.40%	2021-04-23	201,300	212,720	2015-12-31	2.13%	2.14%	4.891
Wells Fargo	200,000	2.94%	2019-07-25	200,040	208,408	2015-12-31	1.72%	1.73%	3.376
Bank of Nova Scotia	200,000	2.10%	2016-11-08	200,640	201,656	2015-12-31	1.12%	1.12%	0.849
Toronto Dominion Bank	200,000	2.43%	2017-08-15	201,460	203,818	2015-12-31	1.24%	1.24%	1.590
Wells Fargo	150,000	3.46%	2023-01-24	153,542	159,034	2015-12-31	2.52%	2.54%	6.265
Bank of Montreal	300,000	2.84%	2020-06-04	305,307	311,834	2015-12-31	1.91%	1.92%	4.188
Toronto Dominion Bank	250,000	2.56%	2020-06-24	261,425	257,144	2015-12-31	1.89%	1.90%	4.263
TOTAL	13,035,000			13,070,955	13,188,441			1.64%	1.413

(10) Duration-Weighted Effective Market Yield: 1.64%

(11) Selected Discount Rate: 1.50%

(1) - (5) From Investment Manager

(6) Valuation Date = December 31, 2015

(7) Expected future yield on bond

(8) = $[(1 + (7) / 2) ^ 2] - 1$

(9) Duration of bond

(10) = $[(5) \times (8) \times (9)] / [(5) \times (9)]$

(11) Selected per actuarial judgment

Exhibit 9
Canadian Lawyers Liability Assurance Society

Selection of Margins for Adverse Deviation
As at December 31, 2015

Major Valuation Variables	Low Margin	High Margin	Considerations	Evaluation (Note 1)	Weight (Note 2)	Indicated MFAD	Selected MFAD
Claims Development	2.50%	20.00%	Company practices: Consistency in claims handling procedures and personnel	0	1	10.00%	10.00%
			System changes	0	1		
			Changes in case reserve estimation	0	1		
			Data: Number of years of past experience on which expected development is based	0	1		
			Volume of business in each year	1	1		
			Changes in volume of business over last five to seven years	1	1		
			Changes in mix of business over last five to seven years	0	1		
			Homogeneity of data grouping	1	1		
			Stability of historical development	1	1		
			Potential impact of large individual claims	2	1		
			Line of Business: Length of time over which potential development might take place from reporting of new losses	2	2		
			Likelihood of external changes which may significantly affect development	2	1		
			Net retention of the company for the line of business	0	1		
			Change in policy form	0	1		
Reinsurance Recovery	0.00%	15.00%	Ceded claims ratio	0	1	2.50%	3.50%
			Potential problem reinsurers	1	1		
			Balance sheet exposure for each assuming company	0	1		
Interest Rate	0.25%	2.00%	Investment portfolio	1	2	0.69%	0.50%
			Investment climate	0	1		
			Method of valuing assets	0	1		
			Matching of investments to claims payments patterns	0	1		

(1) Evaluation of Consideration: Low Margin=0
Medium Margin=1
High Margin=2

(2) Consideration Weight: Low Weight=0
Medium Weight=1
High Weight=2

Exhibit 10
Canadian Lawyers Liability Assurance Society

Discounted Claim Liabilities including Provisions for Adverse Deviation
Gross of Reinsurance
As at December 31, 2015

Policy Period	(1)	(2)	(3)	(4)	(5)		(6)	(7)			(8)	(9)	(10)	(11)
	Undiscounted Liabilities				Present Value of Gross		Provisions for Adverse Deviation			Total	Gross Claim Liabilities			
	Case Reserves	Provision for IBNR	Provision for ULAE	Total	Outstanding Liabilities		Claims at 10.00%	Reinsurance at 3.50%	Interest Rate at 0.50%					
					at 1.50%	at 1.00%								
1987/1988	0	0	0	0	0	0	0	0	0	0	0	0	0	
1988/1989	0	0	0	0	0	0	0	0	0	0	0	0	0	
1989/1990	0	0	0	0	0	0	0	0	0	0	0	0	0	
1990/1991	0	0	0	0	0	0	0	0	0	0	0	0	0	
1991/1992	0	0	0	0	0	0	0	0	0	0	0	0	0	
1992/1993	0	0	0	0	0	0	0	0	0	0	0	0	0	
1993/1994	0	0	0	0	0	0	0	0	0	0	0	0	0	
1994/1995	0	0	0	0	0	0	0	0	0	0	0	0	0	
1995/1996	0	0	0	0	0	0	0	0	0	0	0	0	0	
1996/1997	0	0	0	0	0	0	0	0	0	0	0	0	0	
1997/1998	0	0	0	0	0	0	0	0	0	0	0	0	0	
1998/1999	0	0	0	0	0	0	0	0	0	0	0	0	0	
1999/2000	0	0	0	0	0	0	0	0	0	0	0	0	0	
2000/2001	0	0	0	0	0	0	0	0	0	0	0	0	0	
2001/2002	0	0	0	0	0	0	0	0	0	0	0	0	0	
2002/2003	555,530	160,026	13,953	729,509	711,363	717,312	71,136	0	5,949	77,085	788,448			
2003/2004	0	385,960	7,526	393,486	381,611	385,493	38,161	0	3,882	42,043	423,654			
2004/2005	0	456,728	8,906	465,634	448,746	454,251	44,875	0	5,504	50,379	499,125			
2005/2006	0	489,850	9,552	499,402	478,090	485,015	47,809	0	6,926	54,735	532,824			
2006/2007	0	631,461	12,313	643,775	612,086	622,353	61,209	0	10,266	71,475	683,561			
2007/2008	3,580,599	692,475	83,325	4,356,399	4,117,784	4,194,854	411,778	0	77,071	488,849	4,606,633			
2008/2009	155,778	774,262	18,136	948,176	896,564	913,191	89,656	0	16,627	106,284	1,002,847			
2009/2010	34,175,840	901,917	684,016	35,761,773	33,860,700	34,472,019	481,557	0	611,320	1,092,877	34,953,576			
2010/2011	11,338,664	1,856,371	257,303	13,452,338	12,728,426	12,960,888	1,272,843	0	232,462	1,505,304	14,233,730			
2011/2012	994,000	4,635,181	109,769	5,738,950	5,413,124	5,517,610	541,312	0	104,487	645,799	6,058,923			
2012/2013	21,582	7,025,226	137,413	7,184,221	6,738,491	6,881,193	673,849	0	142,703	816,552	7,555,042			
2013/2014	1,000,000	8,654,956	188,272	9,843,227	9,177,305	9,390,080	917,730	0	212,775	1,130,506	10,307,811			
2014/2015	10,000	12,924,481	252,222	13,186,704	12,217,839	12,526,715	1,221,784	0	308,876	1,530,660	13,748,499			
2015/2016	0	6,737,330	131,378	6,868,708	6,303,193	6,483,014	630,319	0	179,821	810,140	7,113,333			
Total	51,831,993	46,326,224	1,914,085	100,072,302	94,085,320	96,003,989	6,504,019	0	1,918,668	8,422,687	102,508,007			

(1) = Exh. 3, Col. (2)

(2) = Exh. 3, Col. (3)

(3) = Exh. 7, Col. (7)

(4) = (1) + (2) + (3)

(5) Present value of column (4) at a 1.50% discount factor using the payment pattern selected in Exh. 1.1

(6) Present value of column (2) at a 1.00% discount factor using the payment pattern selected in Exh. 1.1

(7) = 10.00% x (5); the claims development margin is not applied to one claim reserved up to the policy limit

(8) = 0

(9) = (6) - (5)

(10) = (7) + (8) + (9)

(11) = (5) + (10)

Exhibit 11
Canadian Lawyers Liability Assurance Society

Discounted Claim Liabilities including Provisions for Adverse Deviation
Net of All Reinsurance
As at December 31, 2015

Policy Period	(1)	(2)	(3)	(4)	(5)		(6)	(7)			(8)	(9)	(10)	(11)
	Case Reserves	Provision for IBNR	Provision for ULAE	Total	Present Value of Net Outstanding Liabilities			Claims at 10.00%	Reinsurance at 3.50%	Interest Rate at 0.50%			Total	Net Claim Liabilities
1987/1988	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1988/1989	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1989/1990	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1990/1991	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1991/1992	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1992/1993	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1993/1994	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1994/1995	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1995/1996	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1996/1997	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1997/1998	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1998/1999	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1999/2000	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2000/2001	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2001/2002	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2002/2003	0	0	13,953	13,953	13,606	13,720	1,361	24,421	114	25,896	39,502			
2003/2004	0	0	7,526	7,526	7,299	7,373	730	13,101	74	13,905	21,204			
2004/2005	0	0	8,906	8,906	8,583	8,688	858	15,406	105	16,369	24,952			
2005/2006	0	0	9,552	9,552	9,144	9,277	914	16,413	132	17,460	26,604			
2006/2007	0	0	12,313	12,313	11,707	11,904	1,171	21,013	196	22,380	34,088			
2007/2008	0	0	83,325	83,325	78,761	80,235	7,876	141,366	1,474	150,716	229,477			
2008/2009	0	0	18,136	18,136	17,149	17,467	1,715	30,780	318	32,812	49,961			
2009/2010	0	0	684,016	684,016	647,654	659,347	64,765	1,162,457	11,693	1,238,915	1,886,569			
2010/2011	0	0	257,303	257,303	243,457	247,903	24,346	436,974	4,446	465,766	709,223			
2011/2012	0	0	109,769	109,769	103,537	105,535	10,354	185,836	1,999	198,188	301,725			
2012/2013	21,582	213,909	137,413	372,904	349,768	357,175	34,977	223,605	7,407	265,989	615,757			
2013/2014	0	268,697	188,272	456,968	426,053	435,931	42,605	306,294	9,878	358,777	784,830			
2014/2015	10,000	402,558	252,222	664,780	615,937	631,508	61,594	406,067	15,571	483,232	1,099,168			
2015/2016	0	211,768	131,378	343,146	314,894	323,878	31,489	209,590	8,983	250,063	564,958			
Total	31,582	1,096,931	1,914,085	3,042,599	2,847,550	2,909,942	284,755	3,193,322	62,392	3,540,469	6,388,019			

(1) = Exh. 5, Col. (2)

(2) = Exh. 5, Col. (3)

(3) = Exh. 7, Col. (7)

(4) = (1) + (2) + (3)

(5) Present value of column (4) at a 1.50% discount factor using the payment pattern selected in Exh. 1.1

(6) Present value of column (2) at a 1.00% discount factor using the payment pattern selected in Exh. 1.1

(7) = 10.00% x (5)

(8) = 3.50% x [Exh. 10 Col. (5) - Exh. 11 Col. (5)]

(9) = (6) - (5)

(10) = (7) + (8) + (9)

(11) = (5) + (10)

Exhibit 12.1
Canadian Lawyers Liability Assurance Society

Summary of Outstanding Liabilities and Provisions for Adverse Deviations
By Policy Year
Gross of Reinsurance
As at December 31, 2015

(1) Policy Period	(2) Undiscounted			(4) Total Reserves	(5) Discounted incl. PFAD			(7) Total Reserves
	Case Reserves	Provisions for IBNR and ULAE			Case Reserves	Provisions for IBNR and ULAE		
1987/1988	0	0		0	0	0		0
1988/1989	0	0		0	0	0		0
1989/1990	0	0		0	0	0		0
1990/1991	0	0		0	0	0		0
1991/1992	0	0		0	0	0		0
1992/1993	0	0		0	0	0		0
1993/1994	0	0		0	0	0		0
1994/1995	0	0		0	0	0		0
1995/1996	0	0		0	0	0		0
1996/1997	0	0		0	0	0		0
1997/1998	0	0		0	0	0		0
1998/1999	0	0		0	0	0		0
1999/2000	0	0		0	0	0		0
2000/2001	0	0		0	0	0		0
2001/2002	0	0		0	0	0		0
2002/2003	555,530	173,979		729,509	556,000	232,000		788,000
2003/2004	0	393,486		393,486	0	424,000		424,000
2004/2005	0	465,634		465,634	0	499,000		499,000
2005/2006	0	499,402		499,402	0	533,000		533,000
2006/2007	0	643,775		643,775	0	684,000		684,000
2007/2008	3,580,599	775,800		4,356,399	3,581,000	1,026,000		4,607,000
2008/2009	155,778	792,398		948,176	156,000	847,000		1,003,000
2009/2010	34,175,840	1,585,933		35,761,773	34,175,000	779,000		34,954,000
2010/2011	11,338,664	2,113,674		13,452,338	11,338,000	2,896,000		14,234,000
2011/2012	994,000	4,744,950		5,738,950	994,000	5,065,000		6,059,000
2012/2013	21,582	7,162,639		7,184,221	22,000	7,533,000		7,555,000
2013/2014	1,000,000	8,843,227		9,843,227	1,000,000	9,308,000		10,308,000
2014/2015	10,000	13,176,704		13,186,704	10,000	13,737,000		13,747,000
2015/2016	0	6,868,708		6,868,708	0	7,113,000		7,113,000
Total	51,831,993	48,240,309		100,072,302	51,832,000	50,676,000		102,508,000

(1) The policy period runs from July 1 to June 30.

(2) from Exh. 3, Col. (2)

(3) from Exh. 3, Col. (3) + Exh. 7, Col. (7)

(4) = (2) + (3)

(5) = (2)

(6) = (7) - (5)

(7) from Exh. 10, Col. (11)

Exhibit 12.2
Canadian Lawyers Liability Assurance Society

Summary of Outstanding Liabilities and Provisions for Adverse Deviations
By Calendar Year
Gross of Reinsurance
As at December 31, 2015

(1) Calendar Year	(2) Undiscounted			(5) Discounted incl. PFAD		
	(2) Case Reserves	(3) Provisions for IBNR and ULAE	(4) Total Reserves	(5) Case Reserves	(6) Provisions for IBNR and ULAE	(7) Total Reserves
1987	0	0	0	0	0	0
1988	0	0	0	0	0	0
1989	0	0	0	0	0	0
1990	0	0	0	0	0	0
1991	0	0	0	0	0	0
1992	0	0	0	0	0	0
1993	0	0	0	0	0	0
1994	0	0	0	0	0	0
1995	0	0	0	0	0	0
1996	0	0	0	0	0	0
1997	0	0	0	0	0	0
1998	0	0	0	0	0	0
1999	0	0	0	0	0	0
2000	0	0	0	0	0	0
2001	0	0	0	0	0	0
2002	277,765	86,990	364,755	278,000	116,000	394,000
2003	277,765	283,733	561,498	278,000	328,000	606,000
2004	0	429,560	429,560	0	461,000	461,000
2005	0	482,518	482,518	0	516,000	516,000
2006	0	571,588	571,588	0	608,000	608,000
2007	1,790,300	709,787	2,500,087	1,790,000	855,000	2,645,000
2008	1,868,189	784,099	2,652,287	1,868,000	937,000	2,805,000
2009	17,165,809	1,189,165	18,354,974	17,166,000	812,000	17,978,000
2010	22,757,252	1,849,803	24,607,055	22,757,000	1,837,000	24,594,000
2011	6,166,332	3,429,312	9,595,644	6,166,000	3,980,000	10,146,000
2012	507,791	5,953,794	6,461,585	508,000	6,299,000	6,807,000
2013	510,791	8,002,933	8,513,724	511,000	8,420,000	8,931,000
2014	505,000	11,009,966	11,514,966	505,000	11,523,000	12,028,000
2015	5,000	13,457,060	13,462,060	5,000	13,984,000	13,989,000
Total	51,831,993	48,240,309	100,072,302	51,832,000	50,676,000	102,508,000

(1) The calendar year runs from January 1 to December 31.

(2) Based on Exh. 12.1, Col. (2)

(3) Based on Exh. 12.1, Col. (3)

(4) = (2) + (3)

(5) = (2)

(6) = (7) - (5)

(7) Based on Exh. 12.1, Col. (7)

Exhibit 12.3
Canadian Lawyers Liability Assurance Society

Summary of Outstanding Liabilities and Provisions for Adverse Deviations
By Policy Year
Net of Reinsurance
As at December 31, 2015

(1) Policy Period	(2) Undiscounted			(5) Discounted incl. PFAD		
	(2) Case Reserves	(3) Provisions for IBNR and ULAE	(4) Total Reserves	(5) Case Reserves	(6) Provisions for IBNR and ULAE	(7) Total Reserves
1987/1988	0	0	0	0	0	0
1988/1989	0	0	0	0	0	0
1989/1990	0	0	0	0	0	0
1990/1991	0	0	0	0	0	0
1991/1992	0	0	0	0	0	0
1992/1993	0	0	0	0	0	0
1993/1994	0	0	0	0	0	0
1994/1995	0	0	0	0	0	0
1995/1996	0	0	0	0	0	0
1996/1997	0	0	0	0	0	0
1997/1998	0	0	0	0	0	0
1998/1999	0	0	0	0	0	0
1999/2000	0	0	0	0	0	0
2000/2001	0	0	0	0	0	0
2001/2002	0	0	0	0	0	0
2002/2003	0	13,953	13,953	0	40,000	40,000
2003/2004	0	7,526	7,526	0	21,000	21,000
2004/2005	0	8,906	8,906	0	25,000	25,000
2005/2006	0	9,552	9,552	0	27,000	27,000
2006/2007	0	12,313	12,313	0	34,000	34,000
2007/2008	0	83,325	83,325	0	229,000	229,000
2008/2009	0	18,136	18,136	0	50,000	50,000
2009/2010	0	684,016	684,016	0	1,887,000	1,887,000
2010/2011	0	257,303	257,303	0	709,000	709,000
2011/2012	0	109,769	109,769	0	302,000	302,000
2012/2013	21,582	351,322	372,904	22,000	594,000	616,000
2013/2014	0	456,968	456,968	0	785,000	785,000
2014/2015	10,000	654,780	664,780	10,000	1,088,000	1,098,000
2015/2016	0	343,146	343,146	0	565,000	565,000
Total	31,582	3,011,017	3,042,599	32,000	6,356,000	6,388,000

(1) The policy period runs from July 1 to June 30.

(2) from Exh. 5, Col. (2)

(3) from Exh. 5, Col. (3) + Exh. 7, Col. (7)

(4) = (2) + (3)

(5) = (2)

(6) = (7) - (5)

(7) from Exh. 11, Col. (11)

Exhibit 12.4
Canadian Lawyers Liability Assurance Society

Summary of Outstanding Liabilities and Provisions for Adverse Deviations
By Calendar Year
Net of Reinsurance
As at December 31, 2015

(1) Calendar Year	(2) Undiscounted		(4) Total Reserves	(5) Discounted incl. PFAD		(7) Total Reserves
	(2) Case Reserves	(3) Provisions for IBNR and ULAE		(5) Case Reserves	(6) Provisions for IBNR and ULAE	
1987	0	0	0	0	0	0
1988	0	0	0	0	0	0
1989	0	0	0	0	0	0
1990	0	0	0	0	0	0
1991	0	0	0	0	0	0
1992	0	0	0	0	0	0
1993	0	0	0	0	0	0
1994	0	0	0	0	0	0
1995	0	0	0	0	0	0
1996	0	0	0	0	0	0
1997	0	0	0	0	0	0
1998	0	0	0	0	0	0
1999	0	0	0	0	0	0
2000	0	0	0	0	0	0
2001	0	0	0	0	0	0
2002	0	6,977	6,977	0	20,000	20,000
2003	0	10,740	10,740	0	30,000	30,000
2004	0	8,216	8,216	0	23,000	23,000
2005	0	9,229	9,229	0	26,000	26,000
2006	0	10,933	10,933	0	30,000	30,000
2007	0	47,819	47,819	0	132,000	132,000
2008	0	50,730	50,730	0	140,000	140,000
2009	0	351,076	351,076	0	968,000	968,000
2010	0	470,660	470,660	0	1,298,000	1,298,000
2011	0	183,536	183,536	0	505,000	505,000
2012	10,791	230,545	241,336	11,000	448,000	459,000
2013	10,791	404,145	414,936	11,000	689,000	700,000
2014	5,000	555,874	560,874	5,000	937,000	942,000
2015	5,000	670,536	675,536	5,000	1,110,000	1,115,000
Total	31,582	3,011,017	3,042,599	32,000	6,356,000	6,388,000

(1) The calendar year runs from January 1 to December 31.

(2) Based on Exh. 12.3, Col. (2)

(3) Based on Exh. 12.3, Col. (3)

(4) = (2) + (3)

(5) = (2)

(6) = (7) - (5)

(7) Based on Exh. 12.3, Col. (7)

Exhibit 13.1
Canadian Lawyers Liability Assurance Society

Historical Estimates of Ultimate Incurred Losses (Excl. Provision for ULAE)
Gross of Reinsurance
From December 31, 2006 to December 31, 2015

Policy Period	Selected Ultimate Losses									
	as at Dec. 31, 2006	as at Dec. 31, 2007	as at Dec. 31, 2008	as at Dec. 31, 2009	as at Dec. 31, 2010	as at Dec. 31, 2011	as at Dec. 31, 2012	as at Dec. 31, 2013	as at Dec. 31, 2014	as at Dec. 31, 2015
1987/1988	0	0	0	0	0	0	0	0	0	0
1988/1989	0	0	0	0	0	0	0	0	0	0
1989/1990	0	0	0	0	0	0	0	0	0	0
1990/1991	3,593,000	3,593,000	3,593,000	3,593,000	3,593,000	3,593,000	3,593,000	3,593,000	3,593,000	3,593,000
1991/1992	7,417,000	7,417,000	7,417,000	7,417,000	7,417,000	7,417,000	7,417,000	7,417,000	7,417,000	7,417,000
1992/1993	327,000	327,000	327,000	327,000	327,000	327,000	327,000	327,000	327,000	327,000
1993/1994	30,655,000	30,655,000	30,655,000	30,655,000	30,655,000	30,655,000	30,655,000	30,655,000	30,655,000	30,655,000
1994/1995	9,319,000	9,319,000	9,319,000	9,319,000	9,319,000	9,319,000	9,319,000	9,319,000	9,319,000	9,319,000
1995/1996	3,831,000	3,743,000	3,743,000	3,743,000	3,743,000	3,743,000	3,743,000	3,743,000	3,743,000	3,743,000
1996/1997	182,000	99,000	0	0	0	0	0	0	0	0
1997/1998	303,000	192,000	96,000	0	0	0	0	0	0	0
1998/1999	20,952,000	20,652,000	20,521,000	20,372,000	20,297,000	20,297,000	20,297,000	20,297,000	20,297,000	20,297,000
1999/2000	9,491,000	9,039,000	8,906,000	8,656,000	8,580,000	8,493,000	8,493,000	8,493,000	8,493,000	8,493,000
2000/2001	3,008,000	2,868,000	2,178,000	1,572,000	1,252,000	135,000	0	135,000	0	0
2001/2002	22,027,000	21,403,000	20,370,000	19,109,000	18,859,000	17,821,000	17,696,000	17,874,000	17,696,000	17,554,000
2002/2003	9,701,000	9,578,000	8,314,000	7,481,000	7,481,000	7,201,000	6,821,000	6,921,000	4,381,000	4,181,000
2003/2004	37,567,000	33,521,000	32,241,000	33,110,000	39,695,000	40,283,000	39,662,000	39,362,000	39,362,000	39,319,000
2004/2005	15,797,000	11,259,000	7,765,000	4,819,000	3,449,000	3,170,000	3,170,000	2,622,000	2,531,000	1,719,000
2005/2006	21,066,000	13,890,000	11,783,000	8,011,000	3,431,000	1,888,000	1,888,000	1,647,000	1,403,000	1,255,000
2006/2007	24,464,000	23,074,000	17,371,000	15,392,000	10,491,000	9,671,000	8,230,000	7,699,000	7,369,000	7,106,000
2007/2008	n/a	18,186,000	16,836,000	16,998,000	16,099,000	21,598,000	17,526,000	17,343,000	18,625,000	18,211,000
2008/2009	n/a	n/a	16,212,000	15,032,000	10,960,000	8,738,000	6,471,000	2,953,000	2,219,000	3,736,000
2009/2010	n/a	n/a	n/a	17,082,000	17,034,000	14,006,000	13,158,000	12,889,000	13,768,000	43,281,000
2010/2011	n/a	n/a	n/a	n/a	16,400,000	17,275,000	15,446,000	14,974,000	19,513,000	17,098,000
2011/2012	n/a	n/a	n/a	n/a	n/a	16,346,000	14,982,000	10,852,000	8,848,000	7,910,000
2012/2013	n/a	n/a	n/a	n/a	n/a	n/a	15,196,000	13,903,000	10,162,000	7,281,000
2013/2014	n/a	n/a	n/a	n/a	n/a	n/a	n/a	13,246,000	12,227,000	9,655,000
2014/2015	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	14,098,000	12,934,000
2015/2016	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	13,475,000
Total	219,700,000	218,815,000	217,647,000	222,688,000	229,082,000	241,976,000	244,090,000	246,264,000	256,046,000	288,559,000

Policy Period	Changes in Ultimate Losses								
	From 2006 to 2015	From 2007 to 2015	From 2008 to 2015	From 2009 to 2015	From 2010 to 2015	From 2011 to 2015	From 2012 to 2015	From 2013 to 2015	From 2014 to 2015
1987/1988	0	0	0	0	0	0	0	0	0
1988/1989	0	0	0	0	0	0	0	0	0
1989/1990	0	0	0	0	0	0	0	0	0
1990/1991	0	0	0	0	0	0	0	0	0
1991/1992	0	0	0	0	0	0	0	0	0
1992/1993	0	0	0	0	0	0	0	0	0
1993/1994	0	0	0	0	0	0	0	0	0
1994/1995	0	0	0	0	0	0	0	0	0
1995/1996	(88,000)	0	0	0	0	0	0	0	0
1996/1997	(182,000)	(99,000)	0	0	0	0	0	0	0
1997/1998	(303,000)	(192,000)	(96,000)	0	0	0	0	0	0
1998/1999	(655,000)	(355,000)	(224,000)	(75,000)	0	0	0	0	0
1999/2000	(998,000)	(546,000)	(413,000)	(163,000)	(87,000)	0	0	0	0
2000/2001	(3,008,000)	(2,868,000)	(2,178,000)	(1,572,000)	(1,252,000)	(135,000)	0	(135,000)	0
2001/2002	(4,473,000)	(3,849,000)	(2,816,000)	(1,555,000)	(1,305,000)	(267,000)	(142,000)	(320,000)	(142,000)
2002/2003	(5,520,000)	(5,397,000)	(4,133,000)	(3,300,000)	(3,300,000)	(3,020,000)	(2,640,000)	(2,740,000)	(200,000)
2003/2004	1,752,000	5,798,000	7,078,000	6,209,000	(376,000)	(964,000)	(343,000)	(43,000)	(43,000)
2004/2005	(14,078,000)	(9,540,000)	(6,046,000)	(3,100,000)	(1,730,000)	(1,451,000)	(1,451,000)	(903,000)	(812,000)
2005/2006	(19,811,000)	(12,635,000)	(10,528,000)	(6,756,000)	(2,176,000)	(633,000)	(633,000)	(392,000)	(148,000)
2006/2007	(17,358,000)	(15,968,000)	(10,265,000)	(8,286,000)	(3,385,000)	(2,565,000)	(1,124,000)	(593,000)	(263,000)
2007/2008	n/a	25,000	1,375,000	1,213,000	2,112,000	(3,387,000)	685,000	868,000	(414,000)
2008/2009	n/a	n/a	(12,476,000)	(11,296,000)	(7,224,000)	(5,002,000)	(2,735,000)	783,000	1,517,000
2009/2010	n/a	n/a	n/a	26,199,000	26,247,000	29,275,000	30,123,000	30,392,000	29,513,000
2010/2011	n/a	n/a	n/a	n/a	698,000	(177,000)	1,652,000	2,124,000	(2,415,000)
2011/2012	n/a	n/a	n/a	n/a	n/a	(8,436,000)	(7,072,000)	(2,942,000)	(938,000)
2012/2013	n/a	n/a	n/a	n/a	n/a	n/a	(7,915,000)	(6,622,000)	(2,881,000)
2013/2014	n/a	n/a	n/a	n/a	n/a	n/a	n/a	(3,591,000)	(2,572,000)
2014/2015	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	(1,164,000)
2015/2016	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
TOTAL	(64,722,000)	(45,626,000)	(40,722,000)	(2,482,000)	8,222,000	3,238,000	8,405,000	15,886,000	19,038,000

* Note: the latest year figures are annualized based on the six-month result.

Exhibit 13.2
Canadian Lawyers Liability Assurance Society

Historical Estimates of Ultimate Incurred Losses (Excl. Provision for ULAE)
Net of Reinsurance
From December 31, 2006 to December 31, 2015

Policy Period	Selected Ultimate Losses									
	as at Dec. 31, 2006	as at Dec. 31, 2007	as at Dec. 31, 2008	as at Dec. 31, 2009	as at Dec. 31, 2010	as at Dec. 31, 2011	as at Dec. 31, 2012	as at Dec. 31, 2013	as at Dec. 31, 2014	as at Dec. 31, 2015
1987/1988	0	0	0	0	0	0	0	0	0	0
1988/1989	0	0	0	0	0	0	0	0	0	0
1989/1990	0	0	0	0	0	0	0	0	0	0
1990/1991	897,000	897,000	897,000	897,000	897,000	897,000	897,000	897,000	897,000	897,000
1991/1992	2,470,000	2,470,000	2,470,000	2,470,000	2,470,000	2,470,000	2,470,000	2,470,000	2,470,000	2,470,000
1992/1993	0	0	0	0	0	0	0	0	0	0
1993/1994	5,638,000	5,638,000	5,638,000	5,638,000	5,638,000	5,638,000	5,638,000	5,638,000	5,638,000	5,638,000
1994/1995	1,883,000	1,883,000	1,883,000	1,883,000	1,883,000	1,883,000	1,883,000	1,883,000	1,883,000	1,883,000
1995/1996	1,889,000	1,871,000	1,871,000	1,871,000	1,871,000	1,871,000	1,871,000	1,871,000	1,871,000	1,871,000
1996/1997	36,000	20,000	0	0	0	0	0	0	0	0
1997/1998	58,000	37,000	18,000	0	0	0	0	0	0	0
1998/1999	3,300,000	3,300,000	3,300,000	3,300,000	3,300,000	3,300,000	3,300,000	3,300,000	3,300,000	3,300,000
1999/2000	3,300,000	3,300,000	3,300,000	3,300,000	3,300,000	3,300,000	3,300,000	3,300,000	3,300,000	3,300,000
2000/2001	777,000	893,000	747,000	625,000	553,000	28,000	0	0	0	0
2001/2002	3,300,000	3,300,000	3,300,000	3,300,000	3,300,000	3,300,000	3,300,000	3,300,000	3,300,000	3,300,000
2002/2003	5,500,000	5,500,000	5,500,000	5,500,000	5,500,000	5,500,000	3,416,000	3,416,000	3,416,000	3,416,000
2003/2004	7,915,000	6,068,000	5,500,000	5,500,000	6,654,000	7,242,000	6,433,000	6,433,000	6,433,000	6,433,000
2004/2005	5,500,000	4,948,000	3,797,000	2,841,000	2,376,000	2,435,000	1,262,000	1,262,000	1,262,000	1,262,000
2005/2006	5,500,000	3,877,000	3,801,000	2,763,000	1,471,000	1,040,000	712,000	712,000	712,000	712,000
2006/2007	10,917,000	10,888,000	8,556,000	8,180,000	6,561,000	7,425,000	5,050,000	5,050,000	5,050,000	5,050,000
2007/2008	n/a	8,441,000	7,819,000	10,237,000	11,100,000	12,535,000	8,525,000	8,525,000	8,437,000	8,206,000
2008/2009	n/a	n/a	8,150,000	7,626,000	5,524,000	4,419,000	5,000	5,000	5,000	5,000
2009/2010	n/a	n/a	n/a	8,797,000	9,329,000	8,299,000	20,000	20,000	20,000	20,000
2010/2011	n/a	n/a	n/a	n/a	8,322,000	9,795,000	2,073,000	2,073,000	2,073,000	2,073,000
2011/2012	n/a	n/a	n/a	n/a	n/a	4,665,000	107,000	107,000	107,000	107,000
2012/2013	n/a	n/a	n/a	n/a	n/a	n/a	463,000	423,000	334,000	435,000
2013/2014	n/a	n/a	n/a	n/a	n/a	n/a	n/a	411,000	380,000	269,000
2014/2015	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	440,000	413,000
2015/2016	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	424,000
Total	58,880,000	63,331,000	66,547,000	74,728,000	80,049,000	86,042,000	50,725,000	51,096,000	51,328,000	51,484,000

Policy Period	Changes in Ultimate Losses								
	From 2006 to 2015	From 2007 to 2015	From 2008 to 2015	From 2009 to 2015	From 2010 to 2015	From 2011 to 2015	From 2012 to 2015	From 2013 to 2015	From 2014 to 2015
1987/1988	0	0	0	0	0	0	0	0	0
1988/1989	0	0	0	0	0	0	0	0	0
1989/1990	0	0	0	0	0	0	0	0	0
1990/1991	0	0	0	0	0	0	0	0	0
1991/1992	0	0	0	0	0	0	0	0	0
1992/1993	0	0	0	0	0	0	0	0	0
1993/1994	0	0	0	0	0	0	0	0	0
1994/1995	0	0	0	0	0	0	0	0	0
1995/1996	(18,000)	0	0	0	0	0	0	0	0
1996/1997	(36,000)	(20,000)	0	0	0	0	0	0	0
1997/1998	(58,000)	(37,000)	(18,000)	0	0	0	0	0	0
1998/1999	0	0	0	0	0	0	0	0	0
1999/2000	0	0	0	0	0	0	0	0	0
2000/2001	(777,000)	(893,000)	(747,000)	(625,000)	(553,000)	(28,000)	0	0	0
2001/2002	0	0	0	0	0	0	0	0	0
2002/2003	(2,084,000)	(2,084,000)	(2,084,000)	(2,084,000)	(2,084,000)	(2,084,000)	0	0	0
2003/2004	(1,482,000)	365,000	933,000	933,000	(221,000)	(809,000)	0	0	0
2004/2005	(4,238,000)	(3,686,000)	(2,535,000)	(1,579,000)	(1,114,000)	(1,173,000)	0	0	0
2005/2006	(4,788,000)	(3,165,000)	(3,089,000)	(2,051,000)	(759,000)	(328,000)	0	0	0
2006/2007	(5,867,000)	(5,838,000)	(3,506,000)	(3,130,000)	(1,511,000)	(2,375,000)	0	0	0
2007/2008	n/a	(235,000)	387,000	(2,031,000)	(2,894,000)	(4,329,000)	(319,000)	(319,000)	(231,000)
2008/2009	n/a	n/a	(8,145,000)	(7,621,000)	(5,519,000)	(4,414,000)	0	0	0
2009/2010	n/a	n/a	n/a	(8,777,000)	(9,309,000)	(8,279,000)	0	0	0
2010/2011	n/a	n/a	n/a	n/a	(6,249,000)	(7,722,000)	0	0	0
2011/2012	n/a	n/a	n/a	n/a	n/a	(4,558,000)	0	0	0
2012/2013	n/a	n/a	n/a	n/a	n/a	n/a	(28,000)	12,000	101,000
2013/2014	n/a	n/a	n/a	n/a	n/a	n/a	n/a	(142,000)	(111,000)
2014/2015	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	(27,000)
2015/2016	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
TOTAL	(19,348,000)	(15,593,000)	(18,804,000)	(26,965,000)	(30,213,000)	(36,099,000)	(347,000)	(449,000)	(268,000)

* Note: the latest year figures are annualized based on the six-month result.

Exhibit 14.1
Canadian Lawyers Liability Assurance Society

Premium Liabilities
Gross and Net of Reinsurance
As at December 31, 2015

GROSS

(1) Gross Unearned Premiums Reported in Annual Return	6,185,289
(2) Expected Loss and ALAE Ratio	118%
(3) Expected Losses and ALAE	7,275,734
(4) Expected ULAE	141,877
(5) Undiscounted Expected Losses and ALAE	7,417,611
(6) Discounted Claim Liabilities plus PFAD in Connection with Unearned Premium	7,608,477
(7) Policyholder Service Costs	309,264
(8) Gross Liabilities in Connection with Unearned Premium	7,917,742

RECOVERABLE FROM REINSURERS

(9) Ceded Unearned Premiums	4,984,847
(10) Discounted Claim Liabilities plus PFAD in Connection with Unearned Premium	6,993,794
(11) Doubtful Account	0
(12) Recoverable	6,993,794

NET

(13) Net unearned premiums reported in Annual Return	1,200,441
(14) Future Excess of Loss Reinsurance Cost	0
(15) Expected Loss and ALAE Ratio	20%
(16) Expected Losses and ALAE	240,088
(17) Expected ULAE	141,877
(18) Undiscounted Expected Losses and ALAE	381,965
(19) Discounted Claim Liabilities plus PFAD in Connection with Unearned Premium	614,683
(20) Policyholder Service Costs, (7)	309,264
(21) Net liabilities in Connection with Unearned Premium	923,948
(22) Deferred Policy Acquisition Expense (DPAE) Reported in Annual Return	173,213
(23) Unearned Commissions Reported in Annual Return	0
(24) Other Net Liabilities Reported in Annual Return	0
(25) Maximum Allowable DPAE Based on Claims Experience	276,494
(26) Excess of Maximum Allowable DPAE over Reported DPAE	103,281
(27) Premium Deficiency	0

(2) Selected per actuarial judgment	(11) = 0	
(3) = (1) x (2)	(12) = (10) - (11)	(20) = (7)
(4) = (3) x Exh. 6, Line (9)	(14) = 0	(21) = (19) + (20)
(5) = (3) + (4)	(15) Selected based on 2015/2016 rating	(25) = Max [0, (13) - (21) + (23) + (24)]
(6) = Exh. 14.2, Line (10)	study for retained layer	(26) = (25) - (22)
(7) = (1) x 5.00%	(16) = [(13) - (14)] x (15)	(27) = Max [0, (21) + (22) - (13) - (23) - (24)]
(8) = (6) + (7)	(17) = (4)	
(9) = (1) - (13)	(18) = (16) + (17)	
(10) = (6) - (19)	(19) = Exh. 14.2, Line (20)	

Exhibit 14.2
Canadian Lawyers Liability Assurance Society

Provision for Adverse Deviation for Premium Liabilities
Gross and Net of Reinsurance
As at December 31, 2015

Gross

(1) Undiscounted Outstanding Liabilities	7,417,611
(2) Discounted Outstanding Liabilities at 1.50%	6,714,007
(3) Discounted Outstanding Liabilities at 1.00%	6,937,077
(4) Interest Rate Margin	223,070
Claims Development Margin	
(5) Selected Margin on Development	10.00%
(6) Required Margin	671,401
Reinsurance Margin	
(7) Selected Margin on Reinsurance	3.50%
(8) Required Margin	n/a
(9) Total Provision for Adverse Deviation	894,470
(10) Selected Outstanding Liabilities	7,608,477

Net

(11) Undiscounted Outstanding Liabilities	381,965
(12) Discounted Outstanding Liabilities at 1.50%	345,733
(13) Discounted Outstanding Liabilities at 1.00%	357,220
(14) Interest Rate Margin	11,487
Claims Development Margin	
(15) Selected Margin on Development	10.00%
(16) Required Margin	34,573
Reinsurance Margin	
(17) Selected Margin on Reinsurance	3.50%
(18) Required Margin	222,890
(19) Total Provision for Adverse Deviation	268,950
(20) Selected Outstanding Liabilities	614,683

- (1) = Exh. 14.1, line (5)
(2) = (1) x discount factor at 1.50% per selected payment pattern
(3) = (1) x discount factor at 1.00% per selected payment pattern
(4) = (3) - (2)
(5) From Exh. 9
(6) = (2) x (5)
(7) From Exh. 9
(8) Not applicable
(9) = (4) + (6) + (8)
(10) = (2) + (9)
(11) = Exh. 14.1, Line (19)
(12) = (11) x discount factor at 1.50% per selected payment pattern
(13) = (11) x discount factor at 1.00% per selected payment pattern
(14) = (13) - (12)
(15) From Exh. 9
(16) = (12) x (15)
(17) From Exh. 9
(18) = (17) x [(2) - (12)]
(19) = (14) + (16) + (18)
(20) = (12) + (19)

Exhibit 15.1
Canadian Lawyers Liability Assurance Society

Unpaid Claims and Loss Ratio Analysis Exhibit
Net of Reinsurance and in Thousands of Dollars
As at December 31, 2015

Actuary's Category : Professional Liability - Total
Exhibit Category : Liability
Accident or U/W Year: Accident Year

		Paid Losses		Unpaid Claim Analysis									Loss Ratio Analysis				
Line	Accident Year	Current Year (2015)	Cumulative (2015 and prior)	Undiscounted Unpaid Claims and Adjustment Expenses			Present Value of Unpaid Claims and Adjustment Expenses - Total	Provision and Margin for Adverse Deviation (PfAD and MfAD)				Discounted Reserves including PfAD	Income		Cumulative Investment Income from Unpaid Claim Reserves	Loss Ratio (%)	
				Case Reserves	IBNR	Total		PfAD: Claims (000\$)	MfAD: Claims (%)	PfAD: Reinsurance (000\$)	PfAD: Interest Rate (000\$)		Earned Premiums	Invest. Income from UPR		Undiscounted	Discounted
	(01)	(02)	(03)	(04)	(05)	(06)	(07)	(08)	(09)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)
1	2005 & Prior	1	34,128	0	0	0	0	0	10.0%	60	0	60					
2	2006	0	2,881	0	0	0	0	0	10.0%	19	0	19	9,293	120	1,001	31.0%	20.2%
3	2007	-116	6,628	0	0	0	0	0	10.0%	81	0	81	11,224	188	1,114	59.1%	49.0%
4	2008	-116	4,106	0	0	0	0	0	10.0%	86	0	86	9,967	187	720	41.2%	34.2%
5	2009	0	12	0	0	0	0	0	10.0%	597	0	597	9,831	123	619	0.1%	-0.1%
6	2010	0	1,047	0	0	0	0	0	10.0%	800	0	800	8,945	115	559	11.7%	14.2%
7	2011	0	1,090	0	0	0	0	0	10.0%	311	0	311	6,571	113	288	16.6%	16.7%
8	2012	94	153	11	107	118	110	11	10.0%	205	2	328	4,227	210	12	6.4%	10.6%
9	2013	94	100	11	241	252	236	24	10.0%	265	5	530	3,254	10	6	10.8%	19.1%
10	2014	0	0	5	336	341	316	32	10.0%	356	8	712	2,803	11	4	12.2%	25.2%
11	2015	0	0	5	413	418	386	38	10.0%	413	11	848	2,440	9	1	17.1%	34.6%
12	Total	-43	50,145	32	1,097	1,129	1,048	105	10.0%	3,193	26	4,372	68,555	1,086	4,324	25.3%	22.6%
17	MfAD: Reinsurance (%)											3.50%					
18	MfAD: Interest Rate (%)											0.50%					
19	Interest Rate to Discount Unpaid Claims and Adjustment Expenses (%)											1.50%					

Exhibit 15.2
Canadian Lawyers Liability Assurance Society

Unpaid Claims and Loss Ratio Analysis Exhibit
Net of Reinsurance and in Thousands of Dollars
As at December 31, 2015

Actuary's Category : Total
Exhibit Category : Total
Accident or U/W Year: Accident Year

		Paid Losses		Unpaid Claim Analysis									Loss Ratio Analysis				
Line	Accident Year	Current Year (2015)	Cumulative (2015 and prior)	Undiscounted Unpaid Claims and Adjustment Expenses			Present Value of Unpaid Claims and Adjustment Expenses - Total	Provision and Margin for Adverse Deviation and MfAD)				Discounted Reserves including PfAD	Income		Cumulative Investment Income from Unpaid Claim Reserves	Loss Ratio (%)	
				Case Reserves	IBNR	Total		PfAD: Claims (000\$)	MfAD: Claims (%)	PfAD: Reinsurance (000\$)	PfAD: Interest Rate (000\$)		Earned Premiums	Invest. Income from UPR		Undiscounted	Discounted
	(01)	(02)	(03)	(04)	(05)	(06)	(07)	(08)	(09)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)
1	2005 & Prior	1	34,128	0	0	0	0	0	10.0%	60	0	60					
2	2006	0	2,881	0	0	0	0	0	10.0%	19	0	19	9,293	120	1,001	31.0%	20.2%
3	2007	-116	6,628	0	0	0	0	0	10.0%	81	0	81	11,224	188	1,114	59.1%	49.0%
4	2008	-116	4,106	0	0	0	0	0	10.0%	86	0	86	9,967	187	720	41.2%	34.2%
5	2009	0	12	0	0	0	0	0	10.0%	597	0	597	9,831	123	619	0.1%	-0.1%
6	2010	0	1,047	0	0	0	0	0	10.0%	800	0	800	8,945	115	559	11.7%	14.2%
7	2011	0	1,090	0	0	0	0	0	10.0%	311	0	311	6,571	113	288	16.6%	16.7%
8	2012	94	153	11	107	118	110	11	10.0%	205	2	328	4,227	210	12	6.4%	10.6%
9	2013	94	100	11	241	252	236	24	10.0%	265	5	530	3,254	10	6	10.8%	19.1%
10	2014	0	0	5	336	341	316	32	10.0%	356	8	712	2,803	11	4	12.2%	25.2%
11	2015	0	0	5	413	418	386	38	10.0%	413	11	848	2,440	9	1	17.1%	34.6%
12	Total	-43	50,145	32	1,097	1,129	1,048	105	10.0%	3,193	26	4,372	68,555	1,086	4,324	25.3%	22.6%
13	ULAE - Total											2,016					
14	"Facility Association" and "Plan"											0					
15	Other reserves											0					
16	Grand Total											6,388					



Actuaries & Insurance Management Advisors

Canadian Lawyers Liability Assurance Society

Actuarial Valuation of Policy Liabilities as at December 31, 2015

Presentation to the Audit Committee
February 18, 2016

CLLAS

Scope of the Actuarial Valuation

- Disclosure – Draft Results
- Valuation of policy liabilities
 - Claim liabilities
 - Liabilities in connection with unearned premium
 - Other policyholder liabilities
- Consideration of various components of the liabilities
 - Amounts gross of reinsurance
 - Amounts recoverable from reinsurers
 - Proportional reinsurance
 - Aggregate reinsurance
 - Loss portfolio transfer
 - Amounts net of reinsurance

CLLAS

- Please note that the Valuation results presented herein are draft. Our final signed Valuation results will be provided once we receive the following:
 - Receipt of auditor letter on specified audit procedures and data reliance
 - Confirmation from management that there are no subsequent events which would cause a deviation in the Valuation results in excess of our materiality standard
- Per the Canadian Actuarial Standards of Practice, changes having an impact in excess of our standard of materiality as of December 31, 2015 may need to be reflected and/or disclosed in the Valuation report and may result in a change in the financial statements

CLLAS

Case Reserves vs. Actuarial Reserves

- Case Reserves
 - Individual Estimates
 - Based on known facts at time reserves are established
- Actuarial Reserves
 - Aggregate Estimates
 - Recognize reserving/settlement patterns and project unknown events
- Incurred But Not Reported (IBNR) is the difference between actuarial reserves and case reserves
 - Emergence of unknown claims
 - Loss development on known claims

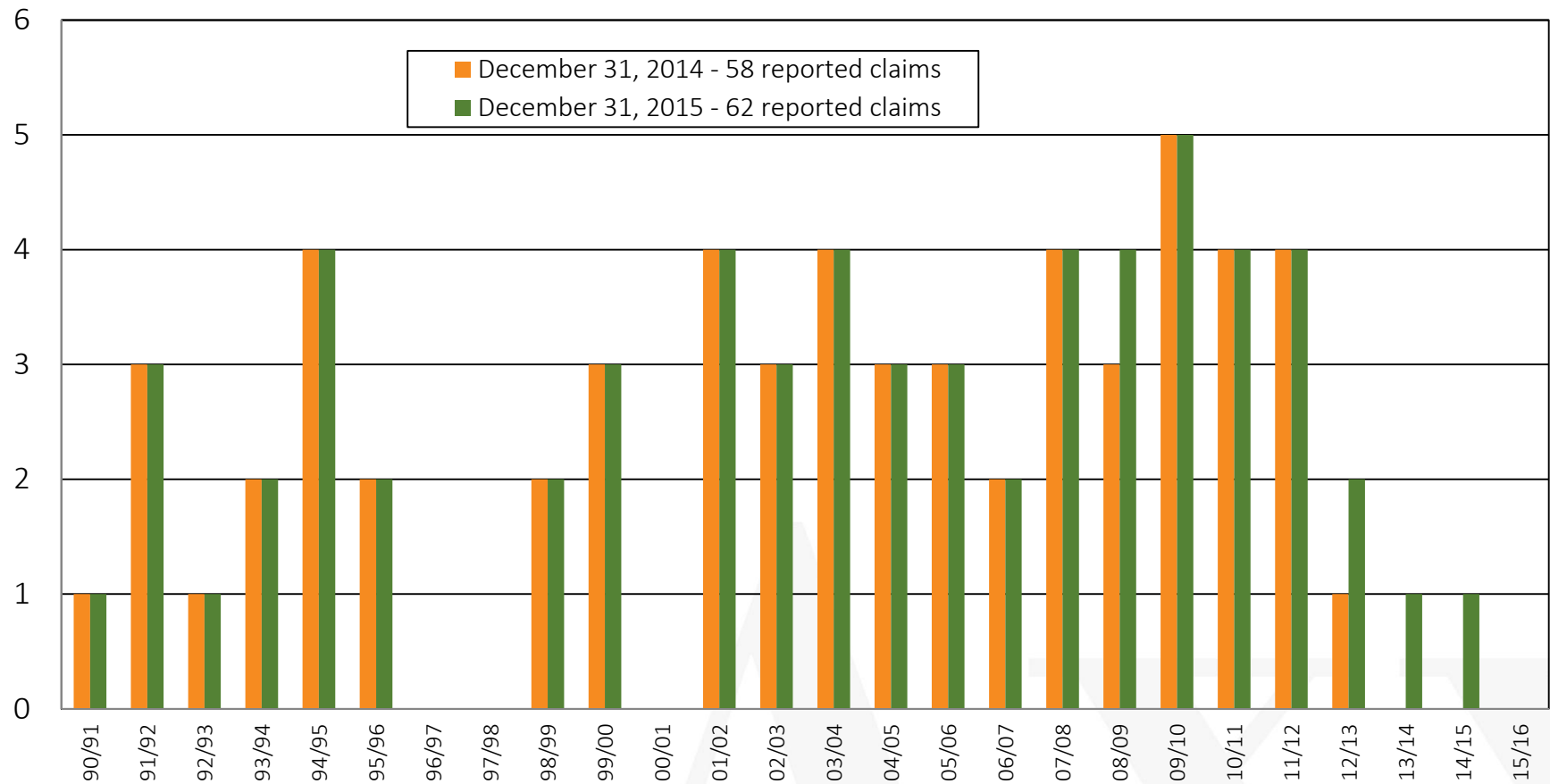
CLLAS

Actuarial Methodology

- Gross liabilities are estimated using loss data by layer
- Liabilities ceded to reinsurers are estimated based on the reinsurance arrangements in effect in each historical policy period
- Claim liabilities include:
 - Case Reserves
 - Incurred but Not Reported (IBNR) Reserves
 - Unallocated Loss Adjustment Expenses (ULAE) Reserves
- Claim liabilities are discounted and include a provision for adverse deviation

CLLAS

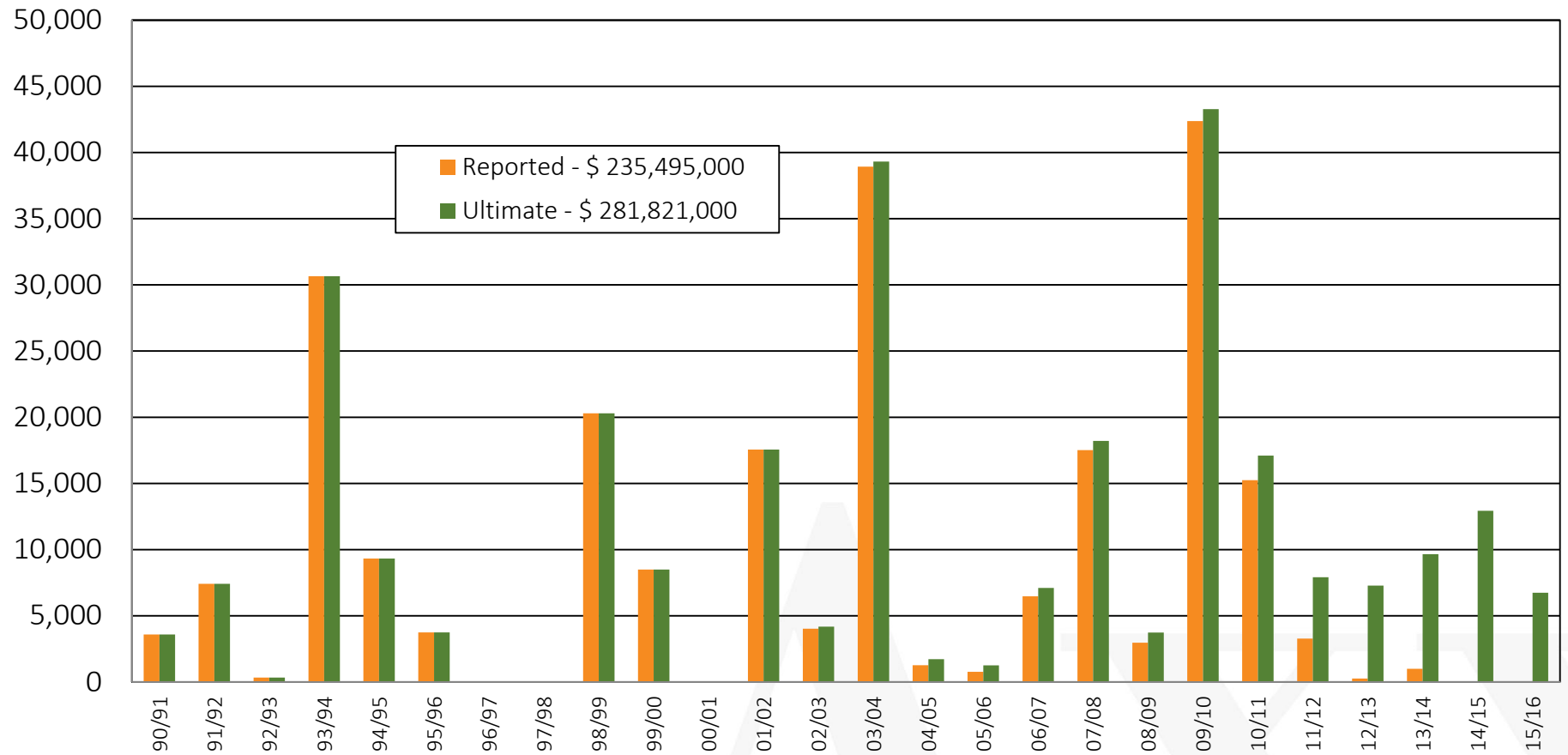
Reported Incurred Loss Activity – Claim Counts *



* Includes non-zero claims only

CLLAS

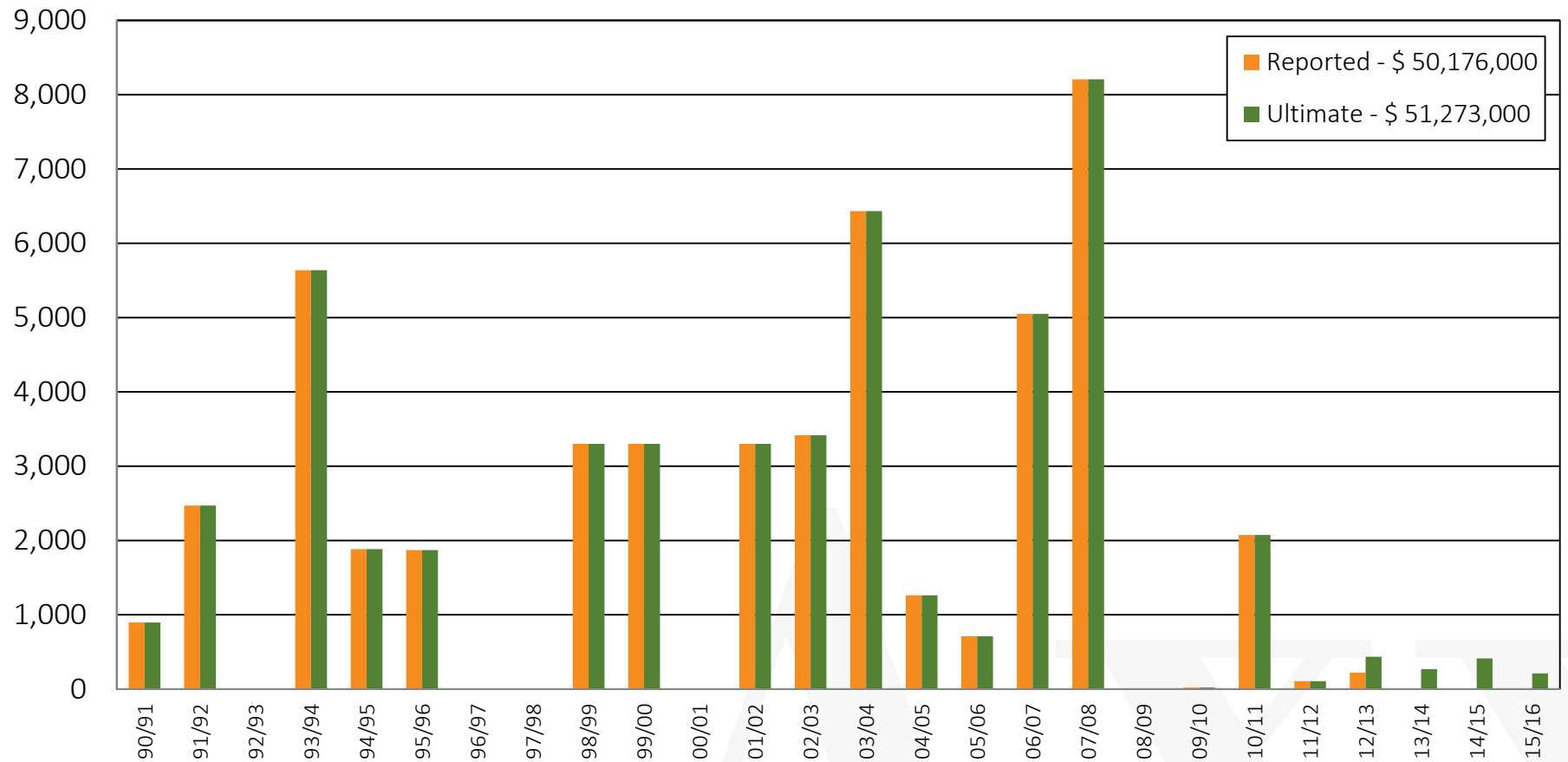
Gross Reported vs. Ultimate Losses* (in \$000's)



* Excluding ULAE

CLLAS

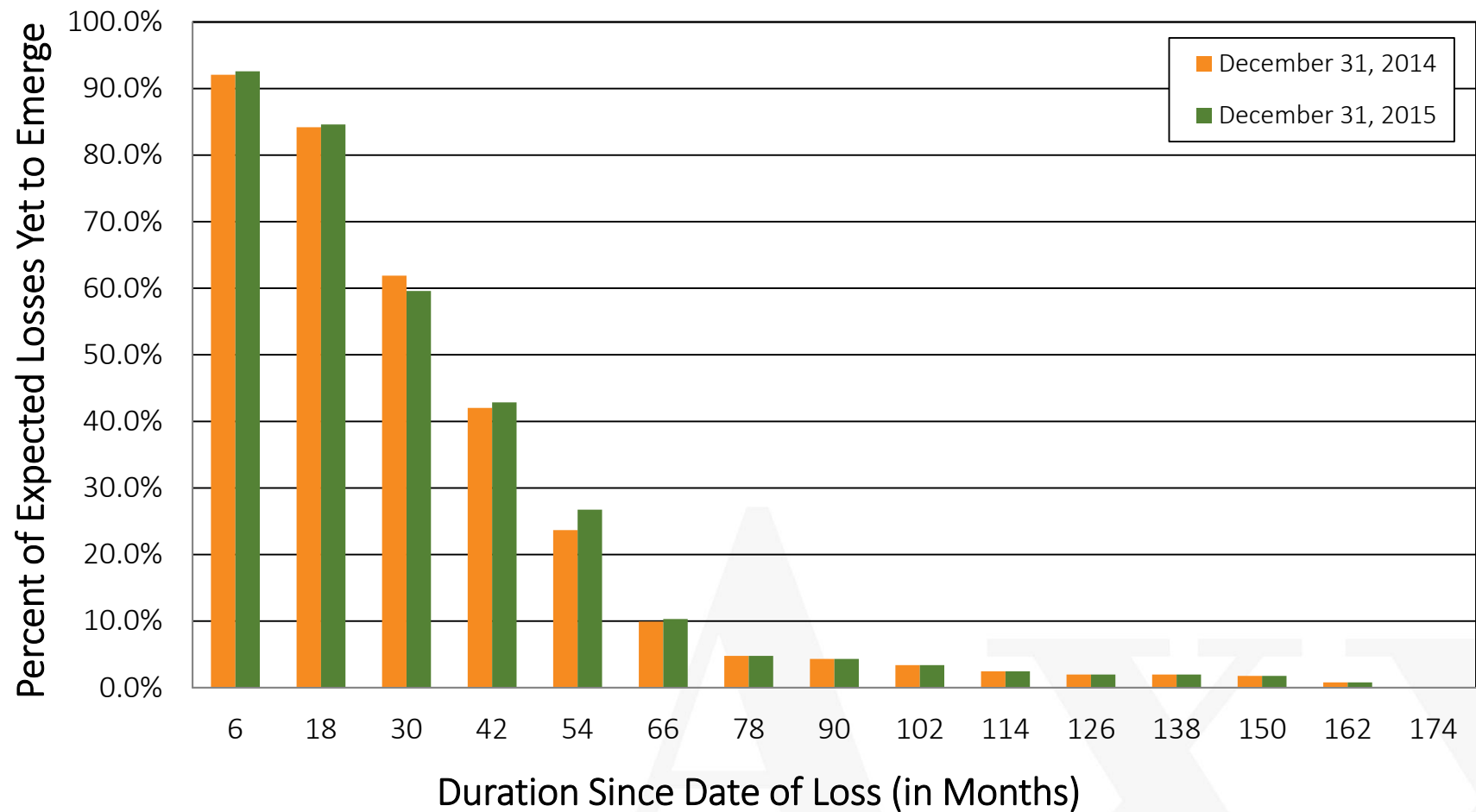
Net Reported vs. Ultimate Losses* (in \$000's)



* Excluding ULAE; Ultimate losses are fixed for policy periods prior to June 30, 2012 due to the Loss Portfolio Transfer with Colchester Reinsurance Ltd.

CLLAS

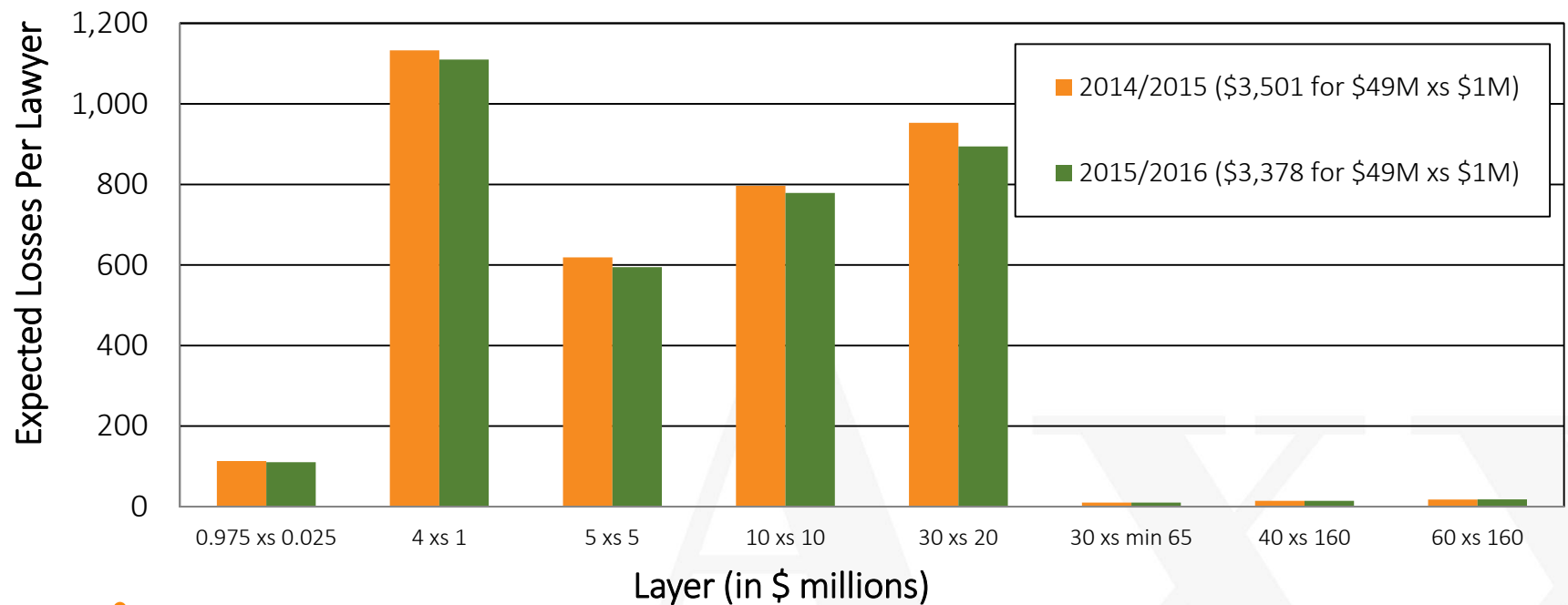
Loss Development Factors



CLLAS

2015/2016 Expected Loss Costs

- Revision of expected loss costs for 2015/2016 reflects emerging expectations of expected losses in each layer.
- The \$49M xs \$1M layer is broken down into smaller layers for valuation purposes: \$4M xs \$1M, \$5M xs \$5M, \$10M xs \$10M and \$30M xs \$20M.



CLLAS

Arrangement between CLLAS and Colchester for 2015/2016

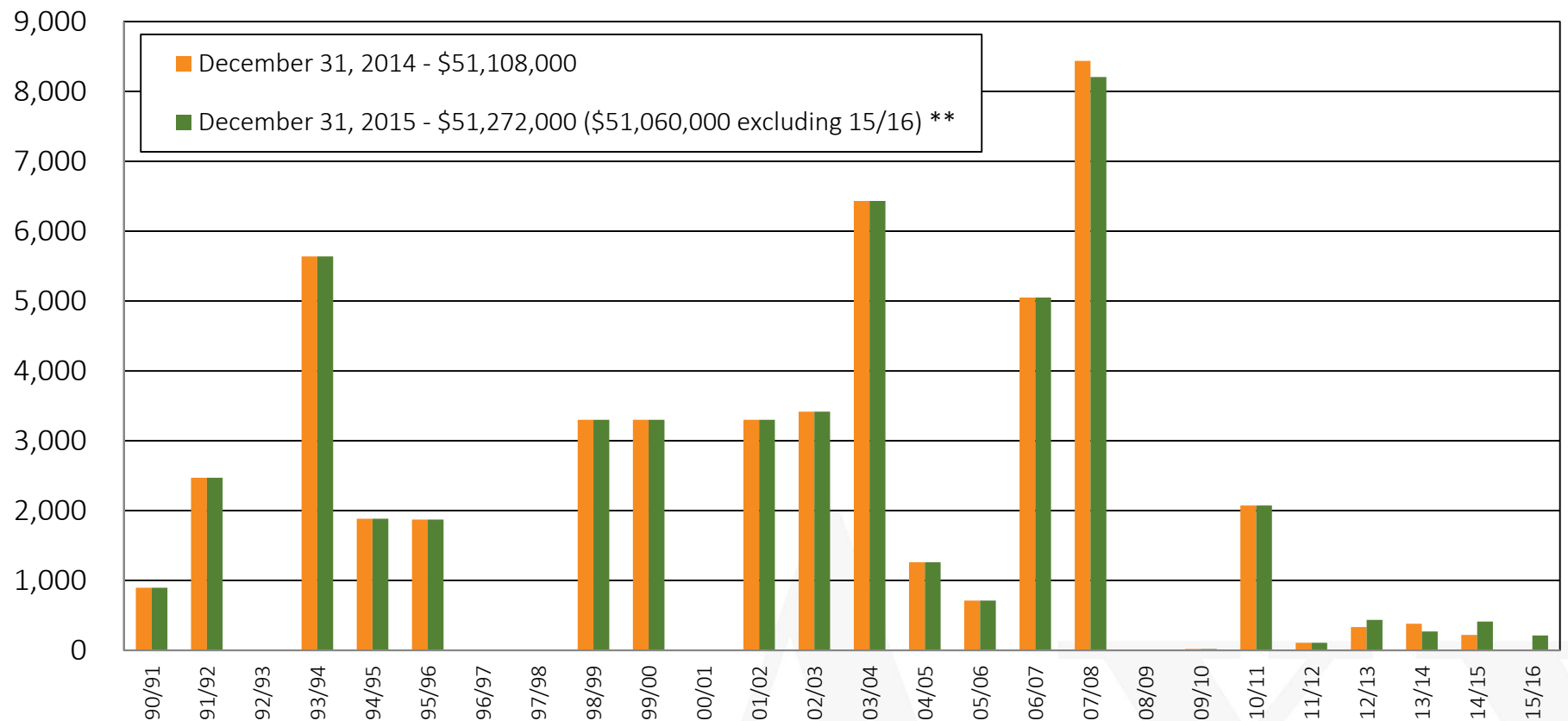
- Colchester retains 20% of the layer \$49,000,000 xs \$1,000,000
- The per-claim retention for CLLAS subject to the aggregate limit includes:
 - 100% of the layer \$975,000 xs \$25,000
 - 0% of the layer \$49,000,000 xs \$1,000,000
- Colchester provides aggregate reinsurance coverage of \$10,000,000 in excess of a \$5,000,000 limit

Loss Portfolio Transfer to Colchester on June 30, 2012

- Colchester purchased net outstanding claims obligations on policies written between July 1, 1987 and June 30, 2012
- CLLAS's remaining net claim liabilities attributable to the business written prior to June 30, 2012 are provisions for ULAE

CLLAS

Evolution of Net Ultimate Losses* (in \$000's)



* Excluding ULAE

**There is no development on policy periods prior to June 30, 2012 due to the loss portfolio transfer with Colchester Reinsurance Ltd, except for recoveries such as for policy year 2007/2008.

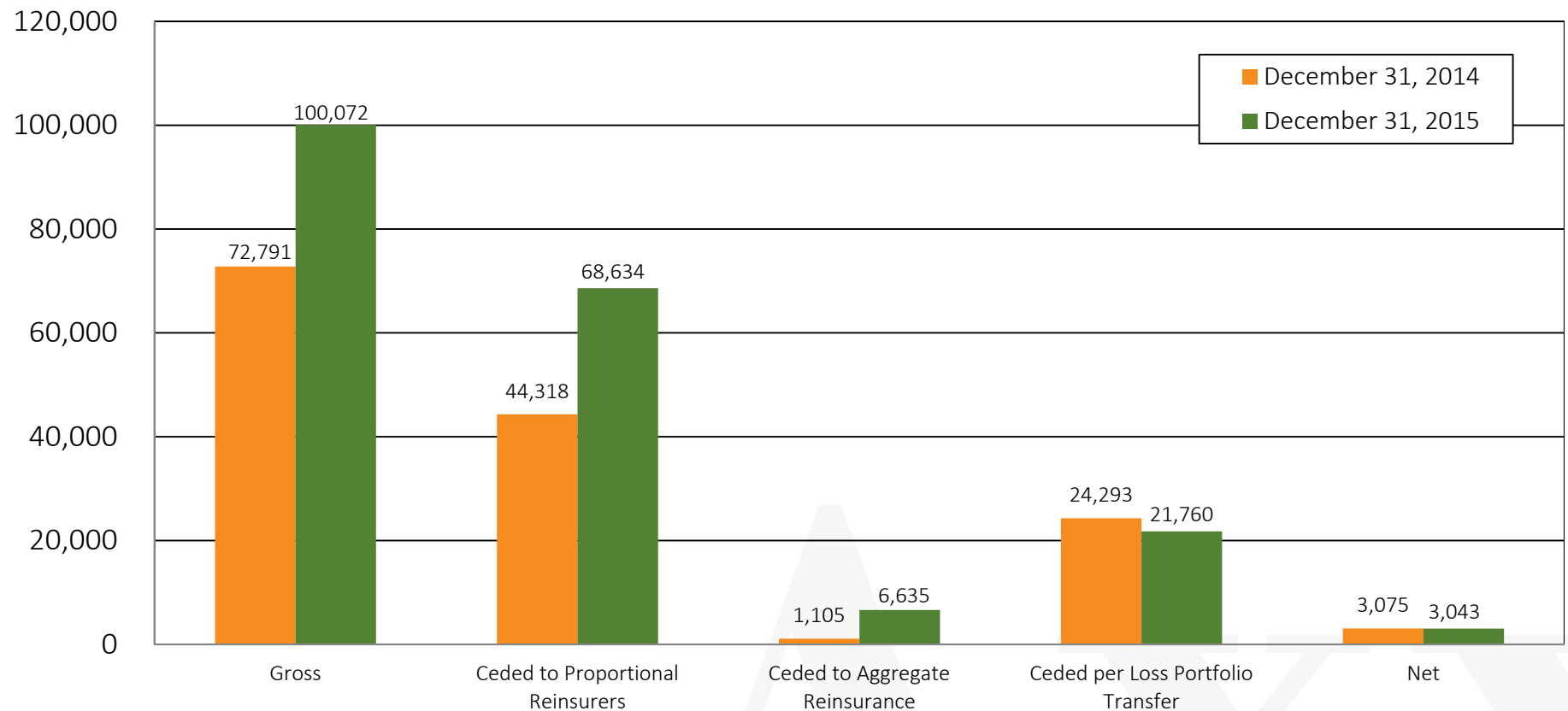
CLLAS

Unallocated Loss Adjustments Expenses (ULAE)

- Represents the provision for the claims management function to service existing obligations if CLLAS were to cease writing business on December 31, 2015
- Loading of 1.95% applied to gross case reserves and gross provisions for IBNR
- Provision for ULAE at December 31, 2015: \$1,914,000
- The provision for ULAE is entirely retained by CLLAS

CLLAS

Breakdown of Outstanding Claim Liabilities* (in \$000's)



* On an undiscounted basis

CLLAS

Valuation Basis

- Statutory Purposes and Professional Requirements:
Discounted Liabilities
+
Provision for Adverse Deviation (PFAD)

Discounted Liabilities

- The discount rate is used for the discounting of future claims payments
- A discount rate of 1.50% (1.85% in 2014) was selected based on the market yield of CLLAS' fixed income portfolio at December 31, 2015 since CLLAS has classified its fixed income portfolio as available-for-sale per IFRS 9

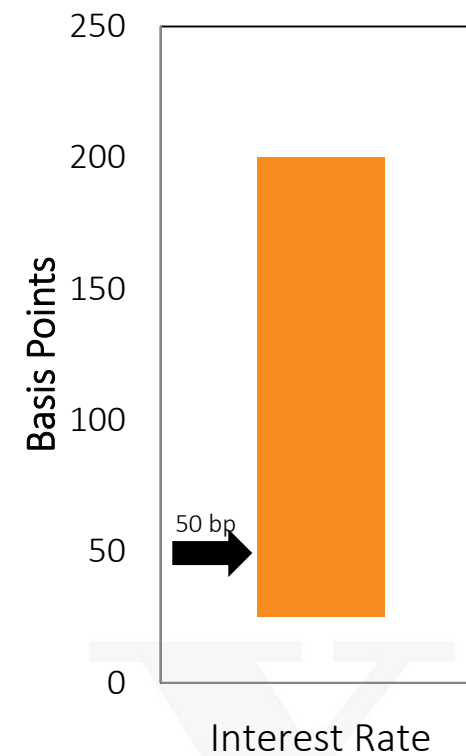
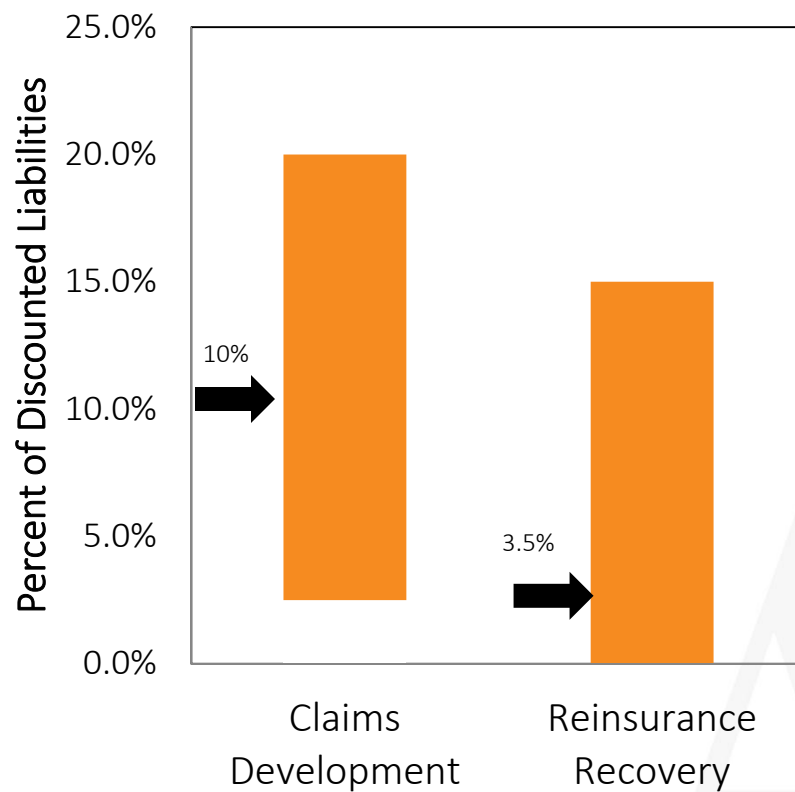
CLLAS

PFAD reflects three variables:

- **Claims development:**
Claims experience worse than expected
- **Reinsurance recovery:**
Reinsurers default on their obligations
- **Interest rate:**
Investment yield below expectations

CLLAS

Selected Margins for Adverse Deviation



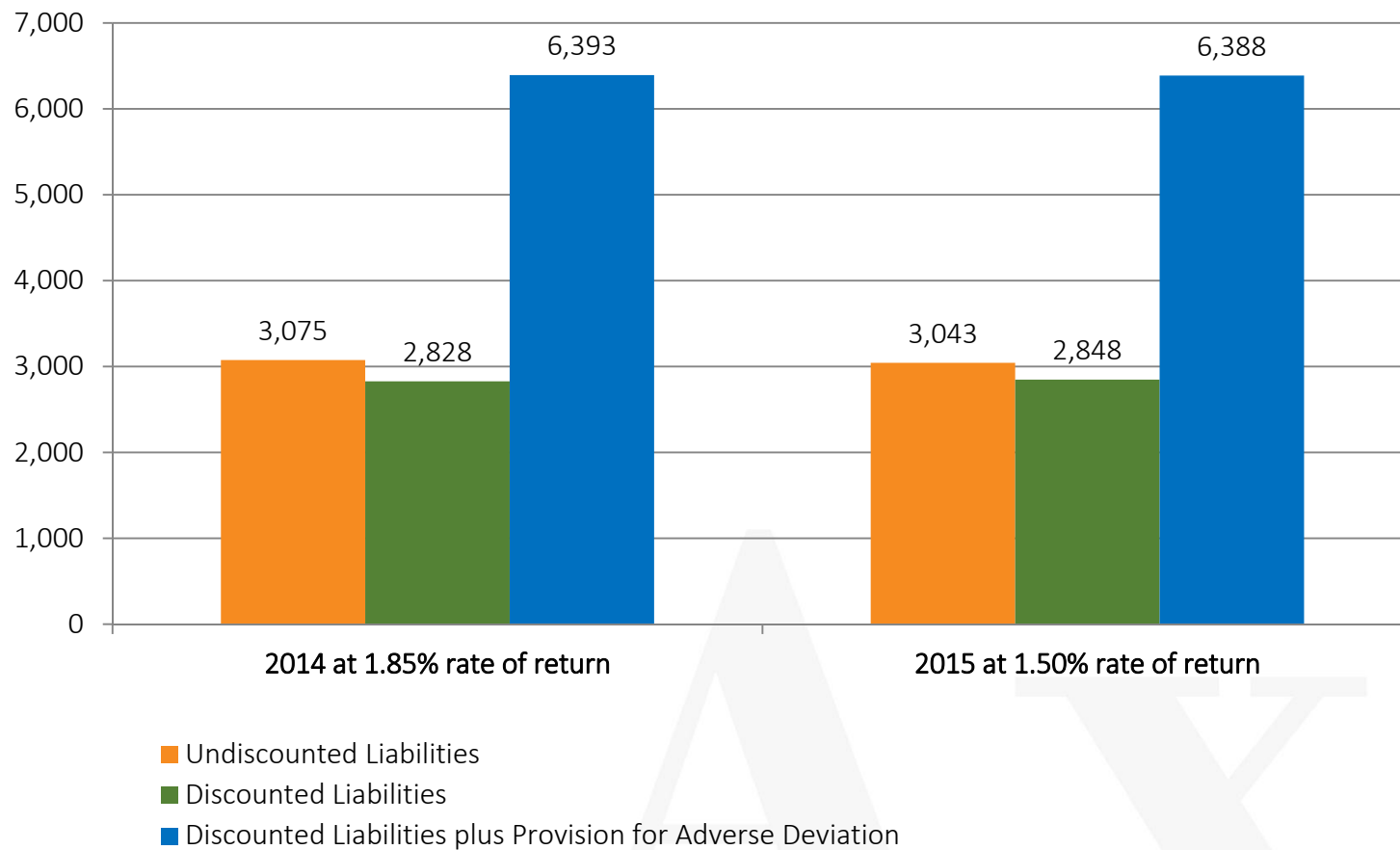
CLLAS

Impact of changes in methodology and assumptions

- There was no change in methodology in the valuation at December 31, 2015
- The impact of the change in loss development factors, ULAE load, discount rate and reinsurance PFAD led to a decrease of \$1,227,000 in net discounted claim liabilities. The decrease is mainly driven by the change in reinsurance PFAD.

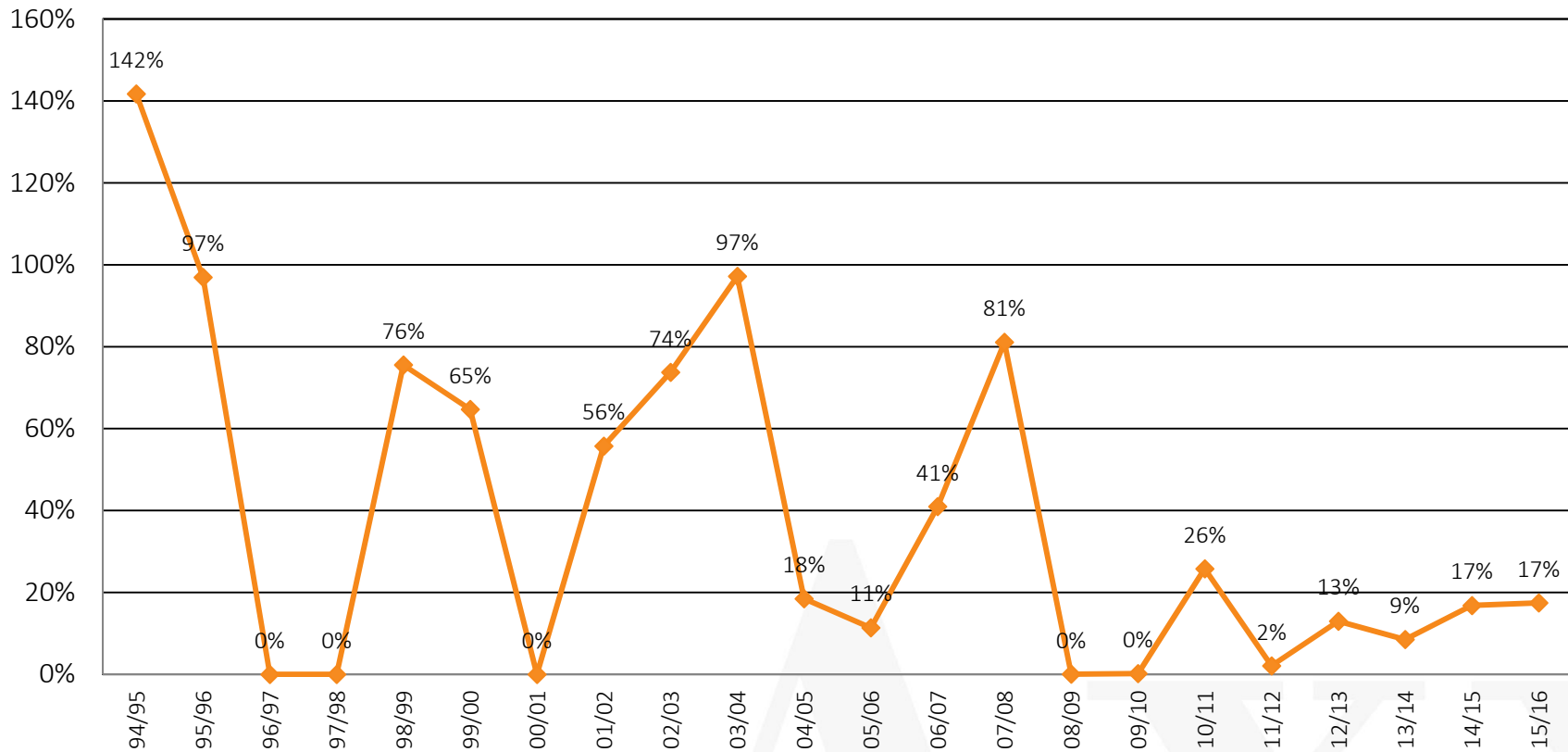
CLLAS

Summary of Net Provision for Unpaid Claims (in \$'000s)



CLLAS

Net Ultimate Loss Ratio*



* Excluding ULAE

CLLAS

Premium Liabilities

- A premium deficiency is generated if the premiums yet to be earned are not expected to sustain the expected expenses associated with earning them, i.e., if

Net unearned premiums

- Net liabilities in connection with unearned premiums
- Deferred policy acquisition expenses
- = Less than zero

- The premium deficiency is \$0
- The deferred policy acquisition expense asset is \$173,000

February 16, 2016

Private & Confidential

Mr. Nicholas Leblovic, Chair
Canadian Lawyers Liability Assurance Society
c/o Davies, Ward, Philips & Vineberg LLP
40th Floor, 155 Wellington Street West
Toronto, Ontario M5V 3J7

Dear Nick,

The purpose of this letter is to set out the proposed operating budget for CLLAS for 2016, including the proposed budget for the provision by Axxima of Management and Professional Services.

TOTAL OPERATING BUDGET FOR 2016

The draft total operating budget for CLLAS for 2016 is presented in Attachment A to this letter, together with the budget and actual figures for 2015. Overall, CLLAS finished 2015 6%, or \$140,000, under budget. A discussion of the “Other Expense” lines is immediately below and the Management and Professional Services lines are addressed in the second part of this letter.

- **Audit Expenses.** Audit expenses for 2015 were slightly over budget, in part due to one-time fees associated with the MCT transition rules mandated by OSFI. The three-year arrangement with Deloitte on audit fees came to an end in 2014 and the Audit Committee requested a proposal for the next three years. Deloitte has proposed an approach similar to the expiring one, with the base fee being adjusted by 3% each year, and any scope changes being addressed as needed. The 2016 budget is based on the proposal provided by Deloitte.
- **Premium Taxes.** Premium taxes came in on budget for 2015. The budget was lower than the actual premium tax expense for the year because a premium deficiency at the end of 2014 limited the maximum allowable deferred expenses for 2014. That is, CLLAS was not allowed to defer the full amount of premium taxes attributable to the second half of the 2014/15 policy year, and therefore had to expense a portion of those premium taxes in 2014. This issue affects the timing of expenses premium taxes, not the actual cost to CLLAS. As the issue does not exist at the 2015 year-end, the premium tax budget for 2016 reflects the actual premium taxes which are expected to be paid on 2016 premiums.

- **Chairman's Honorarium.** This budget line is being adjusted to reflect the decision of the Board made at the December 2015 meeting.
- **Special Services.** This line tracks expenses related to external legal and other professional services provided to CLLAS. In 2015, no expenses were attributable to this line item. We propose to maintain the budget for 2016 at the expiring level.
- **Miller Fees.** Miller fees for the 2014/15 policy year were agreed at \$279,000. Miller has agreed to maintain its fee for the 2015/16 policy year at the same level.
- **Assessment Fees.** The assessment fees are charged to CLLAS by the regulators vary each year due to reassessments done by the regulators for prior years (based on their own costs and revenues). No fees were assessed in 2015 but we plan to keep the expiring budget for 2016.
- **Investment Counsel Fees.** Investment counsel fees for 2015 were lower than budgeted because more funds were held in short term investments than we anticipated. Fees charged by the investment manager are lower on short term investments than on long term investments. The fees for 2016 have been budgeted based on the estimated split between the short and long term funds for the year.
- **Risk Management/Loss Prevention.** The Risk Management/Loss Prevention line finished the year under budget. We expect John Walker to invoice for his services of re-auditing CLLAS firms as well as an audit of the new associate firm in 2016. Subject to input from the Risk Management Committee, we propose to leave this budget line unchanged for 2016.

FIVE YEAR SUMMARY OF OPERATING EXPENSES

During last year's discussion on the operating budget for 2015, it was suggested that operating expenses for the previous five years be shown on a "per lawyer" basis. That information is in the table on the next page.

	2011	2012	2013	2014	2015
Written Premium	\$17,006,743	\$14,228,728	\$13,769,929	\$13,080,403	\$12,438,547
Annual Operating Exp. ¹	\$2,267,422	\$2,166,329	\$1,810,398	\$1,809,664	\$1,854,302
Exp. as % of Premium	13.3%	15.2%	13.1%	13.8%	14.9%
Lawyer Count	4,802	4,533	4,265	4,317	4,322
Avg. Cost per Lawyer	\$472	\$478	\$425	\$419	\$429

1 Expenses exclude premium taxes and investment management costs as these are a function of premium and invested assets respectively. Expenses also exclude the costs associated with the ACE arbitration which were incurred in 2011 and prior years, and recovered in 2011.

Some observations on the information in the above table:

- 2011 and 2012 were busy years for CLLAS from an expense perspective, due to the implementation of the new reinsurance arrangements effective July 1, 2011 (i.e. the introduction of the 49x1 layer) and the restructuring which took place effective July 1, 2012 and included the move of CLLAS's regulatory jurisdiction from Ontario to Alberta, the Loss Portfolio Transfer and the reinsurance security agreement with Colchester.
- Written premiums have fallen steadily since 2011 due primarily to the continuing soft market and the restructuring of the reinsurance program which enables CLLAS to take advantage of the soft market.
- As Blakes withdrew from CLLAS effective July 1, 2012, the lawyer count for 2012 includes the Blakes lawyers for 50% of the year.
- CLLAS' expenses as a percentage of premium have increased slightly in recent years, due in large part to the continuing decrease in overall premium. Expenses on a per lawyer basis in recent years are lower than in 2011 and 2012, and appear to be fairly stable.

Looking forward, we can expect an impact on per lawyer CLLAS expenses both from the anticipated withdrawal of Dentons and due to the addition of new firms via the CLLAS Associate Member initiative. The implications of Lenczner Slaght becoming an Associate Member at January 1, 2016 are discussed in the last section of this letter.

PROFESSIONAL AND MANAGEMENT SERVICES

1. Management Services

Management Services are provided on a fixed fee basis, with the exception of Claims Analysis, which is a variable line item related to management of CLLAS' active large loss files. Due to claims activity, as discussed in more detail below, Management Services finished the

year \$23,946 over its budget of \$635,000. The proposed fixed fee budget for 2016 is \$615,000, a decrease of \$20,000, or 3.1%, compared to the previous year.

Details by line are presented in the following table:

Activity	2015 Budget	2015 Actual	Fav/ (Unfav) Variance	2016 Budget (proposed)	Change (\$)	Change (%)
Financial	\$180,000	\$180,000	\$ 0	\$195,000	\$ 15,000	8.3%
General Admin.	\$ 83,000	\$ 83,000	\$ 0	\$ 88,000	\$ 5,000	6.0%
Claims Admin.	\$300,000	\$300,000	\$ 0	\$260,000	(\$ 40,000)	-13.3%
Claims Analysis*	\$ 72,000	\$ 95,946	(\$23,946)	\$ 72,000	\$ 0	0.0%
Total	\$635,000	\$658,946	(\$23,946)	\$615,000	(\$ 20,000)	3.1%

* Variable

- (a) **Financial Reporting.** Activity on the Financial Reporting line continued to track over budget in 2015 as we moved to implement and maintain new Alberta regulatory requirements, including the quarterly monitoring of financial ratios, etc. We anticipate additional activity in 2016 due to the monitoring of risk targets and limits as a consequence of ORSA. As a result, we are proposing a budget for the Financial Reporting line of \$195,000, which is an increase of \$15,000, or 8%, over 2015. We have been advised by the Alberta regulator that there are no further regulatory changes on the horizon at the OSFI level, so we expect that the activity on this line should be stable going forward.
- (b) **General Administration.** The General Administration line includes such activities as Board meeting preparation, renewal applications, policy preparation, risk management initiatives, website maintenance and miscellaneous coverage/policy enquiries from Subscribers, etc. Activity was somewhat above expectations in 2015 and we are proposing an adjustment of \$5,000 or 6% to this line for 2016.
- (c) **Claims Administration.** The Claims Administration line remained active in 2015 due in part to the reinsurance attachment point of \$1 million (i.e. reinsurers are concerned with all claims reserved at \$500,000 or more ground up). We continue to work on efficiencies in claims management and administration and as a result are proposing a reduction of \$40,000, or 13%, for 2016.

- (d) **Claims Analysis.** The Claims Analysis line, which tracks activity on the claims where CLLAS is actively involved in claims management (due to the nature or significance of the particular claims) finished 2015 over budget. The Claims Analysis line is variable, i.e. it is adjusted quarterly based on activity in the year. The overage in 2015 was largely due to the managing the immediate aftermath of the significant judgment which was received on a CLLAS claim in July 2015. We are proposing to leave the budget number unchanged for 2016.

Aside from a proposed adjustment to account for the CLLAS Associate commission as discussed below, we are proposing no change to the fixed fee structure, i.e. the services will be provided on a fixed fee basis, with the exception of the variable line for Claims Analysis. Please see Attachment B to this letter for a brief summary of the activity associated with each of the above line items.

2. Professional Services

Professional Services, i.e. actuarial, reinsurance and strategic services, are provided on a fee-for-service basis. Budgets are set at the beginning of the year, but the actual costs on these lines depends on the value of activity throughout the year. While the fees on the Strategic Services line exceeded budget (see discussion below), overall fees for 2015 were about \$46,000 (8.5%) under the budget of \$535,000. For the reasons discussed below, we are proposing an increase in the overall budget for Professional Services of \$35,000 or 6.5%.

Details by line are discussed after the table.

	2015 Budget	2015 Actual	Fav/ (Unfav) Variance	2016 Budget (proposed)	Change (\$)	Change (%)
Actuarial	\$ 85,000	\$103,509	(\$ 18,509)	\$ 85,000	\$ 0	0.0%
Reinsurance	\$300,000	\$227,280	\$ 72,720	\$325,000	\$ 25,000	8.3%
Strategic	\$150,000	\$158,403	(\$ 8,403)	\$160,000	\$ 10,000	6.7%
Total	\$535,000	\$489,192	\$ 45,808	\$570,000	\$ 35,000	6.5%

- (a) **Actuarial Services.** Activity on the Actuarial line exceeded the budget due primarily to the fast-tracking of the ORSA work. The original timeline for the preparation of the initial ORSA Report anticipated that the work would be spread over two years, 2015 and 2016, with the final Report being filed by October 31, 2016. It became apparent

that the most efficient way to process the communication of the quantitative evaluation of CLLAS' material risks was in the context of the full draft report including surplus targets and risk limits. As a result, the bulk of the work required to complete CLLAS' first ORSA Report was done in 2015 (with the draft report being discussed at the December 2015 Board meeting). In essence, the two year project was substantially completed in 2015. We don't anticipate a similar level of actuarial work recurring in 2016 and so we propose to leave the budget unchanged from 2015.

(b) **Reinsurance Services.** As indicated in the table above, Reinsurance Services finished 2015 well under budget. In 2015, as in most years, discussions took place with potential new reinsurers (and in fact Arch was replaced with CAN) but the overall structure remained the same and the renewal was relatively straightforward. We anticipate 2016 being a more labour-intensive renewal process as a result of recent claims activity. It is possible that the current limit structure could be amended and/or that new limits could be added. The strategy for the renewal is being finalized and, to be conservative, we propose the Reinsurance Services budget be increased from \$300,000 to \$325,000 for 2016. To the extent the strategy does not involve structural changes, this budget could be reduced to \$300,000. In any event, we attempt to budget conservatively and, as shown in 2015, if the budget is not required, it is not expended.

(c) **Strategic Services.** In 2015, fees incurred on the Strategic Services line totaled \$158,403 compared with a budget of \$150,000. Activities included work relating to:

- Work on the CLLAS Associate Membership initiative including the submission to the markets;
- Discussions with select law firms concerning CLLAS Associate Membership;
- On-going work on governance policies including ORSA/ERM, outsourcing and related party transactions;
- Meetings/discussions with the Alberta Superintendent of Insurance re ongoing regulatory requirements; and
- Completing the licensing process in Nova Scotia.

Activity on the Strategic Services line is difficult to predict but given the CLLAS expansion initiatives currently underway we propose an increase of \$10,000 to this budget line for 2016.

The foregoing are budget estimates only and to the extent that the level of activity on a particular line proves to be less than anticipated, the budget will not be fully spent.



3. Commission on CLLAS Associate Premium

As you are aware, Lenczner Slaght joined the CLLAS Associate program effective January 1, 2016. The firm chose an 18-month policy which expires on June 30, 2017. The premium for the first 12 months of the policy term has been invoiced and received. The premium for the final six months will be invoiced on January 1, 2017. The premium was paid to Axxima's insurance brokerage and is remitted to the insurers net of a 25% commission. The commission for 2016 (i.e. the first twelve months of the term) is \$35,017.50.

In keeping with our discussions on the CLLAS Associate structure, we propose to apply the dollar value of this commission against the fixed fee budget for 2016. As a result, instead of the fixed fee of \$615,000 as discussed above, the fixed fee proposed for 2016 is \$580,000 (i.e. \$615,000 minus \$35,000).

We look forward to discussing this proposed budget with you and the CLLAS Advisory Board at the upcoming meeting. Please do not hesitate to call to discuss this matter in the meantime.

Sincerely,



Patrick Mahoney

PMM/

Copy: CLLAS Advisory Board

**Canadian Lawyers Liability Assurance Society
2016 Operating Budget**

	<u>FY 15 Budget</u>	<u>FY 15 Actual</u>	<u>Fav/ (Unfav) Variance</u>	<u>Proposed FY 2016 Budget</u>
MANAGEMENT SERVICES				
Financial	180,000	180,000	0	195,000
General Administration	83,000	83,000	0	88,000
Claims Administration	300,000	300,000	0	260,000
Claims Analysis	72,000	95,946	(23,946)	72,000
Sub-Total Management Services	635,000	658,946	(23,946)	615,000
PROFESSIONAL SERVICES				
Actuarial Services	85,000	103,509	(18,509)	85,000
Reinsurance Matters	300,000	227,280	72,720	325,000
Strategic Matters	150,000	158,403	(8,403)	160,000
Sub-Total Professional Services	535,000	489,192	45,808	570,000
Total Management & Professional Services	1,170,000	1,148,138	21,862	1,185,000
HST on Consulting Fees	152,100	149,258	2,842	154,050
Total Consulting Services	1,322,100	1,297,396	24,704	1,339,050
OTHER EXPENSES				
Audit Expenses	103,000	110,878	(7,878)	107,000
Annual Dinner	7,000	5,083	1,917	7,000
Premium Taxes	269,000	262,362	6,638	355,000
Chairman's Expenses	3,000	822	2,178	3,000
Chairman's Honourium	75,000	75,000	-	150,000
Reinsurance Expense	11,000	5,836	5,164	7,500
D&O Insurance	14,000	13,851	149	14,000
Office Expenses	27,500	21,662	5,838	25,000
Office Expenses - Website management	3,000	2,936	64	3,000
Claims: Borderaux (LawPro/LIF)	14,600	14,900	(300)	15,000
Special Services	50,000	0	50,000	50,000
Miller Insurance Fees (Reins. Comm.)	282,000	279,000	3,000	279,000
I.B.C Statistical Plan Fees	5,000	2,810	2,190	4,000
Provincial Assessment Fees	3,000	3,000	-	3,000
Investment counsel fees	36,000	24,904	11,096	32,000
Investment - Custodial	18,000	17,953	48	17,000
Risk Management/Loss Prevention	50,000	16,950	33,050	50,000
Licensing Fee	6,500	4,178	2,322	6,500
Insurance Sundry	0	0	-	0
Sub-total	977,600	862,124	115,476	1,128,000
TOTAL	2,299,700	2,159,520	140,180	\$2,467,050

Note: Other Expenses include HST where applicable.

CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY

Management Services - Overview of Activity by Budget Line

Presented below is a brief summary of the activity associated with each of the Management Services budget lines, as well as a discussion of the guidelines for determining whether a claim falls within the “Claims Analysis” line, which operates on a fee for service basis.

1. Financial Reporting

The Financial Reporting area involves all financial functions including:

- compliance with regulatory/reporting requirements (including IBC reporting, P&C1 filings, province-specific filings)
- preparation of financial statements (quarterly and annual)
- facilitating regulatory audit and managing relationship with regulator
- managing year-end audit (Deloitte) and liaising with auditors
- interaction with the Audit Committee
- maintenance of cashbooks
- bank statement reconciliations
- accounts payable/receivable
- cheque preparation and deposit
- premium collection/remittance
- claims reimbursements from reinsurers
- liaison with investment manager
- budget variance analysis
- subscribers accounts

2. General Administration

The General Administration line covers work relating to:

- preparation for/attendance at Advisory Board meetings
- preparation for/attendance at standing committee meetings (e.g. policy, risk management - all meetings other than claims and audit)
- renewal applications
- premium invoices
- policy preparation and issuance
- policy inquiries
- miscellaneous inquiries from Subscribers
- general administrative matters
- website maintenance

3. Claims Administration

The Claims Administration line covers all claims activity except for senior consultant time spent on the claims that meet the criteria set out in Section 4 below. Activity on this line includes:

- maintenance of claims database
- maintenance of physical files
- initial file review
- acknowledgment and follow-up letters
- correspondence with insured firms
- interaction with underlying insurers (e.g. bordereaux updates)
- preparation for/attendance at Claims Committee meetings
- interaction with Claims Committee members
- liaison with reinsurers on claims (preparation of large loss reports, answering specific inquiries, managing reinsurer audits)
- preparation of claims activity schedule for Advisory Board meeting
- co-ordination of instructions to counsel

4. Claims Analysis

Pursuant to the agreement between CLLAS and Axxima, routine and recurring claims management/analysis work is provided by Axxima for a fixed fee to be agreed upon by the parties. Certain files require significant additional claims management work by Axxima on a claim by claim basis. Work on these claims will be accounted for as a separate budget line item.

The following guidelines dictate when a claim will move from the fixed fee to the variable fee category.

1. The underlying insurer (e.g. LawPRO, LSBC-LIF) has tendered the defence of the matter to CLLAS;
2. Settlement involving a potential contribution from CLLAS is being actively pursued; or
3. The Office of the General Manager has become very active in the management of the claim due to, for example, the potential of the claim.



MEMORANDUM

DATE: January 17, 2016
TO: CLLAS Advisory Board
FROM: Patrick Mahoney
COPY:
RE: Final Own Risk and Solvency Assessment (ORSA) Report

You will recall that at its December 9, 2015 meeting, the Board reviewed CLLAS' draft ORSA Report. The Board discussed some edits to the draft Report and concluded that, notwithstanding that the analysis indicated that CLLAS' internal target could prudently be set at a lower level, CLLAS' target should be set at 210% MCT to accommodate the regulator's expectations. The Board asked that I review the final draft with the Superintendent's office and, after incorporating any final changes from that discussion, that the final Report be provided to the Board for consideration and approval at the February 24, 2016 meeting.

I reviewed the draft ORSA Report with Laurie Balfour of the Superintendent's office on January 6, 2016. She advised that the Superintendent does not "approve" ORSA Reports but that she was happy to provide informal feedback. Overall, she indicated that she would be happy to receive reports of this depth and quality from all the regulated entities regulated in Alberta.

In terms of specific input, the primary feedback from the regulator was that since the supervisory target is a 210% MCT ratio, CLLAS' internal target should be higher than that. I explained that given the results of the ORSA analysis, the Board would not want to aim any higher than 210%. She asked that we include commentary in the Report to the effect that CLLAS' subscribers agreement gives the Board the ability to declare retroassessments if necessary and that the Subscribers appreciate this. She said that not all reciprocals have this power (or the ability to pay quickly) so it helps her in providing flexibility if we document this.

Attached to this memo is the body of the ORSA Report, blacklined to show changes from the version reviewed by the Board at the December 9, 2015, 2015 meeting. The Report should be considered for adoption by the Board at its February 24, 2016 meeting. Assuming the Report is adopted, the next steps with respect to ORSA and ERM are as follows:

1. The approved ORSA Report is to be filed with the regulator within 30 days of adoption.
2. A one-page regulatory filing called the Key Metrics Report (KMR) is to be filed within 30 days of adoption of the ORSA Report. This is basically an exhibit that compares the MCT capital required to the ORSA target adopted by CLLAS.



3. For CLLAS' June Board meeting, the Enterprise Risk Management (ERM) policy will be finalized and a Risk Metrics Report to track CLLAS' performance against the risk targets and limits set out in the ERM Policy will be developed. This Risk Metrics Report will be updated quarterly and included as an exhibit in CLLAS' quarterly financial management report.
4. CLLAS' current and potential additional risk mitigation measures (as described on Pages 17 and 18 of the ORSA Report) will be reviewed and a timeline will be prepared to address additional measures. Examples of action items include the development of a formal Reinsurance Risk Management Policy and an Outsourcing Policy.
5. Over the course of 2016, we will confirm with the Superintendent of Insurance the exact nature of the annual ORSA filing requirement for CLLAS. At this stage, based on informal discussions, the regulator has indicated that unless there is a material change in CLLAS' risk profile, it will not be necessary to undertake a full ORSA analysis each year. Instead, it will be sufficient to prepare the KMR and file a letter confirming that the capital assigned to support the entity's risks has not changed since the previous Report was prepared. Under this approach, it may be necessary to conduct the full ORSA analysis once every three to five years.

I look forward to discussing the final draft ORSA Report with you.



CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY

Own Risk and Solvency Assessment
Fiscal Years 2015/2016 to 2019/2020

Final Report
February 24, 2016



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PART 1 — EXECUTIVE SUMMARY

This report summarizes the Own Risk and Solvency Assessment (“ORSA”) for the Canadian Lawyers Liability Assurance Society (“CLLAS” or “the Reciprocal”) based on the Reciprocal’s financial position as at June 30, 2015. This report includes financial projections for fiscal years 2015/2016 to 2019/2020.

This report was prepared by the Office of the General Manager in collaboration with Axxima Inc., a non-affiliated company of CLLAS providing actuarial and strategic advisory services to CLLAS.

1.1. Purpose and Scope

The ORSA is a qualitative and quantitative assessment of material risks and capital adequacy to support those risks under normal and stressed conditions. One important element of ORSA is developing an internal capital/surplus target based on CLLAS’ own risk appetite and risk profile, instead of through standard formulas such as the Minimum Capital Test (“MCT”) or Alberta Maintenance of Reserve and Guarantee Fund (“AMRGF”) requirement.

The ORSA is primarily used as a strategic planning tool to assist the Advisory Board in determining an appropriate and prudent target capital/surplus level based on the business strategy. In addition, this ORSA report is designed to meet various regulatory requirements adopted by the Alberta Superintendent of Insurance (“Superintendent”).

This report documents the Reciprocal’s Enterprise Risk Management (“ERM”) philosophy, material risks and capital requirements to support business strategy.

1.2. Conclusions

The following were concluded:

1. Based on its current risk profile, CLLAS’ main sources of inherent risk (i.e. risk before mitigation strategies) are insurance/reinsurance, premium & strategy and operational risks.
2. Based on its current risk profile, CLLAS’ main sources of residual risk (i.e. risk after mitigation strategies) are insurance/reinsurance, operational and inflation risks.
3. CLLAS takes significant insurance risk since it writes insurance for professional liability insurance losses with significant limits per claim. CLLAS currently mitigates its insurance risk by limiting its net retention to drop down claims and \$5,000,000 in the annual aggregate. CLLAS also mitigates the risk of reserve deterioration with a Loss Portfolio Transfer with Colchester through which CLLAS cedes all development on claims reported prior to June 30, 2012.



4. CLLAS is exposed to significant reinsurance risk; unpaid claims recoverable from reinsurers are above \$100,000,000 as at June 30, 2015. Reinsurance risk can emerge in the form of reinsurance defaults or disputes as well as through reductions in market capacity and variability in reinsurance rates. CLLAS mitigates this risk through the selection of reinsurers with high credit ratings.
5. CLLAS is well capitalized as at June 30, 2015 based on the risk profile of its assets and liabilities. The surplus is \$13,622,000 as at June 30, 2015 and the MCT ratio is 547% before the application of transition rules. The AMRGF requirement is met with a margin in excess of \$10,000,000.
6. A new MCT framework was adopted by the Superintendent effective January 1, 2015. This new framework is beneficial to CLLAS as the surplus that CLLAS is required to hold under this new framework has decreased. As at December 31, 2014, the new MCT framework required CLLAS to hold \$3,980,000 less surplus to meet an MCT ratio of 210%.

The Superintendent has adopted transition rules over a period of three years to smooth the impact of the introduction of the new formula which must be adhered to by all insurance entities. This implies that until December 31, 2017, CLLAS will be required to hold additional capital to meet a minimum MCT of 210%. The additional surplus required of \$3,980,000 at December 31, 2014 will gradually decrease to \$3,317,000 at June 30, 2015, \$2,653,000 at December 31, 2015, \$1,990,000 at June 30, 2016, and so on. The additional surplus required will be \$0 starting December 31, 2017

6-7. Assuming that CLLAS maintains its insurance and reinsurance structure, the actuary estimated the following:

- o There is an estimated probability of 95% that the surplus will remain above \$10,493,000 at June 30, 2016 and above \$3,372,000 at June 30, 2020.
- o The surplus position as at June 30, 2015, together with the current funding mechanism, is estimated to be sufficient to support the business strategy with a probability of 96.9% over the next 3 years and 94.1% over the next five years. In other words, the probability of incurring at least one retroassessment to meet the AMGRF requirement is 3.1% over the next 3 years and 5.9% over the next 5 years.

1.3. Recommendations of Management

Based on the review and analysis provided by the actuary, the following is recommended:

1. The Advisory Board should adopt an internal capital/surplus target based on risk appetite. Based on the actuarial analysis presented in Part 7 ~~and~~, assuming that the current insurance and



reinsurance structure are maintained, and taking into account CLLAS' contractual ability to assess its subscribers, the Advisory Board could consider an internal capital/surplus target ratio of 210%.

An MCT ratio of 210% as at June 30, 2015 corresponds to a surplus position of \$5,975,292,000 which is made up of capital required of \$4,766,000 ~~plus~~ an amount of \$1,209,000 which represents the reinsurance recoverable from unregistered reinsurers not covered by collateral and an amount of \$3,317,000 required due to transition rules.

2. The Advisory Board should adopt targets and limits for key risk metrics for individual risks based on risk appetite and the following targets and limits:

Risk Category	Risk Metric	Risk Target	Risk Limit
Insurance	Prior year development	0%	Gross: 20% Net: 10%
	3-year net combined ratio before surplus adjustments	100%	125%
	Maximum allocation to a single jurisdiction		67%
Reinsurance	Reinsurer credit rating	A	A-
	Maximum concentration with a single reinsurer excluding Colchester	10%	15%
Interest Rate	Interest rate risk per MCT formula at 1.25%	\$250,000	\$600,000
<u>Liquidity</u>	<u>Proportion of the short-term investment fund to the total value of the short-term and long-term investment funds</u>	<u>40%</u>	<u>20%</u>
	Cash and short-term investments to gross liabilities	15%	10%
	Cash and investments in excess of AMRGF requirement	TBD <u>\$3,500,000 to \$7,000,000</u>	TBD <u>\$3,500,000 to 0</u>
Asset Default	Credit rating of invested assets <u>bonds and treasury bills</u>	AA to AAA	A
	<u>Credit rating of bankers acceptances and certificates of deposit</u>	<u>R-1 high</u>	<u>R-1 high</u>
	Maximum allocation to a single non-government security		5%
Strategy	Annual Advisory Board turnover	2 members	4 members
Operational	Key management/advisor turnover	1 per 3 years	1 per year

3. Management should track the adopted key risk metrics at least annually and consider taking action when such metrics exceed the risk limits adopted by the Advisory Board.
4. The risk targets, risk limits and internal ~~capital~~-target should be reviewed annually, or more frequently if there are material changes in the risk profile or strategy.

1.4. Recommendations Adopted by the Advisory Board

~~[To be completed after]~~ Based on the recommendations of management:

1. The surplus target will be based on an MCT of 210% disregarding transition rules for fiscal year 2016;
- ~~1.2.~~ The Advisory Board ~~meeting~~ adopted the risk metric targets and limits as recommended by management;
3. The adopted risk metrics will be monitored by the Office of the General Manager and reported to the Advisory Board on a quarterly basis;
4. The risk targets, risk limits and internal target will be reviewed by December 31, 2016 in the context of the 2016 ORSA.



PART 2 — PURPOSE AND SCOPE

The ORSA is a qualitative and quantitative assessment of material risks and capital adequacy to support those risks under normal and stressed conditions. One important element of ORSA is developing an internal capital target based on CLLAS' own risk appetite and risk profile, instead of through standard formulas such as the MCT or AMRGF requirement.

The ORSA is primarily used as a strategic planning tool to assist the Advisory Board in determining an appropriate and prudent target capital level based on the business strategy. In addition, this ORSA report is designed to meet the regulatory requirements set out in the following supervisory guidelines adopted by the Alberta Superintendent:

- OSFI Corporate Governance Guideline;
- OSFI Guideline A-4: Regulatory Capital and Internal Targets;
- OSFI Guideline E-18: Stress Testing; and
- OSFI Guideline E-19: Own Risk and Solvency Assessment.

The main objectives of this report are the following:

- Identify the main sources of risk;
- Identify risk mitigation strategies;
- Identify and recommend risk metrics, risk targets and risk limits for periodic monitoring;
- Evaluate the capital required to support the Reciprocal's anticipated strategy and risk profile;
- Stress test the impact of alternate risk assumptions on the financial position; and
- Recommend an internal surplus target for adoption by the Advisory Board.

Notwithstanding that CLLAS, as a reciprocal, does not have capital *per se*, this report will generally refer to capital instead of surplus, as that is the terminology used in the relevant OSFI supervisory guidelines.



PART 3 — DEFINITIONS

Alberta Maintenance of Reserve and Guarantee Fund (“AMRGF”) Requirement:	Regulatory solvency requirement set of in Articles 99 and 100 of the Alberta Insurance Act.
Enterprise Risk Management (“ERM”):	The discipline by which an organization in any industry assesses, controls, exploits, finances and monitors risks from all sources for the purpose of increasing the organization’s short- and long-term value to its stakeholders.
Minimum Capital Test (“MCT”):	Regulatory solvency test generally applied to commercial insurers but also used as a monitoring tool for reciprocals.
Risk:	Potential that the financial position will be affected due to deviation of actual results from expected results.
Risk appetite:	The level of aggregate risk that an organization chooses to take in pursuit of its objectives.
Risk limit:	A threshold used to monitor the actual risk exposure of a specific unit or units of the organization to ensure that the level of aggregate risk remains within the risk tolerance.
Risk metric:	A measure of risk.
Risk mitigation:	Action that reduces the frequency or severity of a risk.
Risk profile:	The nature and magnitude of risks to which an organization is exposed over a specified period of time.
Risk mitigation:	Action that reduces the frequency or severity of a risk.
Stochastic model:	Model relying on statistical probability distributions to determine results.

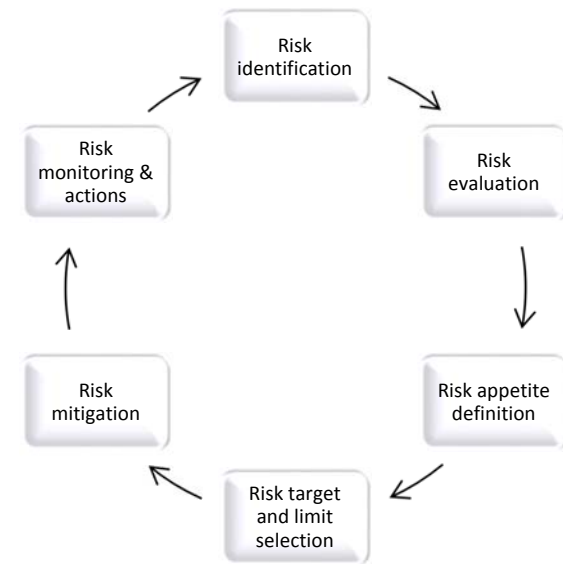
PART 4 — ENTERPRISE RISK MANAGEMENT FRAMEWORK

ERM has multiple objectives, including the following:

- Avoid or mitigate risks that could materially impair the financial position;
- Accept risks that contribute to the business strategy;
- Manage risks in accordance with best practices and enhance strategic decision-making; and
- Promote a better understanding of the interrelationships between the risk profile and capital needs.

It must be recognized that ERM is a cycle, and that risk appetite is regularly reassessed as a step of the ERM cycle. Risk appetite is fluid and reflects any improvement or deterioration in risk tolerance, changes in the business strategy and changes in economic conditions.

The ERM cycle is as follows:



The ERM cycle involves identifying all material risks, and then evaluating their potential impact to determine CLLAS' risk profile. Based on the risk profile and strategic vision, the risk appetite is defined as a high-level direction for the amounts and types of risks the entity wants to pursue. Based on the overall risk appetite, risk targets and limits are assigned to the various risks previously identified. Risk mitigation measures may be implemented by the Advisory Board and management in order to reduce the frequency or severity of risks. Risks are monitored and compared against targets and limits; the



Advisory Board and management would consider implementing appropriate actions when a risk exceeds the established limit.

Strategic Goals

One of the main goals of CLLAS is to achieve premium stability and to provide its members with adequate insurance and reinsurance coverage at a reasonable cost. The Advisory Board strives to operate with adequate surplus levels in order to mitigate the need for a retroassessment. Since CLLAS operates above its surplus target, premiums collected from members are set so that the expected net income or loss is \$0.

Risk Appetite

Risk appetite is the high-level direction for the amounts and types of risks CLLAS wants to pursue based on its risk profile, vision and overall strategy. Overall CLLAS has a low to medium risk appetite. CLLAS wants to balance the likelihood of retroassessment against the efficiency of operating with as little capital/surplus as is prudent and appropriate.

Schedule 1 presents the draft version of the ERM policy in which CLLAS' risk appetite statements can be found in Section 1.5.

Internal Controls

Internal controls consist of systematic checks and reviews to ensure the efficiency, accuracy and completeness of operations, financial reporting and compliance with applicable laws and regulations. The internal control system contributes to managing risk.

CLLAS has implemented a number of internal control processes, as follows:

Operational Function	Internal Controls
Claims management	Claims committee involvement on significant claims Periodic internal claims reviews Quarterly reports and teleconferences with reinsurers Two signed authorities on all cheques Reconciliation of claims database to financial statements
Premium management	Board approval of premium rates Reconciliation of premiums collected and invoiced
Investments	Quarterly reconciliation of cash balances and investments Quarterly review of investment report



Operational Function	Internal Controls
Finance and administration	Segregation of duties All payments via cheques Two signed authorities on all cheques Periodic bank reconciliation Board-approved budget Quarterly tracking of expenses against Board-approved budget Quarterly financial statements Signed annual audited financial statements
Regulatory Compliance	Annual checklist of compliance requirements Periodic review of applicable legislation

In addition, the Reciprocal annually engages an independent external auditor to perform a review of claims, premiums, investment and other financial accounts. The external auditor issues an opinion to the effect that financial statements are free from material misstatement and reports to the Board and senior management on the effectiveness of processes, procedures and internal controls in place.

CLLAS' actuarial liabilities were peer reviewed by an independent actuary as at December 31, 2014. The peer review actuary had no significant recommendations.

ERM Roles and Responsibilities

CLLAS and its subscribing law firms have a strong risk management culture. CLLAS' Advisory Board oversees all enterprise risk management aspects of the Reciprocal.

Section 1.10 of the draft ERM policy presented in the Schedule 1 details the roles and responsibilities of the Advisory Board, Principal Attorney and Office of the General Manager with regards to ERM.



PART 5 — OVERVIEW OF OPERATIONS

5.1. Overview of the Insurance Program

CLLAS was formed in 1986 and licensed in Ontario as an insurer in 1987 with the first policies issued with an effective date of July 1, 1987. Effective July 1, 2012, CLLAS' lead regulator was changed from Ontario to Alberta. CLLAS is licensed in Alberta, British Columbia, Nova Scotia and Ontario.

CLLAS provides professional liability insurance to subscribing law firms in excess of the compulsory coverage provided by the various law societies. Since inception, coverage provided by CLLAS has been on a claims-made basis. For the first policy term (i.e., July 1, 1987 to June 30, 1988), coverage was in excess of \$600,000. Coverage in subsequent policy terms is in excess of \$1,000,000.

A summary of the coverage provided by CLLAS is set out below:

CLLAS HISTORICAL COVERAGE SUMMARY	
Coverage Period	Coverage Provided (in million \$)
July 1, 1987 to June 30, 1988	\$24.4 excess of \$0.6
July 1, 1988 to June 30, 1989 to July 1, 1989 to June 30, 1990	\$24.0 excess of \$1.0
July 1, 1990 to June 30, 1991	\$24.0 excess of \$1.0* plus \$25.0 excess of \$50.0
July 1, 1991 to June 30, 1992 to July 1, 1996 to June 30, 1997	\$34.0 excess of \$1.0* plus \$25.0 excess of a minimum of \$50.0
July 1, 1997 to June 30, 1998	\$34.0 excess of \$1.0* plus \$25.0 excess of a minimum of \$50.0 \$15.0 excess of \$120.0 (optional layer)
July 1, 1998 to June 30, 1999	\$34.0 excess of \$1.0* plus \$30.0 excess of a minimum of \$50.0 \$20.0 excess of \$130.0 (optional layer)
July 1, 1999 to June 30, 2000 **	\$34.0 excess of \$1.0* plus \$30.0 excess of a minimum of \$50.0 \$20.0 excess of \$130.0 (optional layer)
July 1, 2000 to June 30, 2001 to July 1, 2002 to June 30, 2003 **	\$34.0 excess of \$1.0* plus \$30.0 excess of a minimum of \$50.0 \$20.0 excess of \$140.0 (optional layer)
July 1, 2003 to June 30, 2004 to July 1, 2005 to June 30, 2006 ***	\$34.0 excess of \$1.0* plus \$30.0 excess of a minimum of \$50.0 \$20.0 excess of \$140.0 (optional layer)



CLLAS HISTORICAL COVERAGE SUMMARY	
Coverage Period	Coverage Provided (in million \$)
July 1, 2006 to June 30, 2007 to July 1, 2007 to June 30, 2008 ***	\$34.0 excess of \$1.0* plus \$30.0 excess of a minimum of \$50.0 \$20.0 excess of \$140.0 (optional layer 1) \$20.0 excess of \$160.0 (optional layer 2)
July 1, 2008 to June 30, 2009 to July 1, 2009 to June 30, 2010 ***	\$34.0 excess of \$1.0* plus \$30.0 excess of a minimum of \$50.0 \$20.0 excess of \$140.0 (optional layer 1) \$10.0/20.0/30.0 excess of \$160.0 (optional layer 2)
July 1, 2010 to June 30, 2011 ***	\$34.0 excess of \$1.0* plus \$30.0 excess of a minimum of \$50.0 \$20.0 excess of \$140.0 (optional layer 1) \$20.0/30.0/40.0 excess of \$160.0 (optional layer 2)
July 1, 2011 to June 30, 2012 to July 1, 2015 to June 30, 2016 ****	\$49.0 excess of \$1.0* plus \$30.0 excess of a minimum of \$65.0 \$10.0/20.0/30.0/40.0/50.0/60.0 excess of \$160.0 (optional layer)

* The excess policies are endorsed to drop down to excess of \$250,000 (\$25,000 starting in 2008/2009) in certain instances

** For Québec, all CLLAS coverage is provided in excess of a \$5 million retention up to and including policy year 2002/2003

*** For Québec, for policy years 2003/2004 and after, CLLAS coverage is provided \$30million in excess of a \$10 million retention

**** For Québec, for policy year 2011/2012 and after, CLLAS coverage is provided \$40 million in excess of a \$10 million retention

As of July 1, 2002, the firm aggregate limit on the first \$5 million of coverage, inclusive of underlying, was set at \$25 million. This was reduced as of July 1, 2007 to \$12 million and further reduced to \$5 million as of July 1, 2008. As of July 1, 2011, the policy limits presented above (except for the umbrella layer, discussed below) are also firm aggregate limits.

The umbrella layer of coverage (\$30 million excess of a minimum of \$65 million) is subject to an annual aggregate of \$60 million for all law firms combined. Coverage between the basic coverage described above (\$49 million excess of \$1 million) and the minimum attachment point of \$65 million of the umbrella layer is not provided by CLLAS, but left to individual subscribers to arrange. As of July 1, 2008, CLLAS began offering an option of \$10 million excess of \$160 million, \$20 million excess of \$160 million or \$30 million excess of \$160 million in optional layer 2. As of July 1, 2010, CLLAS began offering an option of \$20 million excess of \$160 million, \$30 million excess of \$160 million or \$40 million excess of \$160 million in optional layer 2. As of July 1, 2011, CLLAS replaced its two optional layers with a single layer excess of \$160 million (increased from previous years' \$140 million attachment point) with options ranging from \$10 million to \$60 million in \$10 million increments.



CLLAS' operations, including underwriting, claims, brokerage, actuarial and finance, are outsourced to third parties. CLLAS' Advisory Board, supported by its standing committees, provides oversight for these operations.

The number of insured lawyers increased from approximately 1,500 to 4,300 (including 51 patent and trademark agents) from 1987/1988 to 2015/2016. The firm Blake, Cassels & Graydon LLP withdrew from CLLAS at June 30, 2012. In 2014, a number of lawyers previously with Heenan Blaikie joined various CLLAS firms.

CLLAS was managed by The Wyatt Company from its inception in 1987 until late 1995, by Dion, Durrell + Associates Inc. until September 2013, and by Axxima Insurance Services, a division of 3303128 Canada Inc. ("Axxima Insurance Services") thereafter.

For policy year 2015/2016, CLLAS issued insurance contracts for total number of lawyers of 4,295 and collected total net premiums of \$2,415,000. The net income was \$201,000 and the surplus was \$13,623,000 for the policy year ended June 30, 2015. All invested assets were held in cash, cash equivalents and investments with credit rating of A-1 or higher for short-term investments and A+ or higher for long-term investments.

Statements of financial position and of comprehensive income for the policy years ended June 30, 2014 and 2015 are presented in Section 1, Exhibits 1A and 1B respectively.

5.2. Operating Environment

Professional liability insurance losses are subject to significant volatility surrounding the timing, frequency and severity of claims. Claim frequency is expected to remain stable but individual claims are expected to trend up by approximately 6% per year.

The Reciprocal currently operates with the philosophy of collecting premiums which are expected to generate no profit or loss over a given policy year. Premiums are expected to cover losses, operating expenses and reinsurance costs and include a credit to recognize the expected investment income during the year. The Board may, at its discretion, ~~distribute a portion of the surplus~~apply additional premium discounts when the surplus held is in excess of the surplus target (approximately \$500,000 in 2014/2015 and 2015/2016).

CLLAS is not aware of any legal or regulatory changes or any precedents set in case law that would impact existing or future claims.



5.3. Reinsurance

CLLAS cedes paid losses, case reserves and provisions for IBNR in three ways:

1. **Proportional reinsurance:** The amounts ceded to proportional reinsurance in each layer vary according to the reinsurance arrangements effective in each policy period. The size and number of layers have varied over time.
2. **Aggregate reinsurance:** CLLAS' aggregate reinsurance with Colchester Reinsurance Limited ("Colchester") is applicable to its retention after reflection of proportional reinsurance. The amounts ceded to aggregate reinsurance vary according to the reinsurance arrangements effective in each policy period.
3. **Loss portfolio transfer:** At June 30, 2012, CLLAS entered into a loss portfolio transfer agreement with Colchester which covers all outstanding claim 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.

The current and historical reinsurance arrangements are summarized in the Section 3 exhibits.

Commercial market reinsurance and excess insurance 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 therefore rates and availability for layers in excess of CLLAS' net retention are expected to remain stable.

5.4. Regulatory Environment

In March 2013, the Superintendent adopted OSFI's solvency, governance and other supervisory guidelines which were historically only applicable to federally-regulated insurance companies. The Superintendent has flexibility and discretion in the application of these guidelines for reciprocals.

MCT

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 Superintendent is increasingly looking to apply the MCT standard to reciprocals but has indicated that it has discretion in the application of solvency requirements for reciprocals.



The MCT ratio is calculated as follows:

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

The Capital Available is equal to the entity's surplus, reduced by the amount of reinsurance recoverables from unlicensed reinsurers not covered by deposits. 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 operational risk.

The MCT calculation was changed effective January 1, 2015; capital charges were revised and an operational risk charge and diversification credit were introduced. The regulator has indicated that it will be targeting 210% as a supervisory target MCT ratio. Alberta-regulated reciprocals are expected to determine an internal target MCT ratio through the ORSA and operate with surplus in excess of this internal target.

The Reciprocal's MCT ratio as at December 31, 2014 increased from 346% using the previous formula to 694% using the new formula, mainly due to lower capital requirements for gross claim and premium liabilities. Transitional adjustments will ensure that all insurance entities transition to the new MCT framework over a period of 3 years.

A summary of the MCT ratio calculation using the new formula for the year ended December 31, 2014 and the policy year ended June 30, 2015 is presented in Section 1, Exhibit 1C.

AMRGF

The primary regulatory solvency test for Alberta-based reciprocals remains the AMRGF requirement. The AMRGF requirement is a liquidity requirement which essentially prescribes that a reciprocal must hold cash and approved securities in excess of the following:

$$\begin{aligned} \text{AMRGF Requirement} = & 50\% \text{ of premiums written} \\ & - 50\% \text{ of premiums written ceded to licensed reinsurers} \\ & + \text{Total Liabilities} \\ & - \text{Unearned premiums} \\ & - \text{Unpaid claims recoverable from licensed reinsurers} \\ & + \$50,000 \end{aligned}$$

CLLAS must maintain cash and approved securities in excess of this requirement in order to avoid a retroassessment. At June 30, 2015, CLLAS met this requirement with an excess margin of \$10,335,000, as shown in Section 1, Exhibit 1D.



In the event that a reciprocal fails to meet regulatory requirements, the Superintendent would require a retroassessment in order to replenish the surplus or liquidity position. The subscribers are contractually obligated to pay a retroassessment declared by CLLAS and, being large law firms, have the ability capacity to finance a retroassessment.

Premium Tax

The Government of Alberta announced an increase in the insurance premium tax rate from 3% to 4% effective April 1, 2016. This change is not expected to be material for CLLAS.

PART 6 — IDENTIFICATION OF MATERIAL RISKS

6.1. Material Inherent Risks

The Board identified ten broad risk categories applicable to the Reciprocal. The inherent risk (i.e. risk before the application of risk mitigation strategies) for each category was qualitatively evaluated by the ~~committee~~Board and ranked in order of most to least significant, as follows:

1. **Insurance (claims) risk:** This risk arises out of the uncertainty surrounding the timing, frequency and severity of losses. Examples include large losses, change in payment patterns and increase in losses frequency.
2. **Premium and strategy risk:** This risk pertains to underwriting, competitive pressures as well as the inability to implement the business strategy. Examples include inadequate or uncompetitive premium rates and gain or loss of subscribers.
3. **Reinsurance risk:** This risk arises from reinsurer default, reduction in market capacity following major events, increases in reinsurance rates and disputes over policy conditions.
4. **Operational risk:** This risk arises from inadequate or failed processes, people, systems or external events. Examples include the loss of key personnel, business continuity issues, IT and data failures, information/privacy breaches and fraud.
5. **Inflation risk:** Examples of inflation risk include changes in the rate of general inflation as well as social inflation risk such as new legal precedents and changes in social attitudes and expectations. Inflation generally affects claim payments, operating expenses as well as investment yields.
6. **Interest rate (market) risk:** This risk category relates to the volatility in investment yields, which impact both investments and unpaid claims.
7. **Regulatory risk:** This risk arises out of changes in the regulatory environment. Examples include increases in solvency requirements.
8. **Credit/default risk:** Examples of credit risk include defaults on investments and accounts receivable.
9. **Liquidity risk:** This represents the potential for losses due to holding insufficient funds in liquid assets such as cash and short-term fixed income. Examples include needing to realize a loss on the sale of a bond when there is insufficient liquidity to pay for claims and expenses and having reinsurance receivables but not enough liquid assets to pay for a claim.



10. **Reputation risk:** Reputation risk arises when the confidence of subscribers, reinsurers and other business partners leads to a negative impact on net income, surplus or liquidity.

In addition, concentration risk arises from failure to diversify risk. It is a risk category closely tied with other risk categories, such as insurance (claims), reinsurance, premium and investments.

Based on its Investment Policy, CLLAS holds all its assets in cash and Canadian bonds and is therefore not directly exposed to equity or foreign exchange risks.

Schedule 2 of this report presents the ranking methodology as well as additional background on the main categories of inherent risk as determined by the Board.

6.2. Risk Mitigation

Risk mitigation measures are adopted by the Advisory Board and management in order to mitigate the frequency or severity of risks. CLLAS would consider risk mitigation strategies for all material risk categories, such as the following:

Risk Category	Current Risk Mitigation Measures	Additional Risk Mitigation Measures
Insurance	Periodic review of policy limits and other terms of coverage Purchase of reinsurance Annual review of premiums per rate setting policy Quarterly review of claims by Claims Committee Quarterly review of actuarial liabilities Support of subscriber risk management programs and audits	Diversification of risk (additional subscribers)
Reinsurance	Annual review of reinsurance limits and other terms of coverage Annual reinsurance security review Maintenance of Reinsurance Security Agreement with Colchester Diversification of reinsurers	Formal reinsurance risk management policy

Risk Category	Current Risk Mitigation Measures	Additional Risk Mitigation Measures
Premium, strategy and reputation	Rate setting policy Managed Board turnover Board orientation for new members Selective criteria for Board member nomination Purchase of D&O insurance Succession planning	Additional diversification of subscribers
Operational	Outsourcing of critical functions Business continuity plan in place for management Periodic assessment of outsourced functions Outsourcing policy (draft)	List of key functions with possible replacements Outsourcing policy
Inflation	Periodic monitoring of CPI and other general inflation indices Periodic monitoring of legal changes and judgments	
Interest Rate	Periodic review of Investment Policy	Asset-Liability matching
Liquidity	Prescribed minimum amount of short-term assets	
Asset Default	Investment policy which restricts credit ratings	Additional diversification of investments
Regulatory Compliance	Regular communication with regulator Multi-disciplinary team responsible for regulatory compliance	

The evaluation of material risks in Part 7 is performed after reflecting the application of risk mitigation strategies. For example, the capital required for insurance risk would reflect the annual aggregate limits and reinsurance structure.



PART 7 — EVALUATION OF MATERIAL RISKS

The quantitative risk evaluation was performed by Axxima Inc., a non-affiliated company of CLLAS providing actuarial and strategic advisory services to CLLAS.

7.1. Limitations and Distribution

The analysis and results are based on the data provided by CLLAS. Axxima has relied on such data without any detailed audit or verification, but has performed checks necessary to verify that the information provided is sufficient and reliable for the purpose of this analysis.

Axxima does not assume responsibility for the result of any error or omission in the data or other materials provided for the preparation of this report. The accuracy of results is dependent upon the accuracy and completeness of the underlying data; therefore, any material discrepancies discovered in the data provided by CLLAS to Axxima should be reported and this report should be amended accordingly, if warranted.

It is virtually certain that actual future premiums, incurred losses, operating expenses and investment income will not emerge exactly as projected and may, in fact, deviate from Axxima's estimates by a significant margin. By its nature, the insurance program is subject to statistical and other deviations in its loss experience. As a result, Axxima cannot guarantee the projections of future net income (loss) and surplus position as being the extent of CLLAS' maximum exposure to losses.

Part 7 of the report as well as Sections 1 and 2 of the exhibits attached are strictly for the use of CLLAS, its internal and external auditors, advisors and regulators in the context of their work for CLLAS. If they are distributed, they must be distributed in their entirety and with prior consent from Axxima.

7.2. Data

Axxima's review and analysis is based on the following information received from CLLAS:

- Claims database containing unlimited paid losses and case reserves for policy periods 1987/1988 to 2014/2015 as at June 30, 2015;
- Lawyer counts for policy periods 1987/1988 to 2015/2016;
- Investments as at June 30, 2015;
- Audited financial statements as at December 31, 2014 and internal financial statements as at June 30, 2015;
- P&C-1 annual return as at December 31, 2014;
- Budget and business plan for fiscal years 2015 to 2017;
- Details of historical reinsurance arrangements;



- Reciprocal Insurance Exchange Agreement;
- Investment policy;
- Guidelines for selection of reinsurers; and
- Various discussions with CLLAS management.

Axxima also relied on the actuarial valuation analysis as at June 30, 2015 and rating analysis for policy period 2015/2016 previously issued to CLLAS.

In addition, Axxima relied on the following:

- Bank of Canada historical yield curves;
- Statistics Canada tables 326-0020 (consumer price index);
- Standard & Poor's report on U.S. Corporate Default Study and Rating Transitions (2011);
- Standard & Poor's report on U.S. Recovery Rating Performance 5-Year Study (2013);
- Standard & Poor's credit ratings;
- Merrill Lynch U.S. corporate spreads, based on Federal Reserve Bank of St. Louis Economic Research;
- A.M. Best credit ratings;
- A.M. Best's report on the Securitization of Reinsurance Recoverables (2011); and
- ORX Report on Operational Risk Loss Data (2014).

7.3. Model Methodology and Assumptions

A stochastic model with 10,000 iterations was used to project the distribution of premiums, incurred losses, operating expenses, investment income and financial position of the Reciprocal over the next 5 years. The projections are based on the starting financial position as at June 30, 2015 and the period of projection extends to June 30, 2020.

The model is based on the claims and investment portfolio data as at June 30, 2015 as well as the number of lawyers for policy period 2015/2016.

Details on the model methodology and assumptions are provided in Section 2 of the exhibits. Key assumptions used in the model include the following:

- 2015/2016 per-claim limits effective in future policy years;
- 2015/2016 reinsurance structure effective in future policy years;
- Number of lawyers of 4,295 in 2015/2016 and subsequent trend of 0%;
- Expected ground up claim frequency of 1% per lawyer;
- Average 2015/2016 loss severity of \$620,000 in ground up losses and trend of 6% in subsequent years;
- Payout pattern and provisions for adverse deviation per the June 30, 2015 actuarial valuation;



- Proportion of 1% of ceded reserves recoverable from unlicensed reinsurers (excluding Colchester);
- Reinsurance Security Agreement with Colchester in place throughout the period of projection;
- Expected operating expenses of \$1,691,000 in 2015/2016;
- Expected investment yield equal to 1.80% in 2015/2016;
- Expected inflation rate of 2%;
- Probability of reinsurance default ranging from 0.54% to 0.70% depending on the reinsurer and recovery rate of 20%;
- Probability of investment default of 0.50% and recovery rate of 70%;
- Expected operational risk losses of 0.50% of gross premiums (i.e. \$62,000 in 2015/2016).

CLLAS' net written premiums are established according to the current funding philosophy and are expected to generate no net income or loss during the year. CLLAS may apply additional premium discounts when the accumulated surplus exceeds the surplus target. The model assumes that no premium discount will apply for policy years 2016/2017 and after. Reinsurance premiums are added to net required premiums to arrive at the gross premiums collected from subscribers. The reinsurance premium is \$10,024,000 for policy year 2015/2016. CLLAS charges the reinsurance premium in its direct premium and then cedes it at 100%.

The Alberta regulator requires an immediate retroassessment when the AMRGF requirement is not met. For modelling purposes, the scenarios were modelled without future retroassessments (either per regulatory requirements or per the surplus policy) in order to calculate the probabilities of retroassessment at each year-end as well as the magnitude of the retroassessment required. It is assumed that no retroassessment is collected when the surplus position at the prior year-end is insufficient to meet the AMRGF regulatory requirement. This assumes that no additional capital arises from outside sources, beyond that included in the Reciprocal's business plan and model's base scenario.

Reinsurance rates are expected to be stable given CLLAS' experience to date. However, rates could significantly increase in the event of a reduction in market capacity, for example due to unfavorable Reciprocal's experience, social inflation or other events around the world. Reinsurance rate changes were modeled assuming this distribution:



Range of Reinsurance Rate Change	Probability
-10% to -5%	5.00%
-5% to 0%	15.00%
0%	40.00%
0% to 5%	20.00%
5% to 10%	10.00%
10% to 15%	5.00%
15% to 20%	2.50%
20% to 25%	1.25%
25% to 30%	0.63%
30% to 35%	0.31%
35% to 40%	0.16%
40% to 45%	0.08%
45% to 50%	0.08%
Total	100.00%
Average	2.2%

The reinsurance rate change per lawyer for the next five years was judgmentally capped between -25% and 75%.

Reinsurance defaults were modeled based on the current reinsurance structure with a simplification: Five of the most important reinsurers in terms of current liability assumed were selected (including Colchester) and all other reinsurers were grouped together, for a total of 6 reinsurers. Each reinsurer was assigned a probability of default ranging from 0.54% to 0.70% depending on their credit rating except for Colchester, which is assumed to have a probability of default of 0%. The correlation between reinsurance defaults was set at 15% based on industry data and the fact that many reinsurers were grouped together. A positive correlation implies that the default of individual reinsurers are not independent and that instead reinsurers tend to default in the same year due to common market forces. This notion is consistent with the fact that reinsurance markets are global and tend to be affected by the same catastrophic or market events. In the event of a default, the model assumes that any reinsurance losses payable during the year or in subsequent years by a reinsurer in default will only be recovered at 20% and that CLLAS will replace the defaulted reinsurer with a new one of equivalent credit rating starting the following policy period.

CLLAS' investments as at June 30, 2015 consist of short-term and long-term bonds. The default risk associated with these assets was modeled using a probability of investment default of 0.50% based on the credit rating of the issuers. In the event of default, the model assumes that 70% of the value will be recovered.

Operational risk arises from inadequate or failed internal processes, people, systems and external events. The benchmarking of operational risk losses in the insurance industry is recent and therefore



the operational risk for CLLAS was modeled based on data available from the banking and financial sector. The data available reflects historical losses with significant volatility for large companies with highly sophisticated operations. Operational risk was modeled taking into consideration the nature, size and complexity of CLLAS' operations. The annual losses modeled average 0.50% of gross premiums (approximately \$62,000 in 2015/2016).

9 scenarios were modeled under the current insurance and reinsurance structure, as follows:

1. Base Scenario;
2. Insurance risk only;
3. Operational risk only;
4. Reinsurance risk only;
5. Inflation risk only;
6. Market risk only;
7. Premium risk only;
8. Credit risk only;
9. All above risks combined.

The capital required to support material risks was determined using a mixture of deterministic (i.e. static) and stochastic (i.e. random) assumptions and scenarios. The recommended capital requirements are based on the value at risk at various confidence levels ranging from 90% to 95% over horizons ranging from 1 to 3 years. For example, a given capital position at a confidence level of 90% is expected to be sufficient in 90% of scenarios or 9 times out of 10.

7.4. Base Scenario

The Base Scenario projections are presented in Section 1, Exhibit 1, as follows:

- Exhibit 1A: Projection of statement of financial position;
- Exhibit 1B: Projection of statement of comprehensive income;
- Exhibit 1C: Projection of MCT (2015 formula excluding transition adjustments);
- Exhibit 1D: Projection of AMRGF.

The Base Scenario (Scenario 1) represents the best estimate scenario for the Reciprocal's financial position over the next 5 years. It was generated using a deterministic model for the Reciprocal's premiums, claims, operating expenses and investment income. This implies that static, best-estimate assumptions were employed throughout the projection period.

Net written premiums are consistent with premium rates recommended by the actuary for policy period 2015/2016 and are projected in the range of \$2,415,000 to \$3,555,000 over the next five years. Premiums are expected to trend up due to a 6% claim severity trend and an increase in operating



expenses of 3% per year. The large increase between policy years 2015/2016 and 2016/2017 is due to the premium distribution surplus discount. It is assumed that no premium discount will be provided for policy years 2016/2016 and after.

Net claims incurred are expected to be in the range of \$483,000 to \$929,000 annually. Operating expenses were projected at \$1,691,000 based on CLLAS' budget for fiscal year 2015. Operating expenses in subsequent years are expected to trend at 3% per year. We assume that premium taxes are expected to represent 4% of premiums.

The investment yield, gross of investment management fees, was projected at 1.80%. Total investment income is projected in the range of \$316,000 to \$372,000 annually throughout the period of projection.

The total comprehensive income is projected between -\$257,000 and \$372,000 for the period of projection. This is in accordance with CLLAS' current funding philosophy to operate with a total comprehensive income close to \$0.

The surplus is projected in the range of \$13,366,000 to \$14,245,000 throughout the period of projection. The MCT ratio is expected to remain above 400%, which is in excess of the regulatory target of 210%. The AMRGF requirement is also expected to be met with a margin in excess of \$10,000,000.

7.5. Alternate Scenarios

Methodology and Assumptions – Stochastic Scenarios

A stochastic model with 10,000 iterations was used to apply volatility to the base assumptions. The following alternate scenarios were modeled:

Scenario	Variable Assumptions ¹
1. Base Scenario	All assumptions are static
2. Insurance/Reinsurance Risk Only	<ul style="list-style-type: none"> • Frequency of claims • Severity of claims • Payment pattern • Reinsurance default/dispute • Reinsurance costs
3. Operational Risk Only	<ul style="list-style-type: none"> • Number of operational risk events • Severity of operational risk events
4. Inflation Risk Only	<ul style="list-style-type: none"> • Rate of inflation applied to payments and expenses • Impact on investment yields

¹ Details on the assumptions selected are presented in Section 2 of the exhibits.



Scenario	Variable Assumptions ¹
5. Market Risk Only	<ul style="list-style-type: none"> • Investment yield (risk-free) • Credit spreads • Discount rate for actuarial liabilities • Interest rate margin for adverse deviation for actuarial liabilities
6. Premium and Strategy Risk Only	<ul style="list-style-type: none"> • Total number of lawyers
7. Credit/Default Risk Only	<ul style="list-style-type: none"> • Default rate on investments • Default rate on accounts receivable
8. All Risks Above Combined	<ul style="list-style-type: none"> • All of the above

The insurance and reinsurance risk categories were combined to reflect that under its current insurance and reinsurance structures, CLLAS' most significant risk is the risk of incurring large claims and subsequently experiencing a reinsurance default or dispute.

Notwithstanding regulatory requirements, for the purposes of modelling, it is assumed that no retroassessment is collected when the surplus position at the prior year-end is insufficient to meet the AMRGF regulatory requirement and no surplus distributions are assumed.

Correlations and dependencies in Scenario 8 are taken into account between insurance/reinsurance, premium and strategy, market, inflation and operational risks, given the following interrelationships:

- Investment yields impact premiums and the rate and margin used to discount actuarial liabilities;
- Inflation rates impact investment yields, premiums and claim payments;
- Losses incurred in a given year impact future premiums;
- Number of lawyers impact incurred losses and premiums; and
- Operational risk losses are dependent on the premium volume.

Other risk categories are assumed to be independent.

Results – Stochastic Scenarios

Section 1, Exhibit 2 presents the 5-year projections at 5th, 20th, mean, 80th and 95th percentiles for the following key financial elements under Scenario 8 (i.e. all risks, diversified):

- Exhibit 2A: Net written premiums;
- Exhibit 2B: Net incurred losses;
- Exhibit 2C: Total investment income, gross of fees;
- Exhibit 2D: Total comprehensive income;
- Exhibit 2E: Surplus;



- Exhibit 2F: MCT ratio, without transitional adjustments; and
- Exhibit 2G: Excess of AMRGF requirement.

The confidence interval between the 5th and 95th percentiles represents the range of probable outcomes over the next 5 years. Actual results are expected to remain within this range 9 times out of 10.

The surplus is projected to remain above \$10,493,000 over one year and above \$3,372,000 over 5 years with 95% probability.

The MCT and AMRGF regulatory requirements are expected to be met over the next five years. The probability of retroassessment based on not meeting the MCT supervisory target ratio of 210% is estimated at 2.8% over the next year and 20.6% over the next 5 years. The probability of retroassessment based on not meeting the AMRGF requirement is estimated at 1.0% over the next year and 5.9% over the next 5 years.

7.6. Capital Required

Risk Categories Modeled Stochastically

Section 1, Exhibit 3 presents the surplus position under the Base Scenario as well as under the seven alternate stochastic Scenarios at the end of fiscal years 1 and 3. Confidence levels of 90%, 95%, 97.5% and 99% for the impact on surplus are presented.

The impact of these Scenarios can be thought of as the capital required to sustain the volatility in net income due to the various risks faced by the Reciprocal at the given probability level.

The impact of these scenarios is implicitly shown after the application of risk mitigation strategies. For example, the capital required for insurance/reinsurance risk reflects the reinsurance structure and the market risk capital required implicitly reflects the current investment policy and investment profile.

After considering the current risk mitigation strategies, the risk categories presenting the greatest residual risk at the end of projection year 3 under a 90% confidence level, in order of most to least significant, are insurance/reinsurance, operational and inflation risks. It is worth noting that for the 97.5% and 99% confidence levels for the insurance/reinsurance risk, the significant impact on surplus would occur if Reinsurer 1 (Lloyds) or Reinsurer 5 (all reinsurers other than Lloyds, Scor Re, Aspen Re and Transatlantic Reinsurance Company) defaulted over the next 3 years.

The difference between the impact of Scenario 8 (i.e. all risk combined) and the additive impact of Scenarios 2 to 7 is the diversification credit. Less capital is required in Scenario 8 because the risks are



not perfectly correlated. For example, a scenario presenting the 95th percentile operating loss will not necessarily be the scenario presenting the 95th percentile loss in market value.

Over a longer-time horizon, the capital requirement at a given confidence level is greater. This reflects the “compounding” of risk over time.

Diversification

The methodology used to determine the diversification benefit consists of running stochastic scenarios for the individual categories first (i.e. Scenarios 2 to 7 for insurance/reinsurance risk, market risk, inflation risk, etc. individually) and then running a scenario for all risks combined (i.e. Scenario 8). The difference between the sum of the impact on surplus of individual risks and the impact on surplus of all risks combined is the diversification credit.

Section 1, Exhibit 3 shows the impact on surplus and calculation of the diversification credit.

For example, in Exhibit 3, at the 95th percentile over a one-year horizon, the sum of the impacts on surplus of the individual risks is \$2,761,000. This implies a \$2,761,000 loss would result if CLLAS experienced the 95th percentile insurance/reinsurance loss, the 95th percentile bond loss, the 95th percentile operational risk loss, etc. all in the same year. However, the 95th percentile loss for all risk categories considered simultaneously is \$2,536,000. The diversified losses are smaller because when all risk sources are considered, losses from certain risk categories may be offset from losses in other risk categories. For example, a large claim may be offset by market gains, resulting in a lower impact on surplus. The diversification credit is calculated as $\$2,761,000 - \$2,536,000 = \$225,000$.

Other Risk Categories

Other risk categories modeled separately from stochastic Scenario 8 include the following:

- Premium and strategy risk: The capital requirement associated with this risk was judgmentally selected based on 25% of the impact on surplus of a decrease of 20% in number of insured lawyers in policy period 2015/2016. The capital recommended is in the range of \$445,000 to \$552,000 based on the 95th percentile surplus position after 1 year and 90th percentile surplus position after 3 years.
- Regulatory risk: The capital requirement associated with the risk of changes in regulatory requirements was judgmentally set at 5% of the MCT regulatory capital required as at June 30, 2015. The capital recommended is \$238,000.
- Reputation risk: This risk arises when the confidence of subscribers, reinsurers and other business partners leads to a negative impact on net income, surplus or liquidity. Reputation risk was identified as a key risk by CLLAS’ Advisory Board. The capital requirement associated with the



reputation risk was judgmentally set at 5% of the MCT regulatory capital required as at June 30, 2015. The capital recommended is \$238,000. Reputation risk was also implicitly assumed in Scenarios 2 (insurance/reinsurance), 3 (operational) and 6 (premium and strategy) through possible outsourcing and operational risk as well as changes in reinsurance rates and subscriber participation.

- Liquidity risk: The capital requirement was judgmentally set at 2.5% to 5% of the AMGRF requirement as at June 30, 2015. The capital recommended is in the range of \$238,000 and \$475,000 based on the 95th percentile surplus position after 1 year and 90th percentile surplus position after 3 years.

7.7. Summary of Capital Required

Section 1, Exhibit 4 presents the capital requirements for all material risks identified above based on CLLAS maintaining its current insurance and reinsurance limits under two options:

- Option A: Low surplus target (high risk appetite); and
- Option B: High surplus target (low risk appetite).

An internal capital target should be selected based on the Advisory Board's risk appetite. A low risk appetite translates to a higher level of risk aversion, which will generally result in holding higher capital levels to sustain a given risk profile. In contrast, a high risk appetite will generally translate in holding lower capital levels for a given risk profile.

The capital requirements under the two options are summarized in the following table:

Capital Requirements	Option A Low Target	Option B High Target
Risks Modeled Stochastically		
Insurance/Reinsurance Risk	\$2,519,000	\$2,804,000
Operational Risk	148,000	282,000
Inflation Risk	2074,000	111208,000
Market Risk	020,000	109111,000
Premium and Strategy Risk	0	0109,000
Credit Risk	\$2,519,000	\$2,804,000
Subtotal	2,761,000	3,514,000
Diversification Credit	(225,000)	(755,000)
Additional Risks Modeled		
Premium & Strategy	552,000	445,000
Regulatory Risk	238,000	238,000
Reputation Risk	238,000	238,000
Liquidity Risk	238,000	475,000
Subtotal	1,266,000	1,396,000
Indicated Total Required	\$3,802,000	\$4,155,000
Equivalent MCT Ratio	168%	183%
Required for Regulatory Compliance	964,000	611,000
Equivalent MCT Ratio	42%	27%
Minimum Capital Required	\$4,766,000	\$4,766,000
Equivalent MCT Ratio	210%	210%
Recoverables from unregistered reinsurers not covered by acceptable collateral*	\$1,209,000	\$1,209,000
<u>Amount required due to transition rules**</u>	<u>\$3,317,000</u>	<u>\$3,317,000</u>
Total Surplus Required	<u>\$5,9759,292,000</u>	<u>\$5,9759,292,000</u>

* This represents the additional surplus required to meet a minimum MCT ratio of 210% due to regulatory capital deductions in the MCT calculation. The amount is as at June 30, 2015.

** This represents the additional surplus required due to the transition to the 2015 MCT framework which is more beneficial to CLLAS than the 2014 framework. The amount of \$3,317,000 is as at June 30, 2015 and will decrease linearly until December 31, 2017, at which time the amount required will be \$0.



Option A is expected to be sufficient in 95% of scenarios over a 1-year horizon and Option B is expected to be sufficient in 90% of scenarios over a 3-year horizon.

The above capital requirements compare to an AMRGF capital requirement of \$2,806,000 as at June 30, 2015. The surplus required to meet an MCT ratio of 210% is ~~\$5,975,292,000~~, which consists of the capital required of \$4,766,000 ~~plus~~ an amount of \$1,209,000 to cover the recoverables from unregistered reinsurers not covered by acceptable collateral ~~and an amount of \$3,317,000 due to the transition to the new MCT framework~~. The actual surplus was \$13,623,000 as at June 30, 2015 and is projected at \$13,366,000 at June 30, 2016.

Section 1, Exhibit 5 presents the regulatory Key Risk Metrics report; this exhibit compares the regulatory and ORSA capital requirements by risk category.

Transition Rules

A new MCT framework was adopted by the Superintendent effective January 1, 2015. This new framework is beneficial to CLLAS as the surplus that CLLAS is required to hold under this new framework has decreased. As at December 31, 2014, the new MCT framework required CLLAS to hold \$3,980,000 less surplus to meet an MCT ratio of 210%.

The Superintendent has adopted transition rules over a period of three years to smooth the impact of the introduction of the new formula which must be adhered to by all insurance entities. This implies that until December 31, 2017, CLLAS will be required to hold additional capital to meet a minimum MCT of 210%. The additional surplus required of \$3,980,000 at December 31, 2014 will gradually decrease to \$3,317,000 at June 30, 2015, \$2,653,000 at December 31, 2015, \$1,990,000 at June 30, 2016, and so on. The additional surplus required will be \$0 starting December 31, 2017

7.8. Stress Testing

Stress testing involves evaluating the potential effect on the financial position of a set of specified assumptions. Stress testing was performed by rerunning Scenario 8 (all risks) and incorporating the following alternate assumptions:

1. **Stress Scenario 1 – Increasing the claim frequency by 50%:** CLLAS' loss frequency has been very low and stable over the last 15 years as shown in Section 2, Exhibit 3. However, given the 58 claims to date, little information is known about the actual claims distribution and therefore Scenario 8 was rerun assuming a 50% increase in the estimated claims frequency.
2. **Stress Scenario 2 – Increase of 20% in number of insured lawyers and surplus in policy year 2015/2016:** An increase in exposure can put stress on the surplus of an insurance entity because there is an increased exposure to loss. This Scenario was tested with a 20% increase surplus



contributions (i.e. it is assumed that the increase in number of lawyers originates from the addition of a new subscriber that would likely contribute surplus when joining CLLAS). Scenario 8 was rerun assuming a 20% increase in number of insured lawyers and in surplus for policy year 2015/2016; all other assumptions were unchanged.

3. **Stress Scenario 3 – Decrease of 20% in number of insured lawyers and surplus in policy year 2015/2016:** Such a scenario is intended to reflect the departure of CLLAS subscribers. The departure of subscribers would translate into a smaller surplus and premium volume and would also add Reciprocal volatility and concentration of risk. Scenario 8 was rerun assuming a 20% decrease in number of insured lawyers and surplus for policy year 2015/2016; all other assumptions were unchanged.
4. **Stress Scenario 4 – Default by Lloyds’ underwriters:** The Lloyds’ syndicates are the most important reinsurers for CLLAS; as at June 30, 2015, these syndicates hold approximately 62% of CLLAS’ claim liabilities not ceded to Colchester. Scenario 8 was rerun assuming that all these syndicates will default during policy year 2015/2016.
5. **Stress Scenario 5 – Doubling the reinsurance default/dispute rate:** CLLAS has had a high reliance on reinsurers since its inception with an amount of unpaid claims recoverable from reinsurers above \$100,000,000 as at June 30, 2015. Scenario 8 was rerun assuming double the estimated reinsurance default/dispute rates.
6. **Stress Scenario 6 – Default by Scor Re:** The probability of default by all the Lloyds syndicates is remote but there is a greater likelihood that a single CLLAS reinsurer defaults. This scenario is designed to quantify the impact of a CLLAS reinsurer default other than Lloyds. Scenario 8 was rerun assuming Score Re (a significant reinsurer for CLLAS) will default during policy year 2015/2016.
7. **Stress Scenario 7 – Inflation rate increases by 2%:** Inflation affects claims payments, operating expenses and interest rate. Scenario 8 was rerun assuming the inflation rate is 2% higher than expected.
8. **Stress Scenario 8 – Increasing the frequency of operational risk losses by 50%:** CLLAS identified operational risk as a major source of inherent risk. Very little information is known to date about operational risk losses in the insurance industry. Scenario 8 was rerun assuming an increase of 50% in the frequency of operational risk losses.
9. **Stress Scenario 9 – Change in Fund asset allocation.** The asset allocation is 71% in short-term investments (less than one year) and 29% in long-term investments (more than one year) as at June 30, 2015. In December 2013, CLLAS adopted an investment policy where invested assets would be allocated in target proportions of 40% in short-term securities and 60% in long-term securities. The change in asset allocation will affect different components of the model such as the



investment yield, the duration of assets, the present value of the claims liabilities as well as the capital required for the market and insurance risks in the MCT. Scenario 8 was rerun assuming the December 2013 investment policy.

The results of the above Scenarios are shown in the table below:

Scenario	Mean Surplus June 30, 2018 (Year 3)	90 th Percentile Surplus June 30, 2018 (Year 3)	Cumulative Probability of Retroassessment ¹ by June 30, 2018
Scenario 8 (i.e. All Risks)	12,778,000	10,019,000	3.10%
Stress Scenario 1	10,469,000	6,955,000	5.47%
Stress Scenario 2	14,729,000	11,779,000	2.97%
Stress Scenario 3	10,686,000	8,238,000	3.54%
Stress Scenario 4	-24,463,000	-39,786,000	100.00%
Stress Scenario 5	11,799,000	8,488,000	6.03%
Stress Scenario 6	9,054,000	5,473,000	7.50%
Stress Scenario 7	13,150,000	10,606,000	2.87%
Stress Scenario 8	12,667,000	9,959,000	3.13%
Stress Scenario 9	13,034,000	10,311,000	2.93%

Based on the above results, CLLAS remains sufficiently capitalized at June 30, 2015 to mitigate the probability of retroassessment within the next 3 years to less than 10% under the most severe stress scenario except for Stress Scenario 4 where all the Lloyds syndicates default. CLLAS is in technical bankruptcy under this stress scenario. Excluding Stress Scenario 4, the Stress Scenario showing the highest probability of retroassessment and impact on surplus is Stress Scenario 6 where the reinsurer Scor Re defaults.

¹ Probability of at least one retroassessment over the next three years; retroassessment based on AMRGF requirement.



Using the alternate assumptions, the total capital requirements would change as follows:

Capital Requirements	Option A Low Target	Option B High Target
Recommended per Section 7.7	4,766,000	4,766,000
Recommended with Stress Scenario 1	6,152,000	7,830,000
Recommended with Stress Scenario 2	2,595,000	3,006,000
Recommended with Stress Scenario 3	6,972,000	6,547,000
Recommended with Stress Scenario 4	56,489,000	54,571,000
Recommended with Stress Scenario 5	5,287,000	6,297,000
Recommended with Stress Scenario 6	10,070,000	9,312,000
Recommended with Stress Scenario 7	4,673,000	4,179,000
Recommended with Stress Scenario 8	4,783,000	4,826,000
Recommended with Stress Scenario 9	4,600,000	4,474,000

Although the range of recommended surplus targets shows sensitivity to the different Stress Scenarios, we note that CLLAS' surplus of \$13,623,000 at June 30, 2015 remains above the recommended targets under all the Stress Scenarios except for Stress Scenario 4.



PART 8— RISK MONITORING

Risk targets and limits are determined in the context of applying risk appetite statements to specific risk categories. Risk targets and limits should be mindful of regulatory requirements or constraints, such as the following:

- AMRGF requirements;
- MCT requirements: minimum regulatory target of 150%;
- Limits on investments:
 - 5% or \$500,000 limit on individual investments (except federal or provincial bonds);
 - 10% limit on real property;
 - 25% limit on equities;
 - 30% combined limit on real property and equities;

The following table presents risk categories that can be monitored quantitatively. As these risks may challenge the Reciprocal's ability to meet strategic objectives, the following risk targets and limits are recommended, above which management action could be considered:

Risk Category	Risk Metric	Risk Target	Risk Limit
Insurance	Prior year development ¹	0%	Gross: 20% Net: 10%
	3-year net combined ratio before surplus adjustments ²	100%	125%
	Maximum allocation to a single jurisdiction ³		67%

¹ This is a measure of the redundancy or deficiency of reserves. It is calculated as the year-over-year development in ultimate losses expressed as a ratio of the prior year's unpaid claims (excluding ULAE).

² This is a measure of underwriting profitability during a given fiscal year. It is calculated as follows:

$$\text{Net Combined Ratio} = \frac{\text{Fiscal Year Net Incurred Claims} + \text{Fiscal Year Operating Expenses}}{\text{Fiscal Year Net Earned Premiums}}$$

The three-year net combined ratio is monitored as there could be significant volatility in annual net combined ratios, especially in years when CLLAS has a higher claim retention. Further, the net earned premiums exclude the effect of surplus adjustments order to provide a more meaningful comparison of expected losses and operating expenses (i.e. premiums) to actual losses and operating expenses. This risk metric may also be used for the Premium risk category.

³ This is monitored to assess concentration risk and is expressed as a percentage of insured lawyers.

Risk Category	Risk Metric	Risk Target	Risk Limit
Reinsurance	Reinsurer credit rating ¹	A	A-
	Maximum concentration with a single reinsurer ²	10%	15%
Interest Rate	Interest rate risk per MCT formula at 1.25% ³	\$250,000	\$600,000
<u>Liquidity</u>	<u>Proportion of the short-term investment fund to the total value of the short-term and long-term investment funds</u>	<u>40%</u>	<u>20%</u>
	Cash and short-term investments to gross liabilities ⁴	15%	10%
	Cash and investments in excess of AMRGF requirement	TBD \$3,500,000 to \$7,000,000	TBD \$3,500,000 to 0
Asset Default	Credit rating of <u>invested assets</u> <u>bonds and treasury bills</u>	AA to AAA	A
	<u>Credit rating of bankers acceptances and certificates of deposit</u>	<u>R-1 high</u>	<u>R-1 high</u>
	Maximum allocation to a single non-government security ⁵		5%
Strategy	Annual Advisory Board turnover	2 members	4 members
Operational	Key management/advisor turnover	1 per 3 years	1 per year

Risk categories such as strategic, reputation, operational, political and regulatory compliance are difficult to monitor quantitatively. Management qualitatively monitors any trends or risk sources for these risk categories and report on them to the Advisory Board along with the above risk metrics.

¹ The credit rating is based on A.M. Best and S&P.

² This is monitored to assess concentration risk. It is measured based on a reinsurer's proportion of current claims liability exposure (i.e. case reserves and IBNR) for all policy years. Lloyd's syndicates are assessed separately.

³ This is an expected measure of net loss due to the timing mismatch of the expected payment streams from fixed income assets and those from claim liabilities, assuming a movement of 1.25% in interest rates.

⁴ CLLAS' liquidity risk mainly arises from the possibility of realizing a loss on the sale of invested assets if insufficient liquid assets are available to pay for claims.

⁵ The maximum allocation to a single security is monitored to assess concentration risk. The allocation to the largest single security excludes investments in cash or cash equivalents and is expressed as a percentage of total cash and invested assets. The maximum allowable per the Insurance Act is 5% of total assets (the 5% limit does not apply to investments in federal or provincial bonds and banks).



PART 9— CONCLUSIONS AND RECOMMENDATIONS

9.1. Conclusions

The following were concluded:

1. Based on its current risk profile, CLLAS' main sources of inherent risk (i.e. risk before mitigation strategies) are insurance/reinsurance, premium & strategy and operational risks.
2. Based on its current risk profile, CLLAS' main sources of residual risk (i.e. risk after mitigation strategies) are insurance/reinsurance, operational and inflation risks.
3. CLLAS takes significant insurance risk since it writes insurance for professional liability insurance losses with significant limits per claim. CLLAS currently mitigates its insurance risk by limiting its net retention to drop down claims and \$5,000,000 in the annual aggregate. CLLAS also mitigates the risk of reserve deterioration with a Loss Portfolio Transfer with Colchester through which CLLAS cedes all development on claims reported prior to June 30, 2012.
4. CLLAS is exposed to significant reinsurance risk; unpaid claims recoverable from reinsurers are above \$100,000,000 as at June 30, 2015. Reinsurance risk can emerge in the form of reinsurance defaults or disputes as well as through reductions in market capacity and variability in reinsurance rates. CLLAS mitigates this risk through the selection of reinsurers with high credit ratings.
5. CLLAS was well capitalized as at June 30, 2015 based on the risk profile of its assets and liabilities. The surplus is \$13,622,000 as at June 30, 2015 and the MCT ratio is 547% before the application of transition rules. The AMRGF requirement is met with a margin in excess of \$10,000,000.
6. A new MCT framework was adopted by the Superintendent effective January 1, 2015. This new framework is beneficial to CLLAS as the surplus that CLLAS is required to hold under this new framework has decreased. As at December 31, 2014, the new MCT framework required CLLAS to hold \$3,980,000 less surplus to meet an MCT ratio of 210%.

The Superintendent has adopted transition rules over a period of three years to smooth the impact of the introduction of the new formula which must be adhered to by all insurance entities. This implies that until December 31, 2017, CLLAS will be required to hold additional capital to meet a minimum MCT of 210%. The additional surplus required of \$3,980,000 at December 31, 2014 will gradually decrease to \$3,317,000 at June 30, 2015, \$2,653,000 at December 31, 2015, \$1,990,000 at June 30, 2016, and so on. The additional surplus required will be \$0 starting December 31, 2017



6-7. Assuming that CLLAS maintains its insurance and reinsurance structure, the actuary estimated the following:

- o There is an estimated probability of 95% that the surplus will remain above \$10,493,000 at June 30, 2016 and above \$3,372,000 at June 30, 2020.
- o The surplus position as at June 30, 2015, together with the current funding mechanism, is estimated to be sufficient to support the business strategy with a probability of 96.9% over the next 3 years and 94.1% over the next five years. In other words, the probability of incurring at least one retroassessment to meet the AMGRF requirement is 3.1% over the next 3 years and 5.9% over the next 5 years.

9.2. Recommendations of Management

Based on the review and analysis provided by the actuary, the following is recommended:

1. The Advisory Board should adopt an internal capital/surplus target based on risk appetite. Based on the actuarial analysis presented in Part 7 ~~and~~, assuming that the current insurance and reinsurance structure are maintained, and taking into account CLLAS' contractual ability to assess its subscribers, the Advisory Board could consider an internal capital/surplus target ratio of 210%.

An MCT ratio of 210% as at June 30, 2015 corresponds to a surplus position of \$5,9759,292,000 which is made up of capital required of \$4,766,000 ~~plus~~, an amount of \$1,209,000 which represents the reinsurance recoverable from unregistered reinsurers not covered by collateral and an amount of \$3,317,000 required due to transition rules.

2. The Advisory Board should adopt targets and limits for key risk metrics for individual risks based on risk appetite and the targets and limits presented in Part 8 of this report.
3. Management should track the adopted key risk metrics at least annually and consider taking action when such metrics exceed the risk limits adopted by the Advisory Board.
4. The risk targets, risk limits and internal capital target should be reviewed annually, or more frequently if there are material changes in the risk profile or strategy.

9.3. Recommendations Adopted by the Advisory Board

~~[To be completed after]~~ Based on the recommendations of management:



1. The surplus target will be based on an MCT disregarding transition rules of 210% for fiscal year 2016;
- 1-2. The Advisory Board ~~meeting~~ adopted the risk metric targets and limits as recommended by management;
3. The adopted risk metrics will be monitored by the Office of the General Manager and reported to the Advisory Board on a quarterly basis;
4. The risk targets, risk limits and internal target will be reviewed by December 31, 2016 in the context of the 2016 ORSA.



PART 10 — LIST OF SCHEDULES AND EXHIBITS

Schedule 1:

Enterprise Risk Management Policy (Draft)

Schedule 2:

Memo on ORSA Risk Identification and Evaluation (June 12, 2015)

Section 1: Financial Projections (provided by Axxima)

Exhibit 1: Base Scenario

- A. Statement of Financial Position
- B. Statement of Comprehensive Income
- C. Minimum Capital Test (Excluding Transition Adjustments)
- D. Concentration of Insured Values

Exhibit 2: 5-Year Projections at Various Confidence Levels

- A. Premiums Written
- B. Incurred Losses
- C. Investment Income
- D. Net Income
- E. Surplus
- F. Minimum Capital Test Ratio
- G. Excess of Alberta Reserve and Guarantee Fund Requirement

Exhibit 3: Summary of Surplus Position under Various Stochastic Scenarios

Exhibit 4: Selected Capital Requirement

Exhibit 5: Key Risk Metrics Report



Section 2: Model Methodology and Assumptions (provided by Axxima)

Exhibit 1: Summary of Historical Data

Exhibit 2: Selection of Exposure Trend

Exhibit 3: Selection of Loss Frequency Assumptions

Exhibit 4: Selection of Loss Severity Trend

Exhibit 5: Selection of Loss Severity Distribution

A. Ground up Losses

B. Summary of Undiscounted Loss Costs by Layer of Coverage

Exhibit 6: Selection of Payment Pattern Assumptions

Exhibit 7: Investments

A. Summary of Investment Portfolio as at June 30, 2015

B. Selection of Real Rate of Return Assumptions

C. Selection of General Inflation Assumptions

D. Selection of Yield Spreads and Investment Management Expenses

E. Selection of Default Assumptions

F. Selection of Recovery Rate

Exhibit 8: Reinsurance

A. Selection of Reinsurance Rate Change Assumptions

B. Selection of Reinsurance Default Assumptions

Exhibit 9: Selection of Operational Risk Assumptions

Section 3: CLLAS Reinsurance Arrangements

Financial statements of

**Canadian Lawyers Liability
Assurance Society**

December 31, 2015

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Canadian Lawyers Liability Assurance Society

December 31, 2015

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Independent Auditor's Report

To the Advisory Board of Canadian Lawyers Liability Assurance Society

We have audited the accompanying financial statements of Canadian Lawyers Liability Assurance Society, which comprise the statement of financial position as at December 31, 2015, and the statements of comprehensive income (loss), changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Canadian Lawyers Liability Assurance Society as at December 31, 2015, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Chartered Professional Accountants
Licensed Public Accountants
_____, 2016

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Canadian Lawyers Liability Assurance Society

Statement of financial position

as at December 31

	2015	2014
	\$	\$
Assets		
Cash at bank	5,008,412	6,498,867
Short term investments (Note 4)	8,404,974	9,010,686
Bonds (Note 4)	4,793,017	4,030,005
Interest income due and accrued	19,936	18,437
Premiums receivable (Note 6)	4,059,591	4,354,998
Prepaid expenses	139,500	139,500
Deferred policy acquisition costs	173,213	89,149
Reinsurers' share of unearned premiums	4,984,847	5,168,601
Reinsurance receivable	1,597,292	371,647
Provision for unpaid claims and adjustment expenses recoverable from reinsurers (Note 5)	96,120,000	68,964,000
Total assets	125,300,782	98,645,890
Liabilities		
Accounts payable and accrued charges	910,689	1,571,240
Unearned premiums	6,185,289	6,382,095
Due to reinsurers	1,509,338	1,682,942
Provision for unpaid claims and adjustment expenses (Note 5)	102,508,000	75,357,000
Total liabilities	111,113,316	84,993,277
Equity		
Minimum surplus (Note 12)	50,000	50,000
Additional surplus (Note 12)	14,010,039	13,527,896
Accumulated other comprehensive income	127,427	74,717
Total equity	14,187,466	13,652,613
Total liabilities and equity	125,300,782	98,645,890

On behalf of the Advisory Board

Chair of the Audit Committee

Director

Accompanying notes are an integral part of the financial statements.

Canadian Lawyers Liability Assurance Society

Statement of comprehensive income (loss)

years ended December 31

	2015	2014
	\$	\$
Premiums		
Written premiums	12,438,547	13,080,403
Reinsurance ceded	10,024,473	10,582,777
Net written premiums	2,414,074	2,497,626
Change in unearned premiums	13,051	328,383
Earned premiums	2,427,125	2,826,009
Expenses		
Claims (Note 5)	(47,792)	327,878
Premium deficiency adjustment	-	-
Operating expenses (Note 7)	1,897,159	1,848,042
Premium taxes	262,362	468,101
	2,111,729	2,644,021
Underwriting income (loss) for the year	315,396	181,988
Investment income (Note 4)	166,747	184,221
Net income (loss) for the year	482,143	366,209
Change in unrealized gains (losses) on available-for-sale financial assets arising during the year	52,710	100,944
Other comprehensive income (loss)	52,710	100,944
Comprehensive income (loss)	534,853	467,153

Accompanying notes are an integral part of the financial statements.

Canadian Lawyers Liability Assurance Society

Statement of changes in equity years ended December 31

	Minimum surplus	Additional surplus	Accumulated other comprehensive income	Total equity
	\$	\$	\$	\$
Balance December 31, 2013	50,000	13,161,687	(26,227)	13,185,460
Net income (loss)	-	366,209	-	366,209
Other comprehensive income (loss)	-	-	100,944	100,944
Balance December 31, 2014	50,000	13,527,896	74,717	13,652,613
Net income (loss)	-	482,143	-	482,143
Other comprehensive income (loss)	-	-	52,710	52,710
Balance December 31, 2015	50,000	14,010,039	127,427	14,187,466

Accompanying notes are an integral part of the financial statements.

Canadian Lawyers Liability Assurance Society

Statement of cash flows years ended December 31

	2015	2014
	\$	\$
Operating activities		
Net income (loss) for the year	482,143	366,209
Changes in non-cash items:		
Interest income due and accrued	(1,499)	(3,522)
Premiums receivable	295,407	167,410
Unearned reinsurance premiums ceded	183,754	123,671
Deferred policy acquisition costs	(84,064)	103,820
Reinsurance receivable	(1,225,645)	(251,626)
Provision for unpaid claims and adjustment expenses recoverable from reinsurers	(27,156,000)	(1,872,000)
Provision for unpaid claims and adjustment expenses	27,151,000	2,276,000
Premium deficiency liability		
Unearned premiums	(196,806)	(452,053)
Due to reinsurers	(173,604)	158,838
Accounts payable and accrued charges	(660,551)	1,158,502
Amortization of bond premium	(19,648)	(36,738)
Amortization of bond discount	9,310	4,309
Cash (used in) provided by operating activities	(1,396,203)	1,742,820
Investing activities		
Purchase of bonds	(723,040)	(1,160,101)
Purchase of short term investments	(64,855,784)	(61,281,593)
Disposal of short term investments	65,484,572	62,848,279
Cash provided by (used in) investing activities	(94,252)	406,585
Net (decrease) increase in cash	(1,490,455)	2,149,405
Cash balance, beginning of year	6,498,867	4,349,462
Cash balance, end of year	5,008,412	6,498,867
Cash balance comprises		
Cash at bank	5,008,412	6,498,867
Interest received	154,910	148,269

Accompanying notes are an integral part of the financial statements.

Canadian Lawyers Liability Assurance Society

Notes to the financial statements

For the year ended December 31, 2015

1. Description of business

The Canadian Lawyers Liability Assurance Society (the "Society") was formed under the Reciprocal Insurance Exchange Agreement for select Canadian Law Firms dated December 22, 1986 ("Subscription Agreement"). The Society is licensed by the Superintendent of Insurance, Alberta and other provinces in Canada to provide lawyers professional liability insurance to its subscribers. The Society commenced operations on June 30, 1987.

The address and registered office is RBC Centre, 155 Wellington Street West, 40th Floor, Toronto, Ontario, M5V 3J7.

The Society does not have any employees and is managed by an independent third party that reports to the Advisory Board. The Advisory Board has the authority and responsibility for planning, directing and controlling the activities of the entity. The Chair of the Advisory Board receives an annual honorarium of \$75,000 (2014 - \$75,000) and the other members of the Advisory Board receive no compensation.

2. Basis of preparation

Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as defined by the International Accounting Standards Board ("IASB").

These financial statements have been prepared on the historical cost basis, except for the revaluation of financial instruments which are measured at fair value.

3. Significant accounting policies

These financial statements reflect the following policies:

Use of estimates and judgments

The preparation of the financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions about the reported amounts of revenues, expenses, assets, and liabilities and the disclosure of contingent liabilities, at the reporting date. These estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and any future periods affected. Information about judgments, estimates and assumptions that have the most significant effect on the amounts reflected in the financial statements are reflected in the following notes:

Notes 5 and 8: Reinsurance (regarding insurance contract premium related to additional premium liability).

Notes 5: Provision for unpaid claims and adjustment expenses

Insurance premiums and deferred acquisition costs

Insurance premiums are recorded as written at the inception date of the policies and deferred as unearned premiums to be taken into income as earned on a pro-rata basis over the terms of the underlying policies. Retro-assessment calls are recorded as written and earned at the date of approval by the Society's Advisory Board. Premium taxes are recorded as deferred policy acquisition costs and expensed in the periods in which related premiums are earned.

At each reporting period, liability adequacy tests are performed to ensure that the unearned premiums are sufficient to pay expected claims and expenses. If not, a premium deficiency will occur. Premium deficiencies are recognized initially by reducing the deferred acquisition cost asset and, if necessary, establishing an additional provision.

Canadian Lawyers Liability Assurance Society

Notes to the financial statements

For the year ended December 31, 2015

3. Significant accounting policies (continued)

Reinsurance

The Society participates in, and enters into, reinsurance contracts in the normal course of business in order to limit the potential for losses arising from certain exposures. Reinsurance premiums are recognized in the same period as the related insurance premiums that are earned as described above.

Reinsurance assets include balances due from reinsurance companies for paid and unpaid losses. Amounts recoverable from reinsurers are estimated and recognized in a manner consistent with the reserve for losses associated with the related reinsurance contract. The Society reflects reinsurance balances on a gross basis in the statement of financial position to reflect the credit risk related to reinsurance.

Certain of the Society's reinsurance contracts contain additional premium liability clauses which require that the Society pay additional premiums if paid claims and case reserves exceed certain pre-determined levels. The Society accrues such additional premiums based upon current actuarial estimates of ultimate loss experience.

Provision for unpaid claims and adjustment expenses

The provision for unpaid claims and adjustment expenses represents an estimate of the ultimate gross amounts payable for all claims, including investigation costs and the projected final settlement of claims incurred prior to the statement of financial position date. The provision for unpaid claims and adjustment expenses is calculated in accordance with accepted actuarial practice in Canada taking into consideration the time value of money and explicit provisions for adverse deviation ("PFAD"). The estimates of loss activity are, by necessity, subject to uncertainty and are derived from a wide range of possible outcomes. These estimates are continually reviewed as additional information affecting the estimated quantum of claims settlement is obtained. All changes in estimated claim amounts are recorded as incurred claims in the period in which the change in estimate is determined.

The amounts recoverable from reinsurers are calculated based upon the same principles as the gross liability and are reflected as an asset in the statement of financial position.

Investments

The investment portfolio is comprised of bonds and short term investments which are classified as available-for-sale ("AFS") and their fair value is determined using quoted market bid prices. The Society does not have investments in bonds or other investments for which the fair value is determined using a valuation technique based on assumptions that are not supported by observable market prices or rates.

AFS investments are recorded at fair value with changes in the fair value recorded as unrealized gains and losses, which is included in other comprehensive income ("OCI"). Realized gains and losses on sale, as well as losses from impairment are recorded in net investment income in the statement of comprehensive income.

The Society accounts for the purchase and sale of investments using trade date accounting. Realized gains or losses on sale of investments are determined on a first in first out basis. Transaction costs related to the purchase of these bonds are recorded as part of the carrying value of the bond at the date of purchase. Discounts or premiums on the purchase of bonds are deferred and amortized over the remaining term of the bonds using the effective interest method.

Canadian Lawyers Liability Assurance Society

Notes to the financial statements

For the year ended December 31, 2015

3. Significant accounting policies (continued)

Impairments

AFS bonds are assessed for impairment on at least a quarterly basis. Objective evidence of impairment includes financial difficulty of the issuer, bankruptcy or defaults and delinquency in payments of interest or principal. When an investment is impaired it is written down to its fair value and associated unrealized gains or losses accumulated in OCI are reclassified to net investment income in the statement of comprehensive income. Once an impairment loss is recorded to income, the loss can only be reversed for fixed income securities to the extent a subsequent increase in fair value can be objectively correlated to an event occurring after the loss was recognized. Recovery in the fair value of a previously impaired AFS fixed income security up to the original amortized cost is recognized in net income. Following the impairment loss recognition, these assets will continue to be recorded at fair value with changes in fair value recorded to OCI, and tested for further impairment quarterly.

Insurance and reinsurance assets are reviewed for impairment on a quarterly basis. If objective evidence arises indicating a receivable from a policyholder or reinsurer is uncollectible, the carrying amount of the asset is reduced to its expected recoverable amount. The impairment loss is recognized as an expense in the net income.

Future accounting changes

(i) IFRS 4 – Insurance contracts

The International Accounting Standards Board ("IASB") issued a revised exposure draft ED/2013/7, Insurance Contracts (the "revised ED") on June 20, 2013. The revised ED represents the first comprehensive IFRS accounting model for insurance contracts and aims to provide a consistent basis for accounting for insurance contracts. The final standard is expected in 2016, and although the effective date has not yet been decided by the IASB it is not expected to be effective before 2019.

(ii) IFRS 9, Financial Instruments ("IFRS 9"):

The final version of IFRS 9 "Financial Instruments" issued in July 2014 is the IASB's replacement of IAS 39 "Financial Instruments: Recognition and Measurement". The Standard includes requirements for recognition and measurement, impairment, derecognition and general hedge accounting.

However, the IASB has recently issued an exposure draft to allow insurers (i.e. entities whose predominant activity is issuing insurance contracts within the scope of IFRS 4) to defer the implementation of IFRS 9 to as late as January 1, 2021, which may allow insurers to align the implementation of IFRS 9 with the forthcoming IFRS 4, Phase II Insurance Contracts standard. The Society is currently evaluating the impact of IFRS 9.

Canadian Lawyers Liability Assurance Society

Notes to the financial statements

For the year ended December 31, 2015

4. Investments

a) The Society's investments consist of the following:

	December 31, 2015		December 31, 2014	
	Fair value and carrying value	Amortized cost	Fair value and carrying value	Amortized cost
	\$	\$	\$	\$
Short term investments	8,404,974	8,408,764	9,010,686	9,008,354
Bonds	4,793,017	4,661,800	4,030,005	3,948,070
	13,197,991	13,070,564	13,040,691	12,956,424

The difference between amortized cost and market value of the AFS investments consists of gross unrealized gains of \$133,763 (2014: \$81,935) and gross unrealized losses of \$6,336 (2014: \$7,218).

The Society limits its bonds to securities issued or guaranteed by the Government of Canada, any province of Canada or Canadian corporations having a rating of A or better.

Short term investments are invested in securities issued by the Government of Canada or a Canadian Province having a rating of A or better, or a Canadian Chartered Bank having a rating of R-1 or better. These securities have a maturity of less than 1 year from the purchase date.

b) Maturity profile of investments as at December 31:

	Term to maturity			
	Within 1 year	1 - 5 years	Over 5 years	Total
2015	\$	\$	\$	\$
Short-term investments	8,404,974			8,404,974
Government of Canada bonds	303,504	513,911	418,885	1,236,300
Canadian public authorities bonds	302,438	696,831	799,335	1,798,604
Canadian corporate bonds	201,656	1,184,703	371,754	1,758,113
Total fair value	9,212,572	2,395,445	1,589,974	13,197,991

	Term to maturity			
	Within 1 year	1 - 5 years	Over 5 years	Total
2014	\$	\$	\$	\$
Short-term investments	9,010,686	-	-	9,010,686
Government of Canada bonds	-	810,792	204,523	1,015,315
Canadian public authorities bonds	-	995,098	533,108	1,528,206
Canadian corporate bonds	-	812,456	674,028	1,486,484
Total fair value	9,010,686	2,618,346	1,411,659	13,040,691

Canadian Lawyers Liability Assurance Society

Notes to the financial statements

For the year ended December 31, 2015

4. Investments (continued)

c) Net investment income has the following components:

	2015	2014
	\$	\$
Interest income		
Bonds	105,896	80,626
Cash, cash equivalents and short term investments	50,513	71,167
	156,409	151,793
Amortization of discount (premium) on investments	10,338	32,428
Realised gain (loss) on disposal	-	-
Total net investment income	166,747	184,221

d) Fair value measurements

The Society measures certain assets and liabilities using fair value. Fair value is a market-based measurement and not an entity-specific measurement, and requires the use of a fair value hierarchy with the highest priority given to quoted prices in active markets. Investments measured and reported at fair value are classified and disclosed in one of the following categories:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable.

Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The following table presents the Society's financial instruments that have been measured at fair value, on a recurring basis, as at December 31.

December 31, 2015	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Cash at bank	5,008,412	-	-	5,008,412
Investments - available-for-sale				
Short term investments	-	8,404,974	-	8,404,974
Bonds	-	4,793,017	-	4,793,017
	-	13,197,991	-	13,197,991
	5,008,412	13,197,991	-	18,206,403

December 31, 2014	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Cash at bank	6,498,867	-	-	6,498,867
Investments - available-for-sale				
Short term investments	-	9,010,686	-	9,010,686
Bonds	-	4,030,005	-	4,030,005
	-	13,040,691	-	13,040,691
	6,498,867	13,040,691	-	19,539,558

The Society did not have any transfers between any levels during the year.

Canadian Lawyers Liability Assurance Society

Notes to the financial statements

For the year ended December 31, 2015

5. Unpaid claims and adjustment expenses

a) Nature of unpaid claims and adjustments expenses

The establishment of the provision for unpaid claims and adjustment expenses is based on known facts and interpretation of circumstances and is therefore a complex and dynamic process influenced by a large variety of factors. These factors include the Society's experience with similar cases and historical trends involving claim payment patterns, loss payments, pending levels of unpaid claims, claims severity and claim frequency patterns.

Other factors include the continually evolving and changing regulatory and legal environment, actuarial studies, professional experience and expertise of the Society's consultants retained to handle individual claims, the quality of the data used for projection purposes, existing claims management practices including claims handling and settlement practices, the effect of inflationary trends on future claims settlement costs, court decisions, economic conditions and public attitudes. In addition, time can be a critical part of the provision determination. The longer the span between the incidence of a loss and the payment or settlement of the claims, the more variable the ultimate settlement amount can be.

Consequently, the establishment of the provision for unpaid claims and adjustment expenses process relies on the judgment and opinions of a large number of individuals, on historical precedent and trends, on prevailing legal, economic, social and regulatory trends and on expectations as to future developments. The process of determining the provisions necessarily involves risks that the actual results will deviate, perhaps materially, from the best estimates made.

b) Activity in the provision for unpaid claims and adjustment expenses is summarized as follows:

	Gross \$	Ceded \$	Net \$
Provision for unpaid claims and adjustment expenses, January 1, 2014	73,081,000	67,092,000	5,989,000
Incurred claims and claim adjustment expenses			
Provision for current year claims	7,154,000	6,428,000	726,000
Increase (decrease) in provision for claims of prior years	2,185,699	2,731,821	(546,122)
Increase (decrease) in provision due to discount rate change	1,719,000	1,571,000	148,000
Total incurred	11,058,699	10,730,821	327,878
Payments and recoveries attributable to			
Current year claims	-	-	-
Prior years claims	(8,782,699)	(8,858,821)	76,122
	(8,782,699)	(8,858,821)	76,122
Provision for unpaid claims and adjustment expenses, December 31, 2014	75,357,000	68,964,000	6,393,000
Incurred claims and claim adjustment expenses			
Provision for current year claims	6,974,000	6,420,000	554,000
Increase (decrease) in provision for claims of prior years	24,035,001	24,728,793	(693,792)
Increase (decrease) in provision due to discount rate change	1,445,000	1,353,000	92,000
Total incurred	32,454,001	32,501,793	(47,792)
Payments and recoveries attributable to			
Current year claims	-	-	-
Prior years claims	(5,303,001)	(5,345,793)	42,792
	(5,303,001)	(5,345,793)	42,792
Provision for unpaid claims and adjustment expenses, December 31, 2015	102,508,000	96,120,000	6,388,000

Canadian Lawyers Liability Assurance Society

Notes to the financial statements

For the year ended December 31, 2015

5. Unpaid claims and adjustment expenses (continued)

c) Provision for unpaid claims and adjustment expenses

Under accepted actuarial practice in Canada, the appropriate value of the claims liabilities is the discounted value of such liabilities plus the provision for adverse deviation ("PFAD").

December 31, 2015

	Undiscounted	Discounted at 1.50%	Provisions for adverse deviation	Value per accepted actuarial practice
	\$	\$	\$	\$
Provision for unpaid claims and adjustment expenses				
Gross	100,072,000	94,085,000	8,423,000	102,508,000
Recoverable from reinsurers	97,030,000	91,238,000	4,882,000	96,120,000
Net	3,042,000	2,847,000	3,541,000	6,388,000

December 31, 2014

	Undiscounted	Discounted at 1.85%	Provisions for adverse deviation	Value per accepted actuarial practice
	\$	\$	\$	\$
Provision for unpaid claims and adjustment expenses				
Gross	72,791,000	67,208,000	8,149,000	75,357,000
Recoverable from reinsurers	69,715,000	64,380,000	4,584,000	68,964,000
Net	3,076,000	2,828,000	3,565,000	6,393,000

d) Key assumptions

The best estimate of the provision for unpaid claims and adjustment expenses as reported in these financial statements has been determined by the Society's appointed actuary in accordance with accepted actuarial practice as determined by the Standards of Practice of the Canadian Institute of Actuaries ("CIA"), including the selection of appropriate assumptions and methods.

The Incurred But Not Reported ("IBNR") liabilities have been estimated for each coverage period using the Bornhuetter-Ferguson Method which is based on expected claims development patterns and expected losses.

The estimated undiscounted outstanding liabilities are discounted to reflect the time value of money using a selected discount rate of 1.50% (2014: 1.85%) which is based on the expected market yield of the Society's investment portfolio of bonds and short term assets.

Based on the recommended margin for adverse deviation ranges prescribed by the CIA, a provision for adverse deviation is selected for the following variables: claims development, reinsurance recovery and interest rate.

Canadian Lawyers Liability Assurance Society

Notes to the financial statements

For the year ended December 31, 2015

5. Unpaid claims and adjustment expenses (continued)

d) Key assumptions (continued)

Changes in the assumptions used in the December 31, 2015 actuarial valuation resulted in a total decrease in net liabilities of \$31,000 (2014: \$153,000), which is due to the change in loss development factors used in the Bornhuetter-Ferguson method and change in unallocated loss adjustment expense load from 3.05% to 1.95% (2014: 3.15% to 3.05%). The change in the discount rate and provisions for adverse deviation assumptions led to a further increase in the net liabilities of \$1,258,000 (2014: increase of \$148,000).

Sensitivities regarding these assumptions are provided in Note 11 Insurance Risk Management.

6. Premiums receivable

All subscribers are large reputable Canadian law firms, and no significant credit risk is expected. All amounts are due by January 1, 2016.

7. Expenses by nature

The following table presents the Society's expenses by nature:

	2015	2014
	\$	\$
Management services	1,072,402	1,062,253
Legal and professional	663,666	603,982
Other expenses	161,091	181,807
Total	1,897,159	1,848,042

8. Reinsurance program

- a) The Society has obtained proportional reinsurance coverage which limits its net liability to a maximum amount of \$975,000 effective for the annual coverage period beginning on July 1, 2015 (July 1, 2014: \$975,000) on any one loss.
- b) Colchester Reinsurance Limited (Colchester) is an off-shore captive reinsurer domiciled in Barbados. The shareholders of Colchester are twelve Toronto based legal firms or their related service corporations. Those eleven shareholders are unrelated to each other. However, each of Colchester's shareholders is, or is related to the Society's current and past subscribers. For the annual coverage period beginning on July 1, 2015, Colchester received from the Society premiums of \$1,841,076 (July 1, 2014: \$1,913,596).

Colchester provides aggregate stop-loss reinsurance protection for a portion of the Society's retained risk. On July 1, 2015 this reinsurance had an attachment point of \$5,000,000 (July 1, 2014: \$5,000,000), and an annual aggregate limit of \$10,000,000 (July 1, 2014: \$10,000,000). Starting July 1, 2011, the attachment point and limit were determined with reference to the combined net claim liabilities of the Society and Colchester. Starting on July 1, 2012 the attachment point and limit are solely determined with reference to the net claim liabilities of the Society.

- c) In 2012, the Society initiated a Loss Portfolio Transfer (LPT) with Colchester to transfer the outstanding net retained liabilities for the policy year periods from inception to the period ended June 30, 2012 for a premium of \$44,260,000, the net retained liability was estimated as \$33,103,000 at the time of LPT.

As at December 31, 2015, the total reserves held and recoverable on the Society's financial statements relating to LPT was \$23,043,514 (2014 - \$25,364,000). A Reinsurance Security Agreement (RSA) is in place which requires Colchester to set up on behalf of the Society deposits equal to 115% of Colchester's share of claim liabilities. At December 31, 2015 the value of the security deposits exceeds the required amount.

- d) Reinsurance does not discharge the primary liability of the Society.

Canadian Lawyers Liability Assurance Society

Notes to the financial statements

For the year ended December 31, 2015

9. Income taxes

The Society is a reciprocal as defined under Part 1 of the Alberta Insurance Act, RSA 2000, c I-3. Accordingly, no provision for income taxes is made in these financial statements.

10. Equity

In accordance with the Reciprocal Insurance Exchange Agreement, subscribers were not obliged to contribute any amounts to the Society in the form of a capital contribution. The subscribers' surplus therefore represents cumulative surplus and may be used to cover potential future catastrophe claims or reduce future premiums, if appropriate. The Agreement provides that additional assessments may be made to cover the actual loss, claims and costs experienced by the Society.

Under the terms of the Society's Reciprocal Insurance Exchange Agreement, the Society is obligated to return a share of the Society's surplus (if any) to a departed Subscriber subsequent to the fifth anniversary of its departure, based on that Subscriber's participation in the Society. A Subscriber withdrew from the Society on June 30, 2012. As a result, a payment to that Subscriber may be due subsequent to June 30, 2017. The Society would consider whether as of June 30, 2017 there are no further liabilities relating to the underwriting periods prior to the date of the Subscriber's withdrawal in determining whether the distribution should be determined as of June 30, 2017 or a later date. Depending on the amount of such payment and the amount of the Society's surplus at that time, such payment may have a material effect on the equity position of the Society.

11. Risk management

Insurance risk management

The Society accepts insurance risks through its insurance contracts where it assumes the risk of loss from persons or organizations subject to the underlying loss. The Society is exposed to uncertainty surrounding the timing, frequency and severity of claims under these contracts and the principal risk that the actual claims payments exceed the carrying amount of the insurance liabilities or that claims are under-reserved.

The Society manages insurance risk via its underwriting and reinsurance strategy within an overall risk management framework. Pricing is based on assumptions which have regard to trends and past experience. Exposures are managed by having documented underwriting limits and rating criteria. Reinsurance is purchased to mitigate the effect of potential loss to the Society from individual large events. Reinsurance policies are written with approved reinsurers (two of the current reinsurers are unlicensed) on either a proportional, aggregate or excess of loss treaty basis.

There is some concentration of risk since all coverage is related to professional liability and the underlying insured's are a homogeneous group since all are engaged in the practice of law in Canada. There is some risk of increased claim activity due to the occurrence of events that could increase the number of or value of legal actions against lawyers. Examples could be changes in legislation or a severe economic downturn. This risk is mitigated to some extent by the use of aggregate and excess of loss reinsurance. Concentration risk regarding reinsurance is mitigated by the use of multiple reinsurers with varying participations and an annual assessment of the financial strength of all reinsurers.

Canadian Lawyers Liability Assurance Society

Notes to the financial statements

For the year ended December 31, 2015

11. Risk management (continued)

Claim development

Uncertainty exists on reported claims in that all information may not be available at the reporting date; therefore, the claim cost may rise or fall at some date in the future when the information is obtained. In addition, claims may not be reported to the Society immediately; therefore, estimates are made as to the value of claims incurred but not yet reported, a value which may take some months to finally determine. In order to determine the liability, assumptions are developed considering the characteristics of the line of business, the historical pattern of payments, the amount of data available and any other pertinent factors. In general, the longer the term required for the settlement of a group of claims, the more variable the estimates. Short settlement term claims are those which are expected to be substantially paid within a year of being reported. The following table shows the development of claims over a 9 year period, on both a gross and net of reinsurance basis:

Analysis of claims development - net and gross

	2007	2008	2009	2010	2011	2012	2013	2014	2015	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Estimate of ultimate (by underwriting year):										
End of year	8,441,000	8,150,000	8,797,000	8,322,000	4,665,000	463,000	411,000	220,000	212,000	
One year later	7,819,000	7,626,000	9,329,000	9,795,000	107,000	423,000	380,000	413,000		
Two years later	10,237,000	5,524,000	8,299,000	2,073,000	107,000	334,000	269,000			
Three years later	11,100,000	4,419,000	20,000	2,073,000	107,000	435,000				
Four years later	12,535,000	5,000	20,000	2,073,000	107,000					
Five years later	8,525,000	5,000	20,000	2,073,000						
Six years later	8,525,000	5,000	20,000							
Seven years later	8,437,000	5,000								
Eight years later	8,206,000									
Current estimate of ultimate	8,206,000	5,000	20,000	2,073,000	107,000	435,000	269,000	413,000	212,000	11,740,000
Cumulative payments	(8,206,000)	(5,000)	(20,000)	(2,073,000)	(107,000)	(200,000)	-	-		(10,611,000)
Net liability	-	-	-	-	-	235,000	269,000	413,000		1,129,000
Provision for unpaid claims and adjusting expenses recoverable from insurers (total all years):										
Nine year net liability										1,129,000
Effect of discounting and PFAD										3,345,000
Unallocated loss adjustment expense										1,914,000
Provision for unpaid claims and adjusting expenses recoverable from reinsurers										96,120,000
Gross liability in statement of financial position										102,508,000

Canadian Lawyers Liability Assurance Society

Notes to the financial statements

For the year ended December 31, 2015

11. Risk management (continued)

Sensitivities

The insurance claim liabilities are sensitive to the key assumptions that follow. It has not been possible to quantify the sensitivity of certain assumptions such as legislative changes or uncertainty in the estimation process.

The table below shows the effect on net income and equity of a +/- 5% change in the expected losses and the effect of a +/- 0.5% change in the discount rate applied to claims provisions for the year ended December 31, 2015.

	2015		2014	
	Net income for the year	Equity	Net income for the year	Equity
	\$	\$	\$	\$
5% increase in expected losses	126,000	126,000	(228,000)	(228,000)
5% decrease in expected losses	(128,000)	(128,000)	228,000	228,000
0.5% increase in discount rate	(131,000)	(131,000)	135,000	135,000
0.5% decrease in discount rate	136,000	136,000	(140,000)	(140,000)

Financial risk management

The Society has policies related to the identification, monitoring and mitigation of risks associated with financial instruments. The key risks related to financial instruments are credit risk, liquidity risk and market risk (interest rate, equity and currency). The following describes how the Society manages each of these risks.

a) Credit risk

Credit risk is the risk of loss due to the failure of debtors to make payments when due. Credit risks are primarily associated with invested assets and amounts due from policyholders and reinsurance counterparties. The investment portfolio's exposure to credit risk is managed through policies and procedures including a credit evaluation by the investment manager and investment guidelines which specify investment quality and exposure limits. The portfolio is monitored and reviewed regularly by the Board. Premiums due from policyholders present minimal risk due to the short term nature of the receivable and the historic/financial relationship with the Society as a Reciprocal Insurance Exchange. The Society evaluates the financial condition of its reinsurers and monitors concentrations of credit risk of the reinsurers to minimize its exposure to significant losses from their insolvency. The Society believes that it has taken appropriate steps to manage credit risk and has made appropriate provision for any such exposures. One of the primary reinsurers is Colchester Reinsurance Limited as discussed in Note 8. The credit risk related to Colchester is managed by maintaining a security account pursuant to the RSA and a quarterly review of Colchester's financial condition. The balance held in the account at December 31, 2015 is \$66,067,491 (2014 - \$68,840,000).

Canadian Lawyers Liability Assurance Society

Notes to the financial statements

For the year ended December 31, 2015

11. Risk management (continued)

a) Credit risk (continued)

i) Exposure to credit risk

The following table summarizes the exposure to credit risk related to financial instruments and certain insurance assets at carrying value.

	2015	2014
	\$	\$
Cash	5,008,412	6,498,867
Short term investments	8,404,974	9,010,686
Bonds	4,793,017	4,030,005
Interest income due and accrued	19,936	18,437
Premiums receivable	4,059,591	4,354,998
Reinsurance recoverable	1,597,292	371,647
Provision for unpaid claims and adjustment expenses recoverable from reinsurers	96,120,000	68,964,000
Total credit exposure	120,003,222	93,248,640

ii) Concentration of credit risk

The Society utilizes an investment policy to minimize the concentration of credit risk by ensuring diversification across asset classes. The following table summarizes the distribution of investments by credit risk:

	2015	2014
	%	%
Bonds, treasury bills and cash (< 1 year)	70.0	69.0
Government of Canada (> 1 year)	7.0	8.0
Canadian provincials (> 1 year)	11.0	12.0
Corporates (> 1 year)	12.0	11.0
Total portfolio	100.0	100.0

b) Liquidity risk

Liquidity risk is the risk that the Society will not be able to meet all cash outflow obligations as they come due. The primary potential cash outflow is the payment of insurance claims and is represented by the provision for unpaid claims and adjustment expenses liability on the statement of financial position. In order to manage the liquidity risk associated with this liability, an investment policy is in place. A summary of the invested assets by term to maturity is provided in Note 4. The following table summarizes the exposure to liquidity risk:

Canadian Lawyers Liability Assurance Society

Notes to the financial statements

For the year ended December 31, 2015

11. Risk management (continued)

b) Liquidity risk (continued)

December 31, 2015				
	Due within 1 year	1 to 5 years	Over 5 years	Total
	\$	\$	\$	\$
Provision for unpaid claims and adjustment expenses (net)	1,098,000	2,981,000	2,309,000	6,388,000
Due to reinsurers	1,509,338	-	-	1,509,338
Accounts payable and accrued charges	910,690	-	-	910,690
Total	3,518,028	2,981,000	2,309,000	8,808,028

December 31, 2014				
	Due within 1 year	1 to 5 years	Over 5 years	Total
	\$	\$	\$	\$
Provision for unpaid claims and adjustment expenses (net)	933,000	3,130,000	2,330,000	6,393,000
Due to reinsurers	1,682,942	-	-	1,682,942
Accounts payable and accrued charges	1,571,240	-	-	1,571,240
Total	4,187,182	3,130,000	2,330,000	9,647,182

c) Market risk

Market risk is the risk of loss arising from adverse changes in market rates and prices, such as interest rates, equity markets and foreign currency rates. The primary market risk exposures are discussed below.

i) Interest rate risk

Interest rate risk is the risk of financial loss arising from changes in interest rates. Fluctuations in interest rates will impact the market value of the fixed income portion of the investment portfolio. Interest rate fluctuations may create unrealized gains or losses which are recorded as OCI, however, these assets are ordinarily held until maturity which would result in a recovery of par value. A portion of these assets support the net provision for unpaid claims and adjustment expenses which is calculated, in part, using a discount factor based on the market rate of return of the investment portfolio.

The Society is exposed to interest rate risk if the cash flows from the investments are not matched to the liabilities that they support. This risk is partially mitigated by the investment policy which specifies that the timing of the settlement of unpaid claims be considered when selecting the duration of invested assets.

The estimated impact of a 1% increase in interest rates would decrease the market value of the fixed income portion of the investment portfolio by \$228,390 (2014: \$237,998) which would be recorded in OCI. This impact would be more than offset on an economic basis by a decrease in the estimated unpaid claims and adjustment expense of \$257,000 (2014: \$265,000) recorded through income. Conversely, a 1% decrease in interest rates would increase the market value of the fixed income portion of the investment portfolio by \$201,485 (2014: \$188,709) which would be recorded in OCI. This impact would be more than offset on an economic basis by an increase in the estimated unpaid claims and adjustment expense of \$278,000 (2014: \$286,000) recorded through net income.

Canadian Lawyers Liability Assurance Society

Notes to the financial statements

For the year ended December 31, 2015

11. Risk management (continued)

c) Market risk (continued)

ii) Equity risk

Equity risk is the uncertainty associated with the valuation of assets arising from changes in equity markets. To mitigate this risk, the Society's investment policy does not allow exposure to equity markets.

iii) Currency risk

The Society does not have any material exposure to foreign currency.

12. Surplus management and adequacy

Equity is comprised of minimum and additional surplus and AOCI. At December 31, 2015, the equity was \$14,187,466 (2014: \$13,652,613). The Society's objectives for the management of surplus are for the prudent operation of the reciprocal and to provide relatively predictable premium costs for its members over time. A surplus management policy is approved by the Advisory Board which oversees the surplus management process.

As a reciprocal insurance exchange, the requirement for surplus is lower than that of an incorporated insurance company. A reciprocal may rely on the contractual agreement among its members to contribute to the losses incurred by other members and to make assessments for additional contributions to surplus if required and accordingly, can rely on the credit worthiness of its subscribers.

The Society is regulated by the Superintendent of Insurance, Alberta and in British Columbia, Ontario and Nova Scotia where licenses are held, all of which expect incorporated insurance companies to meet a Minimum Capital Test ("MCT") ratio of capital available to capital required of at least 150%. As of December 31, 2015, the Society's MCT was 359.61% (2014: 346%). However, the minimum regulatory standard for reciprocals in Alberta is adjusted equity exceeding \$50,000. The Society's practice is to maintain a surplus level which is significantly higher than the regulatory minimum. The Society's surplus adequacy is evaluated regularly and this evaluation takes into account the gross exposure to risk, the level and nature of reinsurance purchased and the resulting net exposure to members. Input from the appointed actuary, which includes an assessment of loss volatility, is factored into this evaluation.

In accordance with sections 99 and 100 of the Alberta Insurance Act, the Society is required to maintain a reserve and guarantee fund. At December 31, 2015 the total reserve and guarantee funds required are as follows:

	2015	2014
	\$	\$
Reserve fund		
Net premiums written during the period	12,439,000	13,080,000
Less: Amounts paid to licensed reinsurers	9,919,000	10,471,000
	2,520,000	2,609,000
Requirement	50%	50%
	1,260,000	1,305,000
Guarantee fund		
Total liabilities	111,113,000	84,993,000
Less: Unearned premiums	6,185,000	6,382,000
Recoverable from licensed reinsurers	94,966,000	68,446,000
Add: Statutory margin	50,000	50,000
	10,012,000	10,215,000
Total of reserve and guarantee fund	11,272,000	11,520,000
Cash and approved securities	18,206,000	19,540,000
Excess of cash and securities over reserve and guarantee fund	6,934,000	8,020,000

Canadian Lawyers Liability Assurance Society

Notes to the financial statements

For the year ended December 31, 2015

13. Fair value disclosure

The fair value of the following classes of financial instruments is deemed to approximate carrying value due to the immediate or short term maturity of the financial instruments.

- a) Cash at bank
- b) Interest income due and accrued
- c) Premiums receivable
- d) Premium taxes receivable
- e) Reinsurance recoverable
- f) Due to reinsurers
- g) Accounts payable and accrued charges

14. Date of authorization for issue

The financial statements were authorized for issue by the Advisory Board on February 24, 2016.

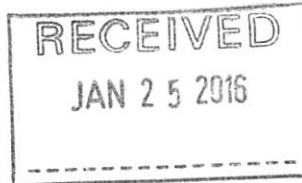
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MARTIN, LUCAS & SEAGRAM LTD.
INDEPENDENT INVESTMENT COUNSEL
SUITE 620, 48 YONGE STREET
TORONTO
M5E 1G9

TELEPHONE: 416-363-6216
FACSIMILE: 416-363-4538
E-MAIL: INFO@MLSINVEST.COM

January 21, 2016

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



Dear Patrick:

Re: Canadian Lawyers Liability Assurance Society

Please find enclosed our quarterly investment report for the period ending December 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.

It was an unsettled quarter in the financial markets and bond prices ended the period mixed. The short term bond index lost 0.2%, while the mid and long bond indices rose 0.2% and 0.7% respectively.

Reflecting these shifts, the Long Term Investment Fund recorded a capital increase of 0.1%.

Activity during the quarter centred on the roll-over of maturities in the Short Term Investment Fund. Two of these maturities, together with the sale of a Treasury Bill, also provided for the \$3.5 million capital withdrawal.

Please do not hesitate to call if you have any questions or comments.

With best regards,

Yours sincerely,

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

RWB/mab
Enclosures

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

Duplicate

TELEPHONE: 416-363-6216
FACSIMILE: 416-363-4538
E-MAIL: INFO@MLSINVEST.COM

January 21, 2016

In account with

Canadian Lawyers Liability Assurance Society
- Short Term Investment Fund

Valuation of Short Term Investment Fund at December 31, 2015	\$8,415,692
Investment Counsel Fee for the period October 1 to December 31, 2015 at .025% (1/4 of .10% per annum)	\$2,103.92
Harmonized Sales Tax (HST) at 13%	<u>273.51</u>
	<u><u>\$2,377.43</u></u>

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

HST Registration No. R103546115

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

Duplicate

TELEPHONE: 416-363-6216
FACSIMILE: 416-363-4538
E-MAIL: INFO@MLSINVEST.COM

January 21, 2016

In account with

Canadian Lawyers Liability Assurance Society
- Long Term Investment Fund

Valuation of Long Term Investment Fund at December 31, 2015	\$4,793,092
Investment Counsel Fee for the period October 1 to December 31, 2015 at .0625% (1/4 of .25% per annum)	\$2,995.68
Harmonized Sales Tax (HST) at 13%	<u>389.44</u>
	<u><u>\$3,385.12</u></u>

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
DECEMBER 31, 2015

MARTIN, LUCAS & SEAGRAM LTD.
INDEPENDENT INVESTMENT COUNSEL

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Toronto, Ontario
M5E 1G9

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CLLAS
CANADIAN LAWYERS LIABILITY
ASSURANCE SOCIETY

COMMENTARY FOR THE QUARTER ENDING DECEMBER 31, 2015

Review of Market Yields

Bond yields shifted higher during the first half of the fourth quarter. However, yields then turned lower and continued to trend down over the balance of the period. At the close of the quarter, 1-year Canada yields were unchanged and yields for the 3-year term out to 10-years had declines ranging between 5 and 8 basis points. Money market yields, on the other hand, ended the quarter up 8 basis points.

As a result of these shifts, the yield curve flattened during the fourth quarter as the yield advantage of 10-year issues over Treasury Bills declined from 102 basis points at September 30 to 88 basis points at the end of December.

	Jan. 1/95	Jun. 30/15	Sep. 30/15	Dec. 31/15
3-Month Treasury Bills	6.80%	0.58%	0.43%	0.51%
5-year Canadas	8.99%	0.81%	0.81%	0.73%
10-year Canadas	9.09%	1.68%	1.45%	1.39%

During the quarter, in the Short Term Investment Fund, activity involved the roll-over of money market securities. Two Banker's Acceptance maturities and the partial sale of a Treasury Bill also provided for the \$3.5 million capital withdrawal.

There were no transactions in the Long Term Investment Fund during the period.

During the fourth quarter, the market value of the Long Term Investment Fund holdings increased by \$6,406, which represents a capital increase of 0.1%.

At December 31, 2015, the average term to maturity of the Long Term Investment Fund stood at 3.9 years.

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

<i>Distribution at December 31, 2015</i>	<i>Valuation</i>	<i>%</i>
Short Term Investment Fund	\$8,415,692	63.7%
Long Term Investment Fund	4,793,092	36.3%
TOTAL COMBINED VALUATION	\$13,208,783	100.0%

CLLAS

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 and Long Term Investment Funds Listed and Valued Separately as at December 31, 2015
- Security Purchases and Sales
- Cash Reconciliations
- External Individual Credit Rating Report

CLLAS

LONG TERM INVESTMENT FUND

TIME-WEIGHTED RATES OF TOTAL RETURN FOR PERIODS ENDING DECEMBER 31, 2015

	Since Inception Dec. 17/13*	2 Years*	1 Year	Last 3 months
<i>Long Term Investment Fund – Gross of Fees</i>	<i>3.70%</i>	<i>4.06%</i>	<i>3.51%</i>	<i>0.72%</i>
<i>Long Term Investment Fund – Net of Fees</i>	<i>3.40%</i>	<i>3.76%</i>	<i>3.21%</i>	<i>0.65%</i>
Benchmark Portfolio **	4.28%	4.49%	3.52%	0.69%

*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 DECEMBER 31, 2015

	Since Inception Oct. 1/08 *	3 Years*	2 Years *	1 Year	Last 3 Months
<i>Short Term Investment Fund – Gross of Fees</i>	<i>0.80%</i>	<i>0.79%</i>	<i>0.72%</i>	<i>0.56%</i>	<i>0.12%</i>
<i>Short Term Investment Fund – Net of Fees</i>	<i>0.67%</i>	<i>0.68%</i>	<i>0.62%</i>	<i>0.45%</i>	<i>0.09%</i>
Benchmark Portfolio **	0.77%	0.81%	0.73%	0.56%	0.11%

* Annualized

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

CLLAS
LONG TERM INVESTMENT FUND

DISTRIBUTION OF SECURITIES BY CREDIT RISK
 (Based on Market Values)

	Dec. 17/13	Mar. 31/15	Jun. 30/15	Sep. 30/15	Dec. 31.15
Bonds, Treasury Bills & Cash Less than 1 year term	100.0%	0.0%	0.0%	6.3%	16.8%
Canadas Greater than 1 year term		27.2%	25.7%	25.8%	19.5%
Provincials Greater than 1 year term		34.0%	37.5%	31.2%	31.2%
Corporates Greater than 1 year term		38.8%	36.8%	36.7%	32.5%
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)

	Mar. 31/15	Jun. 30/15	Sep. 30/15	Dec. 31/15
Under 1 year	0.0%	0.0%	6.3%	16.8%
1 - 3 years	34.0%	37.8%	39.0%	28.4%
3 - 5 years	23.8%	29.2%	21.6%	21.6%
5 - 7 years	23.4%	15.8%	15.8%	20.2%
7 - 10 years	18.8%	17.2%	17.3%	13.0%
TOTAL	100.0%	100.0%	100.0%	100.0%
Average Maturity (yrs)	4.39	4.43	4.18	3.94
Average Duration	4.07	4.09	3.85	3.65

SHORT TERM INVESTMENT FUND

	Mar. 31/15	Jun. 30/15	Sep. 30/15	Dec. 31/15
Short Term Average Duration	.11	0.10	0.11	0.12

CLLAS

COMPLIANCE WITH INVESTMENT POLICY STATEMENT

AT DECEMBER 31, 2015

	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	63.7%	Yes
Minimum Canada & Provincial Percentage	50%	53.7%	Yes
Minimum Provincial Quality	A	N/A	Yes
Minimum Bank CD & BA Quality	R1	R1	Yes
<i>Long Term Investment Fund</i>			
Maximum Term of Any Issue	10 years	9.4 years	Yes
Maximum Percentage of Total Fund (Short & Long)	60% of Total	36.3%	Yes
Minimum Canada Percentage	20%	25.8%	Yes
Maximum Provincial Percentage	40%	37.5%	Yes
Minimum Canada & Provincial Percentage	60%	63.3%	Yes
Minimum Provincial Quality *	A	AA (low)	Yes
Maximum Corporate Percentage	40%	36.7%	Yes
Minimum Corporate Quality *	A	AA	Yes

** At time of purchase*

This will confirm that during the fourth 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.

CLLAS

Martin, Lucas & Seagram Ltd.
PERFORMANCE REPORT
GROSS OF FEES
CLLAS - LONG TERM INVESTMENT FUND
From 09-30-15 to 12-31-15

Portfolio Value on 09-30-15	4,786,686
Accrued Interest	26,250
Contributions	0
Withdrawals	-34,014
Realized Gains	0
Unrealized Gains	6,406
Interest	34,014
Dividends	0
Change in Accrued Interest	-5,797
Portfolio Value on 12-31-15	4,793,092
Accrued Interest	20,453
Average Capital	4,802,768
Total Gain before Fees	34,623
IRR for 0.25 Years	0.72%

CLLAS

BOND MARKET COMMENTARY AND FUTURE POLICY

Global financial markets experienced considerable volatility in 2015 as investors reacted to a variety of disruptive crosscurrents that impacted the major world economies and slowed the global expansion to its smallest gain in six years.

Chief among investors' worries was the gradual deterioration in China's economic backdrop over the past year and a devaluation of its currency. This sparked a panic selloff in Chinese stocks last September, which roiled the global financial markets. Throughout the correction phase, government officials introduced a wide variety of increasingly aggressive market interventions. These measures eventually stabilized the Chinese stock market, and eased the need for further currency devaluation, which helped stabilize both the foreign exchange and global equity markets until late in the year. However, this proved to be the calm before the storm as renewed doubts surrounding China's prospects, among other concerns, have since resurfaced. The moderate slowdown in growth, combined with investor skepticism surrounding China's actual growth rate last year, also contributed to the deep slide in commodity prices, which exacerbated weakness in the leading commodity producers in both developing and developed economies.

The pending divergence in global monetary policies also proved unsettling to the markets last year. While the U.S. Federal Reserve was raising expectations that they would begin the process of normalizing interest rates, which started with the first rate hike in mid-December, the central banks of Japan and Europe were moving to expand their already aggressive stimulus programs. China also followed suit, with a series of interest rate cuts and reductions in its banks' reserve requirements. These policy shifts helped fuel significant gains in the U.S. dollar to its highest levels since 2006, which added to the downward pressure on commodity prices and spurred capital outflows from developing nations as investors sought safer havens.

Despite significant stimulus that lower energy prices provided to consumers and highly accommodative monetary policies, global growth weakened last year as deflationary pressures weighed heavily on developing economies. Hardest hit were China's most closely integrated trading partners and economies highly levered to commodities. The headwinds from reduced exports to China have been compounded by the stronger U.S. dollar, which has increased credit strains due to the region's record levels of U.S. dollar denominated debt. Among the major offshore developed economies, growth rates have remained subdued. However, the European Central Bank's recently extended quantitative easing program now appears to be bearing fruit as growth in the euro area is gradually improving, led by gains in its largest economy, Germany. Growth in Japan has also remained positive and in light of the region's difficulties the Bank of Japan has expressed a readiness to further expand its already aggressive asset buying program, if necessary.

CLLAS

Meanwhile, despite the offshore challenges, U.S. domestic demand has shown underlying strength for some time now. As a result, after holding short-term interest rates near zero for seven years, the U.S. Federal Reserve announced its much anticipated move to increase the benchmark rate by 0.25%, citing sufficient confidence in the strength of the U.S. economy. This confidence was reinforced by the subsequent jobs report that ended 2015 on a high note, with U.S. employers adding a surprising 292,000 jobs in December and an overall gain of 2.65 million for the year. This far exceeded consensus estimates, and together with the 3.1 million added in 2014, marks the strongest consecutive job creation data since the late 1990s and the fastest decline of unemployment rates in 30 years. However, U.S. economic growth is expected to have moderated in the fourth quarter as sluggish growth offshore and a strong U.S. dollar continue to pressure the manufacturing sector, which has recently moved into contraction territory. The service sector, on the other hand, has continued to perform well and it accounts for over three-quarters of the economy.

Similarly, the Canadian economy recorded strong job growth at the end of last year that was well above expectations in spite of renewed weakness in oil prices and large-scale layoffs in Alberta. The recent gain in the merchandise trade balance, even as energy exports have continued to fall, suggests that Canadian manufacturers are starting to benefit from a record 30% depreciation of the Canadian dollar versus the U.S. over the past two years. Despite the likelihood of increased support from new fiscal measures and more stimulative monetary policy, the prospects for aggregate growth remain subdued. For 2016, growth will most likely fall well short of 2% for the second consecutive year in light of expectations for energy prices, ongoing headwinds to private sector investment and a consumer sector that will be restrained by record household debt and higher costs associated with the weak dollar.

Turning to the security markets, sentiment has turned sharply negative in recent weeks and equities around the world have started the New Year with the steepest correction ever recorded. The declines have been fuelled by many of the same worries that unsettled markets last fall. Similar to last September, sharp losses in the Chinese stock market triggered selloffs across all equity markets amid renewed concerns that the global expansion was at risk from a slowdown in emerging nations, particularly China. The breadth and depth of the selloff that ensued around the globe has raised the spectre of contagion and fuelled considerable uncertainty surrounding global growth, the resilience of the U.S. economy and future earnings growth, the trajectory of interest rate hikes south of the border and the financial fallout from the collapse in metal and energy prices.

The flight from riskier assets has pushed already depressed government bond yields even lower as investors seek safer havens. Despite expectations that U.S. treasury yields would experience upward pressure following the Federal Reserve's decision to raise its benchmark rate, yields instead shifted lower in the wake of the turmoil in the equity markets and plunging oil prices, which have dampened the outlook for inflation. In the U.S., 10-year Treasuries have fallen below 2%, compared to 2.3% when the Fed moved rates higher in December. In Canada, the drop over the same period has been more pronounced, as 10-year Canada yields fell from 1.5% to a record low of 1.1%.

CLLAS

At this juncture, most underlying economic indicators suggest that global growth will remain uneven but, in aggregate, on a gradual upward path. Despite the widespread slowdown across emerging and developing economies, the World Bank expects global GDP growth this year will be 2.9%, slightly higher than last year's gain of 2.4%. Looking ahead, the biggest question marks surround China as the authorities navigate its economy to depend less on exports and investment towards a greater reliance on domestic demand. For the time being, the markets have lost confidence in the Chinese government's ability to manage its markets and economy. However, China still has considerable policy flexibility and financial resources to avoid a hard landing for its economy during this transition period. Meanwhile, the U.S., which represents some 22% of global GDP, remains a relatively closed economy that is not overly reliant on trade and well supported by a fundamentally strong consumer sector.

Based on the prevailing economic backdrop and outlook, the drop in global equity prices and flight into bonds seems to be an overreaction. However, the possibility that the global expansion could be derailed, if a self-reinforcing negative loop develops, cannot be ruled out. Furthermore, recent developments that have driven bond yields lower are not likely to dissipate over the near term, particularly on the domestic front. The Bank of Canada has just trimmed its 2016 projection for growth to 1.4% from their previous forecast of 2% and now expects that closing the output gap will be further delayed until late next year. While the Bank announced that its target overnight rate would remain at .5% earlier this week, the market has priced in 80% odds that the rate will be reduced over the next few months. As a result, the domestic monetary policy backdrop is expected to remain supportive of bond prices for some time yet.

In conclusion, we believe recent developments have again delayed the normalization of interest rates. Over the near term, we expect domestic yields have settled into a lower trading range and think prices will be subject to considerable volatility as investors vacillate between risk-on and risk-off trades. While near-term risks to the economic outlook have increased, we believe the global expansion will remain intact. Given that prevailing sentiment is approaching pessimistic extremes, we expect there will be opportunities ahead to expand the Long Term Fund at more advantageous yields. In the meantime, we think the Long Term Fund's laddered maturity structure and current duration of 3.6 years is appropriate in light of the potential downside risks and current returns.

RWB/mab
January 21, 2016

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

Portfolio Holdings at December 31, 2015

Quantity	Security	Unit Cost	Price	Market Value	Annual Income
CASH					
	Cash Account			17,474	0
MONEY MARKET ISSUES					
1,765,000	Canada Treasury Bill .30% due January 14, 2016	99.94	99.98	1,764,725	5,292
1,000,000	Canada Treasury Bill .36% due January 28, 2016	99.89	99.97	999,681	3,596
865,000	CIBC BA .72% due February 16, 2016	99.88	99.89	864,064	6,221
1,520,000	FirstBank BA .71% due February 16, 2016	99.88	99.90	1,518,459	10,779
1,755,000	Canada Treasury Bill .40% due February 25, 2016	99.91	99.93	1,753,708	7,014
1,500,000	Royal Bank BA .702% due March 15, 2016	99.80	99.84	1,497,581	10,509
				8,398,217	43,410
TOTAL PORTFOLIO				8,415,692	43,410

Martin, Lucas & Seagram Ltd.
PURCHASE AND SALE
CLLAS - SHORT TERM INVESTMENT FUND
From 10-01-15 To 12-31-15

Trade Date	Settle Date	Quantity	Security	Unit Price	Amount
PURCHASES					
10-07-15	10-08-15	500,000	Bank of Nova Scotia BA .609% due November 6, 2015	99.95	499,758.00
10-07-15	10-08-15	1,120,000	CIBC BA .619% due December 8, 2015	99.90	1,118,840.80
10-07-15	10-08-15	1,000,000	Canada Treasury Bill .36% due January 28, 2016	99.89	998,897.00
10-09-15	10-13-15	1,545,000	Royal Bank BA .61% due November 6, 2015	99.96	1,544,380.46
10-21-15	10-22-15	1,030,000	FirstBank BA .619% due November 16, 2015	99.96	1,029,563.28
11-05-15	11-06-15	750,000	Bank of Nova Scotia BA .611% due November 30, 2015	99.96	749,698.50
11-05-15	11-06-15	545,000	CIBC BA .61% due December 8, 2015	99.95	544,708.43
11-05-15	11-06-15	1,765,000	Canada Treasury Bill .30% due January 14, 2016	99.94	1,763,999.25
11-05-15	11-06-15	750,000	Royal Bank BA .611% due November 30, 2015	99.96	749,698.50
11-13-15	11-16-15	1,030,000	Bank of Nova Scotia BA .657% due December 11, 2015	99.96	1,029,536.50
11-27-15	11-30-15	1,500,000	Royal Bank BA .702% due March 15, 2016	99.80	1,496,955.00
12-02-15	12-03-15	1,755,000	Canada Treasury Bill .40% due February 25, 2016	99.91	1,753,385.41
12-16-15	12-17-15	865,000	CIBC BA .72% due February 16, 2016	99.88	863,960.27
12-17-15	12-18-15	1,520,000	FirstBank BA .71% due February 16, 2016	99.88	1,518,227.68
					15,661,609.08
SALES					
10-08-15	10-08-15	1,110,000	Bank of Nova Scotia BA .48% due October 8, 2015	100.00	1,110,000.00
10-08-15	10-08-15	1,510,000	Canada Treasury Bill .32% due October 8, 2015	100.00	1,510,000.00
10-13-15	10-13-15	1,545,000	Royal Bank BA .56% due October 13, 2015	100.00	1,545,000.00
10-22-15	10-22-15	1,030,000	CIBC BA .507% due October 22, 2015	100.00	1,030,000.00
11-05-15	11-05-15	1,765,000	Canada Treasury Bill .28% due November 5, 2015	100.00	1,765,000.00
11-06-15	11-06-15	500,000	Bank of Nova Scotia BA .609% due November 6, 2015	100.00	500,000.00

Martin, Lucas & Seagram Ltd.
PURCHASE AND SALE
CLLAS - SHORT TERM INVESTMENT FUND
From 10-01-15 To 12-31-15

Trade Date	Settle Date	Quantity	Security	Unit Price	Amount
11-06-15	11-06-15	1,545,000	Royal Bank BA .61% due November 6, 2015	100.00	1,545,000.00
11-16-15	11-16-15	1,030,000	FirstBank BA .619% due November 16, 2015	100.00	1,030,000.00
11-30-15	11-30-15	750,000	Bank of Nova Scotia BA .611% due November 30, 2015	100.00	750,000.00
11-30-15	11-30-15	750,000	Royal Bank BA .611% due November 30, 2015	100.00	750,000.00
12-03-15	12-03-15	1,755,000	Canada Treasury Bill .26% due December 3, 2015	100.00	1,755,000.00
12-08-15	12-08-15	545,000	CIBC BA .61% due December 8, 2015	100.00	545,000.00
12-08-15	12-08-15	1,120,000	CIBC BA .619% due December 8, 2015	100.00	1,120,000.00
12-11-15	12-11-15	1,030,000	Bank of Nova Scotia BA .657% due December 11, 2015	100.00	1,030,000.00
12-11-15	12-14-15	790,000	Canada Treasury Bill .30% due December 17, 2015	100.00	789,968.40
12-17-15	12-17-15	855,000	Canada Treasury Bill .30% due December 17, 2015	100.00	855,000.00
12-18-15	12-18-15	1,520,000	Toronto Dominion Bank BA .18% due December 18, 2015	100.00	1,520,000.00
					19,149,968.40

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Martin, Lucas & Seagram Ltd.
CASH RECONCILIATION
CLLAS - SHORT TERM INVESTMENT FUND
From 10-01-15 to 12-31-15

Cash Balance at October 1, 2015			6,406.91
ADD:	Proceeds from Sales	19,149,968.40	
	Bond Interest Credited (from Long Term Investment Fund)	34,013.75	
	Bank Interest Credited	<u>44.44</u>	<u>19,184,026.59</u>
			19,190,433.50
LESS:	Cost of Purchases	15,661,609.08	
	Capital Withdrawn	3,500,000.00	
	Investment Counsel Fees - Short Term Investment Fund	3,355.92	
	Investment Counsel Fees - Long Term Investment Fund	3,380.60	
	Trust Company Charges	<u>4,613.67</u>	<u>19,172,959.27</u>
Cash Balance at December 31, 2015			17,474.23

Martin, Lucas & Seagram Ltd.								
EXTERNAL INDIVIDUAL CREDIT RATING REPORT - DECEMBER 31, 2015								
CLLAS - SHORT TERM INVESTMENT FUND								
				Unit	Total		Market	Pct.
Quantity	Security		Rating	Cost	Cost	Price	Value	Assets
CASH								
	Cash Account				17,474		17,474	0
MONEY MARKET ISSUES								
1,765,000	Canada Treasury Bill .30%	due January 14, 2016	R-1 (high)	99.94	1,763,999	99.98	1,764,725	21.0
1,000,000	Canada Treasury Bill .36%	due January 28, 2016	R-1 (high)	99.89	998,897	99.97	999,681	11.9
865,000	CIBC BA .72%	due February 16, 2016	R-1 (high)	99.88	863,960	99.89	864,064	10.3
1,520,000	FirstBank BA .71%	due February 16, 2016	R-1 (high)	99.88	1,518,228	99.90	1,518,459	18.0
1,755,000	Canada Treasury Bill .40%	due February 25, 2016	R-1 (high)	99.91	1,753,385	99.93	1,753,708	20.8
1,500,000	Royal Bank BA .702%	due March 15, 2016	R-1 (high)	99.80	1,496,955	99.84	1,497,581	17.8
					8,395,425		8,398,217	100
TOTAL PORTFOLIO					8,412,899		8,415,692	100

CLLAS - LONG TERM INVESTMENT FUND

Portfolio Holdings at December 31, 2015

Quantity	Security	Unit Cost	Price	Market Value	Annual Income
GOVERNMENT BONDS					
300,000	Canada Housing Trust 1.85% Series 43 due December 15, 2016	101.30	101.18	303,534	5,550
250,000	Canada Housing Trust 1.75% due June 15, 2018	100.11	102.32	255,788	4,375
250,000	Canada Housing Trust 1.95% due June 15, 2019	100.10	103.27	258,175	4,875
200,000	Canada Housing Trust 2.4% Series 48 due December 15, 2022	100.37	105.09	210,182	4,800
200,000	Canada Housing Trust 2.35% due September 15, 2023	105.62	104.33	208,668	4,700
				<hr/> 1,236,347	<hr/> 24,300
PROVINCIAL BONDS					
300,000	Alberta 1.85% due September 1, 2016	101.35	100.82	302,451	5,550
330,000	Ontario 1.90% due September 8, 2017	100.18	101.90	336,263	6,270
350,000	Ontario 2.1% due September 8, 2018	99.57	103.01	360,532	7,350
250,000	British Columbia 3.25% due December 18, 2021	102.30	109.42	273,540	8,125
250,000	Ontario 3.15% due June 2, 2022	99.04	108.12	270,308	7,875
250,000	Ontario 2.60% due June 2, 2025	100.15	102.16	255,390	6,500
				<hr/> 1,798,483	<hr/> 41,670
CORPORATE BONDS					
200,000	Bank of Nova Scotia Dep. Note 2.1% due November 8, 2016	100.32	100.86	201,712	4,200
200,000	Toronto Dominion Bank Dep. Note 2.433% due August 15, 2017	100.73	101.87	203,736	4,866
200,000	Royal Bank Dep. Note 2.26% due March 12, 2018	99.28	101.78	203,564	4,520
200,000	Wells Fargo Canada 2.944% due July 25, 2019	100.02	104.02	208,032	5,888
300,000	Bank of Montreal 2.84% due June 4, 2020	101.77	104.11	312,333	8,520
250,000	Toronto Dominion Bank Dep. Note 2.563% due June 24, 2020	104.57	102.94	257,353	6,408
200,000	Bank of Montreal 3.4% due April 23, 2021	100.65	106.50	212,990	6,800

Martin, Lucas & Seagram Ltd.

CLLAS - LONG TERM INVESTMENT FUND

Portfolio Holdings at December 31, 2015

Quantity	Security	Unit Cost	Price	Market Value	Annual Income
150,000	Wells Fargo 3.46% due January 24, 2023	102.36	105.70	158,543	5,190
				1,758,262	46,392
TOTAL PORTFOLIO				4,793,092	112,362

Martin, Lucas & Seagram Ltd.
PURCHASE AND SALE
CLLAS - LONG TERM INVESTMENT FUND
From 10-01-15 To 12-31-15

Trade Date	Settle Date	Quantity	Security	Unit Price	Amount
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No transactions were found!

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Martin, Lucas & Seagram Ltd.
CASH RECONCILIATION
CLLAS - LONG TERM INVESTMENT FUND
From 10-01-15 to 12-31-15

Cash Balance at October 1, 2015	0.00
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Cash Balance at December 31, 2015	0.00
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Martin, Lucas & Seagram Ltd.
DATE TO DATE GAINS AND LOSSES
CLLAS - LONG TERM INVESTMENT FUND
From 09-30-15 to 12-31-15

Security	09-30-15 Market Value	Additions Withdrawals	12-31-15 Market Value	12-31-15 Cost Basis	Realized Gain or Loss		Unrealized Gain or Loss	
					Cost	Market	Cost	Market
GOVERNMENT BONDS								
Canada Housing Trust 1.85% Series 43 due December 15, 2016	304,401	-2,775	303,534	303,900	0	0	-366	-867
Canada Housing Trust 1.75% due June 15, 2018	255,775	-2,188	255,788	250,275	0	0	5,513	13
Canada Housing Trust 1.95% due June 15, 2019	257,873	-2,438	258,175	250,238	0	0	7,938	303
Canada Housing Trust 2.4% Series 48 due December 15, 2022	209,664	-2,400	210,182	200,740	0	0	9,442	518
Canada Housing Trust 2.35% due September 15, 2023	208,176	0	208,668	211,240	0	0	-2,572	492
GOVERNMENT BONDS Total	1,235,889		1,236,347	1,216,393	0	0	19,954	458
PROVINCIAL BONDS								
Alberta 1.85% due September 1, 2016	303,270	0	302,451	304,050	0	0	-1,599	-819
Ontario 1.90% due September 8, 2017	336,488	0	336,263	330,594	0	0	5,669	-224
Ontario 2.1% due September 8, 2018	360,325	0	360,532	348,495	0	0	12,037	207
British Columbia 3.25% due December 18, 2021	271,903	-4,063	273,540	255,750	0	0	17,790	1,638
Ontario 3.15% due June 2, 2022	268,905	-3,938	270,308	247,600	0	0	22,708	1,403
Ontario 2.60% due June 2, 2025	253,128	-3,250	255,390	250,375	0	0	5,015	2,263
PROVINCIAL BONDS Total	1,794,018		1,798,483	1,736,864	0	0	61,619	4,466
CORPORATE BONDS								
Bank of Nova Scotia Dep. Note 2.1% due November 8, 2016	201,942	-2,100	201,712	200,640	0	0	1,072	-230
Toronto Dominion Bank Dep. Note 2.433% due August 15, 2017	203,918	0	203,736	201,460	0	0	2,276	-182
Royal Bank Dep. Note 2.26% due March 12, 2018	203,200	0	203,564	198,560	0	0	5,004	364
Wells Fargo Canada 2.944% due July 25, 2019	208,000	0	208,032	200,040	0	0	7,992	32
Bank of Montreal 2.84% due June 4, 2020	311,355	-4,260	312,333	305,307	0	0	7,026	978
Toronto Dominion Bank Dep. Note 2.563% due June 24, 2020	256,843	-3,204	257,353	261,425	0	0	-4,073	510
Bank of Montreal 3.4% due April 23, 2021	212,678	-3,400	212,990	201,300	0	0	11,690	312
Wells Fargo 3.46% due January 24, 2023	158,844	0	158,543	153,542	0	0	5,001	-302
CORPORATE BONDS Total	1,756,780		1,758,262	1,722,274	0	0	35,989	1,483
TOTAL PORTFOLIO	4,786,686		4,793,092	4,675,530	0	0	117,562	6,406
TOTAL DATE TO DATE GAIN OR LOSS								6,406
% CHANGE DURING PERIOD								0.13

Martin, Lucas & Seagram Ltd.

EXTERNAL INDIVIDUAL CREDIT RATING REPORT - DECEMBER 31, 2015

CLLAS - LONG TERM INVESTMENT FUND

				Unit	Total		Market	Pct.
Quantity	Security		Rating	Cost	Cost	Price	Value	Assets
GOVERNMENT BONDS								
300,000	Canada Housing Trust 1.85% Series 43	due December 15, 2016	AAA	101.30	303,900	101.18	303,534	6.3
250,000	Canada Housing Trust 1.75%	due June 15, 2018	AAA	100.11	250,275	102.32	255,788	5.3
250,000	Canada Housing Trust 1.95%	due June 15, 2019	AAA	100.10	250,238	103.27	258,175	5.4
200,000	Canada Housing Trust 2.4% Series 48	due December 15, 2022	AAA	100.37	200,740	105.09	210,182	4.4
200,000	Canada Housing Trust 2.35%	due September 15, 2023	AAA	105.62	211,240	104.33	208,668	4.4
					1,216,393		1,236,347	25.8
PROVINCIAL BONDS								
300,000	Alberta 1.85%	due September 1, 2016	AAA	101.35	304,050	100.82	302,451	6.3
330,000	Ontario 1.90%	due September 8, 2017	AA (low)	100.18	330,594	101.90	336,263	7.0
350,000	Ontario 2.1%	due September 8, 2018	AA (low)	99.57	348,495	103.01	360,532	7.5
250,000	British Columbia 3.25%	due December 18, 2021	AA (high)	102.30	255,750	109.42	273,540	5.7
250,000	Ontario 3.15%	due June 2, 2022	AA (low)	99.04	247,600	108.12	270,308	5.6
250,000	Ontario 2.60%	due June 2, 2025	AA (low)	100.15	250,375	102.16	255,390	5.3
					1,736,864		1,798,483	37.5
CORPORATE BONDS								
200,000	Bank of Nova Scotia Dep. Note 2.1%	due November 8, 2016	AA	100.32	200,640	100.86	201,712	4.2
200,000	Toronto Dominion Bank Dep. Note 2.433%	due August 15, 2017	AA	100.73	201,460	101.87	203,736	4.3
200,000	Royal Bank Dep. Note 2.26%	due March 12, 2018	AA	99.28	198,560	101.78	203,564	4.2
200,000	Wells Fargo Canada 2.944%	due July 25, 2019	AA	100.02	200,040	104.02	208,032	4.3
300,000	Bank of Montreal 2.84%	due June 4, 2020	AA	101.77	305,307	104.11	312,333	6.5
250,000	Toronto Dominion Bank Dep. Note 2.563%	due June 24, 2020	AA	104.57	261,425	102.94	257,353	5.4
200,000	Bank of Montreal 3.4%	due April 23, 2021	AA	100.65	201,300	106.50	212,990	4.4
150,000	Wells Fargo 3.46%	due January 24, 2023	AA	102.36	153,542	105.70	158,543	3.3
					1,722,274		1,758,262	36.7
TOTAL PORTFOLIO					4,675,530		4,793,092	100