

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

**Minutes of a Meeting of the Advisory Board
(Designated as the Annual Meeting of the Subscribers pursuant to
Section 5.13 of the Subscribers' Agreement)**

8:30 a.m.

Davies Ward Phillips & Vineberg LLP
44th Floor, 1 First Canadian Place
Toronto, Ontario

Tuesday, February 26, 2008

Present:

Nicholas Leblovic (Chairman)	Davies Ward Phillips & Vineberg LLP
Julia Holland	Torys LLP
Richard Prupas	Blake, Cassels & Graydon LLP
Robert Love	Borden Ladner Gervais LLP
Chris Woodbury	Fraser Milner Casgrain LLP
Gale Rubenstein	Goodmans LLP
Bill Scott	McCarthy Tetrault LLP
Les O'Connor	WeirFoulds LLP
Frank Palmay	Lang Michener
Anne-Marie Widner	Cassels, Brock & Blackwell LLP
Donald Milner	Fasken Martineau DuMoulin LLP
Norma Ibbetson	Dion, Durrell + Associates
Patrick Mahoney	Dion, Durrell + Associates

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 December 11, 2007 Meetings of the Advisory Board

It was moved by Chris Woodbury and seconded by Gale Rubenstein that the minutes of the December 11, 2007 meeting of the Advisory Board be approved. The motion was carried unanimously.

4. Business Arising Out of the Minutes

Items will be addressed as they arise throughout the agenda.

5. Comments of the Chair

Committee membership for 2008 has been set and details were circulated by email in January 2008.

The Chair has been working with Stephen Ruby on the CLLAS restructuring options that have been discussed in the past. Dion Durrell is to consider implications of restructuring on the surplus. The plan is to strike a small committee and move forward to finalize changes to CLLAS in 2008.

Stephen Ruby is also reviewing the QST issue that has arisen with some of the CLLAS member firm branch offices in Quebec. Timeline for delivery of his opinion is before the July 2008 policy renewal.

There was some discussion on making permanent the Board resolution permitting CLLAS to utilize, as required during the reinsurance renewal process, an increase in its retention of up to \$15 million. This would eliminate the need to come back to the Board each June for permission when negotiating with the reinsurance markets, but it would be understood that options would ideally be presented to the Board so that an informed decision could be made before actually increasing the retention. The General Manager's office will draft a resolution to be circulated prior to the next meeting for discussion.

The General Manager's office is currently reviewing the drop-down coverage being purchased by some firms to cover the \$250,000 to \$1,000,000 gap existing in their cover due to limitations in the LawPRO policy (i.e. retired lawyers). The issue will be reviewed and priced and perhaps included in the renewal discussions.

Consideration is being given to a CLLAS website. The website would host policy wordings, risk management policies and other member information. It would be accessible only by CLLAS firms and perhaps in a limited capacity by the reinsurers.

The Chair reported that he would be meeting with the London markets in the spring. He is also hoping to meet with selected commercial insurers on the excess program through Pro-form.

Consideration is being given to whether it would be worthwhile to utilize CLLAS' buying power to access other insurance. Dion Durrell is reviewing this issue and have discussed it with CHUBB, who apparently already have all the CLLAS firms' office policies. The leverage to be gained therefore is the utilization of the same broker and maybe accessing other insurance products, i.e. LTD.

CLLAS International has had a good first year. This is the program brokered by HUB on behalf of the CLLAS firms with material foreign office exposures. Dion Durrell has studied the possibility of a CLLAS product versus using the commercial market. Benefits of a CLLAS program would include a streamlined claims management process would be similar to current CLLAS process. There is the potential to work with the ALAS group in the U.S., who might want to act as a reinsurer for CLLAS. Nothing will happen on this front at July 1, 2008.

The Chair indicated that he hoped that all CLLAS members would commit to risk management audits before his meeting with the London markets in May.

6. Report of the General Manager's Office

December 31, 2007 Financial Statements

Patrick Mahoney reviewed the December 31, 2007 Management Report and audited financial statements. He noted that some figures itemized in the Management Report had been consolidated in the Audited Financials and, as a result, the Management Report provides the Board with a little more detail. There has been a substantial net gain due to favorable loss development. CLLAS has Subscribers Equity of \$15.5 million, up from \$10.8 million the previous year. The year finished better than projected at start of 2007. Discussions have taken place at various Board meetings with respect to a CLLAS-specific surplus target in the range of \$11 million and no action is required on this at this time.

A review of the Budget Variance Analysis will take place under the presentation of the FY08 Budget.

Actuarial Report

Patrick Mahoney briefly reviewed the Valuation of Policy Liabilities as at December 31, 2007 prepared by Dion, Durrell + Associates. The valuation was reviewed by the actuary in some detail with the Audit Committee at the meeting on February 21, 2008 and a copy of the actuary's presentation along with the complete Valuation was included in the Board meeting material.

It was moved by Donald Milner and seconded by Bill Scott that Liam McFarlane of Dion, Durrell + Associates be re-appointed as CLLAS' actuary for 2008. The motion was carried unanimously.

2008 Operating Budget

Mr. Mahoney presented the proposed 2008 fee portion of the budget, including an explanation of the variances from budget for Dion Durrell fees.

In FY08 the proposal is to increase Management Services fees by \$27,000, primarily attributable to an increase in the level of activity on the financial reporting line, and Professional Services fees by \$20,000.

As in the past, Management Services will be provided on a fixed fee basis except for the claims analysis line item, which will remain variable. Professional Services will continue to be rendered on a fee for service basis.

It was moved by Gale Rubenstein and seconded by Frank Palmay that the 2008 Budget be accepted as presented, subject to finalizing some items under the Other Expenses heading. The motion was carried unanimously.

Surplus Management/FY08 Business Plan

Patrick Mahoney reported that the Business Plan is now a requirement for all Ontario-regulated insurers and is simply a projection of CLLAS' financial position to the end of

2008. This document will be filed with FSCO after today's meeting.

Due to the improvement in CLLAS' bottom line over the past year, CLLAS is in sound shape from a surplus perspective.

Reinsurance Rating

This is a due diligence item for the Advisory Board. Dion Durrell recently updated the rating information for all reinsurers involved with CLLAS since July 1, 1999. All but one company (Unionamerica) is rated by either or both of AM Best and S&P and that company is in run-off and currently meeting its obligations.

7. Report of the Audit Committee

Donald Milner reported on behalf of the Audit Committee. The Committee met in November for a pre-audit planning meeting and again on February 13, 2008 by conference call to review the draft financials prepared by the General Manager's office. The annual year end meeting took place with the auditor and actuary on February 21, 2008 to review the draft annual financial statements, actuarial report and P&C 1 annual filing. The Audit Committee also met with the auditors separately from the management team. The auditors confirmed that they had found no significant errors or irregularities in the statements and there had been no disputes over accounting and disclosure practices or non-compliance with regulatory requirements. The auditors therefore issued an unqualified opinion. Accordingly, the Audit Committee recommended that the 2007 financial statements be approved.

It was moved by Donald Milner and seconded by Gale Rubenstein that the Financial Statements for the year ended December 31, 2007, and the report of Deloitte thereon, be approved. The motion was carried unanimously.

It was moved by Donald Milner and seconded by Les O'Connor that Deloitte be re-appointed as auditors of CLLAS for 2008. The motion was carried unanimously.

The P&C1 filing was to be signed and processed in due course.

8. Report of the Claims Committee

Patrick Mahoney reported on behalf of the Committee. He reviewed the claims report at December 31, 2007. Currently there is a lot of management activity being expended on a small number of claims.

- Claim 1 – series of tax schemes going through CRA re-assessment process.
- Claim 3 – effectively settled and going through the approval process.
- Claim 11 – failed to settle at mediation.
- Claim 24 – CLLAS and the insurers for the U.S. office are disputing who is responsible for potential settlement.

9. Report of the Risk Management Committee

Bill Scott reported on behalf of the Committee members, Julia Holland and David Morritt with respect to current risk management initiatives.

John Walker will be attending a risk management seminar on behalf of CLLAS in the U.S. and will provide a summary report to the Committee.

Mr. Scott reported that CLLAS is having some difficulty lining up firms for the audit process in 2008. He suggested that this is simply a concern that the audit would be too intrusive and offered to speak with those firms' management committees who have not yet completed an audit to review the process with them and to remind them that CLLAS will pay have the cost.

Risk Management Seminar

Date is April 15, 2008 at McCarthy's office. It will be a 2 hour program from 3:00 to 5:00 p.m. with refreshments to follow.

Bill Scott will follow up with the firms to determine the list of attendees.

10. Report of the Peer Review Committee

Tillinghouse will undertake the review of CLLAS. Fee estimates are in the \$100,000 to \$125,000 range to complete plus taxes and disbursements. Report to be delivered by mid-calendar year.

It was moved by Richard Prupas and seconded by Les O'Connor that the Peer Review proceed as proposed with costs not to exceed \$125,000. The motion was carried unanimously.

11. Report of the Policy Committee

Gale Rubenstein reported to the Board. The Committee consists of Gale Rubenstein, Glenn Leslie and Gordon Goodman. The agenda items for 2008 include a review of the D&O policy prior to July 1 renewal to incorporate any identified changes. Also being considered is a review of the application to include a definition of "of-counsel". A final version will be included in the upcoming reinsurance renewal submission.

12. Report of the Investment Manager at December 31, 2007

The investment manager's report for the fourth quarter of 2007 was included in the meeting material as an information item. A review on the process for benchmarking the Investment Manager's performance and possible changes required coming out of the review will be reported on at the June Advisory Board meeting.

13. Other Business

An update on the reinsurance arbitration was provided.

14. Next Meeting

The next meeting will be held on June 17, 2008.

There being no further business, the meeting was terminated.

Chairman

Secretary

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

Minutes of a Meeting of the Advisory Board

**Torys LLP
33rd Floor
TD Waterhouse Tower
79 Wellington Street West
Toronto, Ontario**

Tuesday, December 11, 2007

Present:

Michael Thorley (Chairman)
Julia Holland
Anne ?
Donald Milner
Glenn Leslie
Gale Rubenstein
Joel Goldenberg
Dan MacDonald
Les O'Connor
Chris Woodbury
William Scott
Barry Bresner
Carol Lyons
Jarmila Pencikova

Torys LLP
Torys LLP
Cassels Brock & Blackwell LLP
Fasken Martineau DuMoulin LLP
Blake, Cassels & Graydon LLP
Goodmans LLP
Goodman and Carr LLP
McMillan Binch Mendelsohn LLP
WeirFoulds LLP
Fraser Milner Casgrain LLP
McCarthy Tetrault LLP
Borden Ladner Gervais LLP
Lang Michener LLP
Osler, Hoskin Harcourt LLP

Norma Ibbetson
Patrick Mahoney

Dion, Durrell + Associates
Dion, Durrell + Associates

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 18, 2007 Meeting of the Advisory Board

It was moved by Carol Lyons seconded by Bill Scott that the minutes of the September 18, 2007 meeting of the Advisory Board be approved. The motion was carried unanimously.

Approval of Minutes of the November 12, 2007 Meeting of the Advisory Board

It was moved by Les O'Connor seconded by Bill Scott that the minutes of the November 12, 2007 meeting of the Advisory Board be approved. The motion was carried unanimously.

4. Business Arising Out of the Minutes

Items arising from the minutes will be dealt with later in the agenda.

5. Report of the Risk Management Committee

Bill Scott reported to the Board on the activity of the Committee since the last meeting. John Walker joined the meeting. Mr. Scott reported on four topics:

1. Risk Management Audit Status
2. Trading/Securities Policy (Guidelines)
3. Litigation Risk Management Template
4. Risk Management Seminar

Audits

John Walker is completing his fifth risk management audit. The goal is to have all firms cycle through the audit process at least once, then determine the approach for future audits. Anthony Davis completed three audits for CLLAS at the very beginning of the cycle, but the Board concluded that it would be worthwhile to re-do those audits using the CLLAS process, at end of cycle.

Mr. Walker said that five audits was a good number which allowed the critical mass to draw some CLLAS specific feedback for the firms generally. His sense at this point is all firms are likely to have good risk management practices. He also said that feedback from firms who have been audited is that the process is useful and not too intrusive.

Mr. Walker said that he wanted to keep the momentum going and that it was time for firms to volunteer for audits in 2008. In particular, he needs a firm for Spring 2008.

Trading/Securities Policy (Guidelines)

These guidelines address trading in publicly-held securities. Some concerns have been expressed with respect to ensuring the guidelines are workable within the firms. Mr. Walker noted that most of the firms he audited have guidelines on this topic in place. The main item of concern seemed to be potential legal exposure for inadvertent trading of securities by lawyers without direct knowledge of confidential information resident elsewhere in the firm, i.e. would courts deem lawyers to know what their partners know?

Securities lawyers within firms have offered to review the draft guidelines and provide feedback, hopefully by early 2008.

Litigation Risk Management Template

Mr. Walker handed out an example of his template structure. He said that he would work with each firm to tailor the template to their specific policies and could use it as a springboard for firm-specific risk management seminars. The template is aimed at “rank and file” lawyers as opposed to senior management. He pointed out that firms are already conducting topic-specific in-house seminars, i.e. conflicts.

Mr. Walker walked through the handout. He also provided a companion piece, designed as a reference tool, which was in “Word” format to be used as speaker notes and/or handout for Risk Management Seminars.

He said that he is looking for feedback on whether it would be best to create a tailorable template for firms to modify individually, or a best practices template to serve as a basic standard for the firms. The consensus was to use the template approach and ideally each firm would hold an internal seminar in 2008.

The Board members agreed to give feedback to Mr. Walker on additional topics to be covered.

Seminar for Senior Management

Mr. Walker reported that the scheduling of a risk management seminar for senior management had been deferred until a sufficient amount of audits have taken place. It was pointed out that the reinsurers are very focused on risk management but that the timing for the seminar should be driven by optimizing the success of the seminar, not by the reinsurance renewal date.

The format of the seminar would be a one-half day (at most, perhaps two hours) working group format, with senior management of the firms to be invited. Dates were considered and it appears an April, late afternoon timeframe would work well. Video conferencing could be considered to include outside Toronto locations. The Board noted that we need to be careful not to reinvent the wheel as there are a lot of forums out there for discussion of these type of issues. However, the CLLAS audits and claims information provides a good focus.

John Walker left the meeting.

6. Report of the General Manager’s Office

Financial Statements at September 30, 2007

Patrick Mahoney presented the Management Statements for the nine month period ending September 30, 2007. He noted that the reinsurance arbitration scheduled to take place in December has been postponed due to a debate over documentary discovery. New dates will be scheduled once CLLAS has appointed a new nominee as its current nominee has declared a conflict. Mr. Mahoney noted that there was not a lot of claims activity over 2007, although there has been some reserve strengthening.

Mr. Mahoney also reviewed Exhibit III - Operating Budget Variance. On the "other expenses" line items, he pointed out that the Special Services line will finish over the budget amount. These are legal expenses incurred on various on CLLAS issues.

Update on Goodman and Carr

After the last meeting the General Manager's office has been negotiating an agreement with the firm's representative along the terms approved by the Board. Goodman and Carr has agreed in principle and the parties are in process of documenting the agreement.

QST

Several firms have been or are being audited by the Quebec Sales Tax (QST) branch of the Quebec government and the question of CLLAS premiums has come up. Based on research conducted early in CLLAS' history, QST is not charged on CLLAS premiums. The General Manager's office retained Fasken Martineau in Montreal to review the matter and the review concluded that CLLAS is not required to charge or remit QST. It is important that all the firms follow a consensus approach in dealing Revenue Quebec on this issue. Mr. Mahoney reported that legal counsel recommended tight control over the opinion to maintain privilege.

7. Report of the Claims Committee

Barry Bresner reported to the Board.

Claim 11 underwent a mediation in late November that failed.. He said that there are no other items of note at this time.

8 Report of the Audit Committee

Donald Milner reported to the Board.

Donald Milner reported that Committee met with the General Manager's office and Deloitte on November 23, 2007 with respect to the year-end planning. Deloitte advised that there may be a slight increase in fees due to the additional work required by their own actuary.

9. Report of the Policy Committee

In the absence of the Chair of the Policy Committee, Michael Thorley reported that, further to Mr. Leblovic's report at the September meeting the items on the Committee agenda for 2008 are the review of the CLLAS International wording and a review of the CLLAS wording.

10. Report of the Peer Review Committee

Glenn Leslie reported to the Board.

Eight firms have been identified as possible candidates to undertake the review although the required skill-set will likely mean that the field is smaller than this. The Committee will narrow the candidates down to three for interviews. The Committee is working on a scope document. A budget will be proposed for the work and a further report will follow.

11. Investment Report for Quarter Ending September 30, 2007

The Investment Report was included in the Board package as an information item.

The bench marking of Investment Mangers performance has commenced at the General Manager's office. The next step is a discussion with the Investment Manager. It is possible that the review will also comment on the Investment Manager's reporting format and the asset mix guidelines. A report will be made to the Board for the February meeting.

The policy contemplates an annual review. At this time, and pending receipt of the results of the review, it was felt that the conservative investment guidelines continue to be appropriate and no changes were recommended.

It was moved by Les O'Connor and seconded by Carol Lyons that the Investment Policy remain as adopted at the December 2001 Advisory Board meeting. The motion was carried unanimously.

Guidelines will be reviewed in the event the benchmarking exercise being down by the General Manager's office highlights a need.

12. Annual Dinner

The annual dinner will be held at the Toronto Club on Tuesday, January 22, 2008.

13. Attorney-in-Fact Appointment

It was moved by Dan Macdonald and seconded by Carol Lyons that Nick Leblovic, the incoming Chair of CLLAS, be appointed as Attorney-in-Fact for the members pursuant to Section 380 of the Ontario Insurance Act with effect January 1, 2008.

14. 2008 Meeting Dates

The following dates have been set for meetings of the Advisory Board in 2008:

- February 26
- June 17
- September 16
- December 9

15. Other Business

Les O'Connor paid tribute to Mike Thorley as this was his last meeting as Chair.

There being no further business, the meeting was terminated.

Chairman

Secretary

I:\CLLAS\Boards\Ad-Bd\2006\Dec 11, 2007

CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY

FINANCIAL MANAGEMENT REPORT

For the Period Ending December 31, 2007

CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY

FINANCIAL MANAGEMENT REPORT

December 31, 2007

CONTENTS

Exhibit I	Balance Sheet
Exhibit II	Income Statement
Exhibit III	Other Comprehensive Income
Exhibit IV	Operating Budget Variance Analysis

CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY
BALANCE SHEET
December 31, 2007

	As at December 31, 2007	As at December 31, 2006
ASSETS		
Cash	\$3,880,114	\$14,414,419
Investments		
Short Term	13,015,785	6,223,640
Bonds	24,874,410	17,312,595
Interest income due and accrued	215,873	157,325
Premiums receivable	10,668,627	6,683,002
Unearned reinsurance premium ceded	8,412,949	10,428,169
Prepaid Expenses	323,764	132,500
Deferred policy acquisition costs	405,601	500,342
Reinsurance recoverable	9,678,364	10,361,948
Other receivable	0	0
Provision for unpaid claims and adjustment expenses recoverable from reinsurers	48,647,000	50,584,000
Total Assets	\$120,122,486	\$116,797,941
LIABILITIES		
Provision for unpaid claims and adjustment expenses	\$80,968,000	\$77,525,000
Provision for unpaid premium liabilities	\$3,066,358	\$3,789,774
Unearned premium	13,446,144	16,540,989
Due to reinsurers	6,576,431	7,169,250
Accounts payable & accrued charges	498,537	683,891
Premium taxes payable	0	258,607
Total Liabilities	104,555,470	105,967,511
SUBSCRIBERS' EQUITY		
Surplus	15,474,952	10,830,429
Accumulated Other Comprehensive Income (Loss),	92,064	0
	15,567,016	10,830,429
TOTAL LIABILITIES AND SUBSCRIBERS' EQUITY	\$120,122,486	\$116,797,940

CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY
INCOME STATEMENT
FOR THE PERIOD ENDED December 31, 2007

	Year to date Jan. 2007 to <u>December-07</u>	Previous year Jan. 2006 to <u>December-06</u>
Written premium	\$27,040,048	\$33,356,138
Gross Written Premiums	27,040,048	33,356,138
Less: Reinsurance Ceded	16,918,348	21,029,180
Net Written Premiums	10,121,700	12,326,958
Change in Unearned Premiums	1,079,625	(3,009,014)
Earned Premiums	11,201,325	9,317,944
Claims Paid	361,879	8,444,684
Change in IBNR	2,447,000	1,635,000
Change in Case Reserve	2,086,000	(4,590,000)
Change in provision for Unpaid Premium liability	0	0
Incurred Claims	4,894,879	5,489,684
Management and Operating Expenses	1,353,418	1,196,343
Reinsurance Fees	265,000	250,000
Premium Taxes	905,943	641,717
Total Operating Expenses	2,524,361	2,088,061
Underwriting Gain (Loss)	3,782,086	1,740,198
Investment Income	1,709,437	1,334,874
Net Gain (Loss)	\$5,491,522	\$3,075,073
Subscribers' Equity - Beginning of Period	\$10,830,429	\$7,755,356
Less: Adjustment to opening Policy Liabilities	(\$847,000)	\$0
Subscribers' Equity - End of Period	\$15,474,952	\$10,830,429

**CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY
STATEMENT OF COMPREHENSIVE INCOME (LOSS) AND
ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)
FOR THE PERIOD ENDED December 31, 2007**

	Year to date Jan. 2007 to <u>December-07</u>	Previous year Jan. 2006 to <u>December-06</u>
Net Income	\$5,491,522	\$0
Other Comprehensive Income (Loss):		
Unrealized Gains and (Losses) on available-for-sale financial assets arising during the year	92,064	0
Reclassification of realized gains(losses) to the statement of operations		
Net change in the other comprehensive income for the year	92,064	0
Total Comprehensive Income (Loss)	<u>5,583,586</u>	<u>0</u>
Accumulated Other Comprehensive Income (Loss), beginning of year	\$0	\$0
Transitional Adjustment	267,961	
Other comprehensive income (loss)	(175,897)	0
Balance at end of period	<u>92,064</u>	<u>0</u>

CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY
STATEMENT OF OPERATIONS AND SURPLUS - VARIANCE ANALYSIS
FOR THE TWELVE MONTHS ENDED December 31, 2007

	Annual Budget	Year to Date Budget % Accrued to Date	\$	Year to Date Actual \$	Fav/(Unfav) Variance \$
MANAGEMENT SERVICES	355,000	100%	355,000	358,343	(3,343)
PROFESSIONAL SERVICES					
Actuarial Services	90,000	100%	90,000	80,258	9,742
Reinsurance Matters	250,000	100%	250,000	271,282	(21,282)
Strategic Matters	95,000	100%	95,000	94,490	510
Special, non-recurring	0	100%	0	0	0
Sub-Total Professional Services	435,000		435,000	446,030	(11,030)
Total Management & Professional Services * (See Note 1)	790,000		790,000	804,373	(14,373)
GST on Consulting Fees	47,400	100%	47,400	46,948	452
Total Consulting Services	837,400		837,400	851,320	(13,920)
OTHER EXPENSES					
Audit Expenses	50,000	100%	50,000	67,880	(17,880)
Annual Dinner	5,000	100%	5,000	5,040	(40)
Premium Taxes	1,000,684	100%	1,000,684	905,943	94,741
Chairman's Expenses	1,500	100%	1,500	709	791
Chairman's Honourium	60,000	100%	60,000	60,000	0
Reinsurance Expense	10,000	100%	10,000	7,799	2,201
Office Expenses	15,000	100%	15,000	8,778	6,222
Interest on Premium Liabilities	0	100%	0	36,171	(36,171)
Claims: Borderaux (LSUC)	13,850	100%	13,850	13,550	300
Special Services	40,000	100%	40,000	152,602	(112,602)
Miller Insurance Fees (Reins. Comm.) (See Note 2)	265,000	100%	265,000	265,000	0
I.B.C Statistical Plan Fees	12,000	100%	12,000	10,204	1,796
FSCO Assessment Fees	7,700	100%	7,700	6,259	1,441
Investment counsel fees	82,150	100%	82,150	85,151	(3,001)
Investment - Custodial	20,000	100%	20,000	24,369	(4,369)
Risk Management/Loss Prevention	80,000	100%	80,000	23,586	56,414
Sub-total	1,662,884		1,662,884	1,673,040	(10,156)
TOTAL	<u>\$2,500,284</u>		<u>\$2,500,284</u>	<u>\$2,524,361</u>	<u>(24,077)</u>

*** 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	42%
Third Quarter, ending September 30th	18%
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 2007/2008.
The year to date actual includes the fees billed for the third & fourth quarter of 2006/2007

CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY

**Report on the Valuation of Policy Liabilities
As at December 31, 2007**

**Presentation to the Audit Committee
February 21, 2008**



DION DURRELL
Actuaries and Consultants

CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY

<i>Table of Contents</i>	<i>Page</i>
Highlights of Valuation	- 2 -
Reported Incurred Loss Activity - Counts	- 7 -
Gross Reported Incurred Loss Activity - Losses Incurred	- 8 -
Net Reported Incurred Loss Activity - Losses Incurred	- 9 -
Claims Payout Pattern at December 31, 2007	- 10 -
Reinsurance Arrangements between CLLAS and Colchester for 2007/2008	- 11 -
Breakdown of Outstanding Claims Liabilities	- 12 -
Valuation of Claims Liabilities, Discounting	- 13 -
Impact of provision for adverse deviation on net outstanding liabilities at December 31, 2007	- 15 -
Gain (Loss) Analysis of Net Outstanding Liabilities	- 16 -

CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY

Highlights of Valuation

Revision of 2007/2008 expected loss costs to reflect recent lawyers professional liability loss experience

➤ Change in per lawyer expected loss costs for layers:

• \$750,000 xs \$250,000:	\$220	=>	\$126
• \$4,000,000 xs \$1,000,000:	\$2,243	=>	\$1,792
• \$7,500,000 xs \$5,000,000:	\$1,510*	=>	\$1,262*
• \$12,500,000 xs \$12,500,000:	\$1,302*	=>	\$946*
• \$10,000,000 xs \$25,000,000:	\$540*	=>	\$380*
• \$30,000,000 xs \$50,000,000:	\$42	=>	\$28
• \$20,000,000 xs \$140,000,000:	\$24	=>	\$13
• \$20,000,000 xs \$160,000,000:	\$18	=>	\$9

*Blended to reflect Québec's \$10,000,000 deductible versus \$5,000,000 for lawyers in other provinces

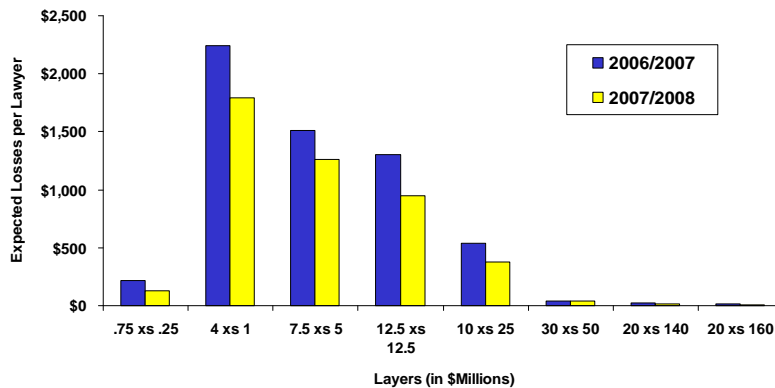
DION, DURRELL + ASSOCIATES INC.

Page 2

CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY

Highlights of Valuation

Revision of expected loss costs for 2007/2008 reflects recent favourable emerging experience:



DION, DURRELL + ASSOCIATES INC.

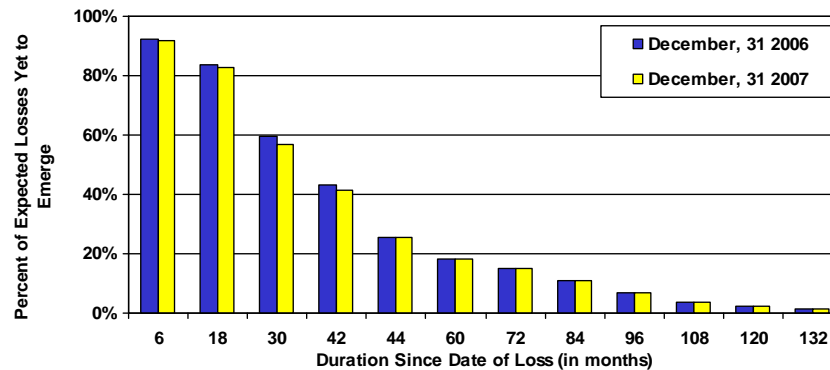
Page 3

CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY

Highlights of Valuation

/// Revision of Loss Development Factors for IBNR projection

- Aggregate impact of \$(439,000) in net undiscounted IBNR



DION, DURRELL + ASSOCIATES INC.

Page 4

CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY

Highlights of Valuation

/// Revision of unallocated loss adjusting expenses ratio from 2.5% to 2.0%

- The ULAE ratio is applied to case reserves and IBNR to estimate future claims management expenses not allocated to specific cases
- Indicated ratios of claims management expenses to reserves is 1.8%
- The 2.0% selection releases unnecessary conservatism given the 1.8% indication and the stability of claims management over time
- Aggregate impact of \$(420,000) in net undiscounted liabilities

DION, DURRELL + ASSOCIATES INC.

Page 5

CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY

Highlights of Valuation

Discount Rate

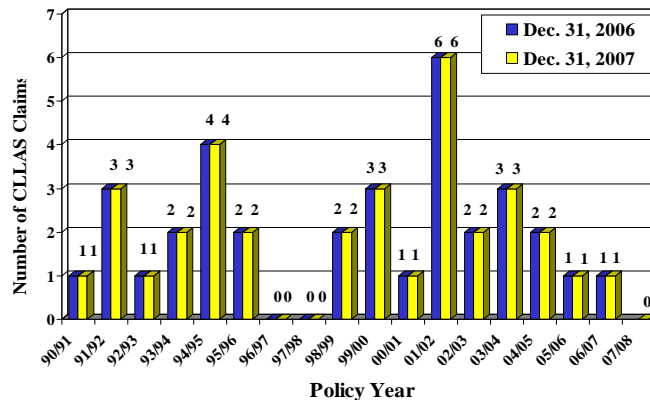
- The discount rate is used for the discounting of future claims payments and related PfAD margin
- A discount rate of 4.0% was selected based on the market yield of the company's bond portfolio as at December 31, 2007 since the company has classified its bond portfolio as available-for-sale per CICA 3855
- The interest rate used in the last valuation was 4.5%, based on the amortized cost value of bonds as at December 31, 2006
- Given the increased volatility in the new method for valuing assets, the PfAD margin on interest rate was increased to 0.75% reflecting an increase of 0.25% from the last valuation
- The aggregate impact of these changes is an increase of \$982,000 in the net December 31, 2007 claims liabilities (discounted + PfAD) [or \$847,000 as at December 31, 2006 per the notes to financials]

DION, DURRELL + ASSOCIATES INC.

Page 6

CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY

Reported Incurred Loss Activity - Counts



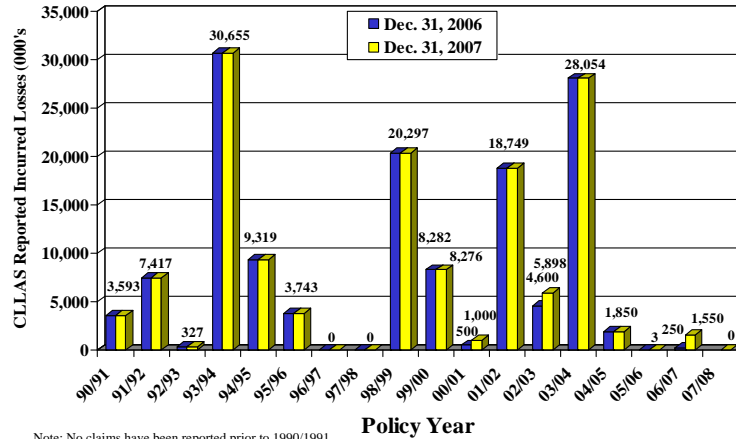
Note: No claims have been reported prior to 1990/1991.

DION, DURRELL + ASSOCIATES INC.

Page 7

CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY

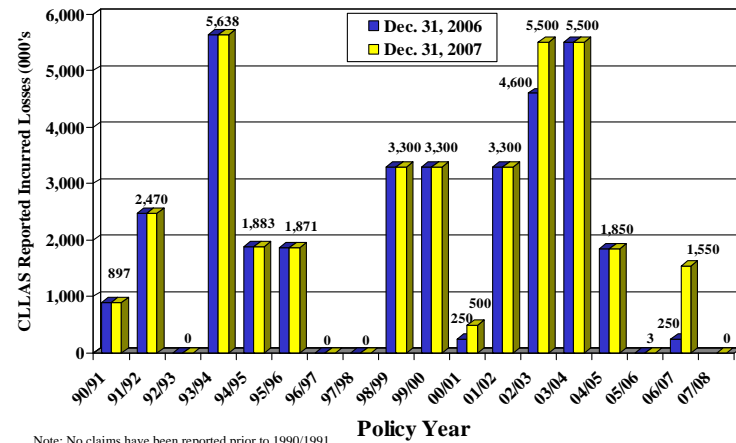
Gross Reported Incurred Loss Activity Losses Incurred (in \$000's)



DION, DURRELL + ASSOCIATES INC.

CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY

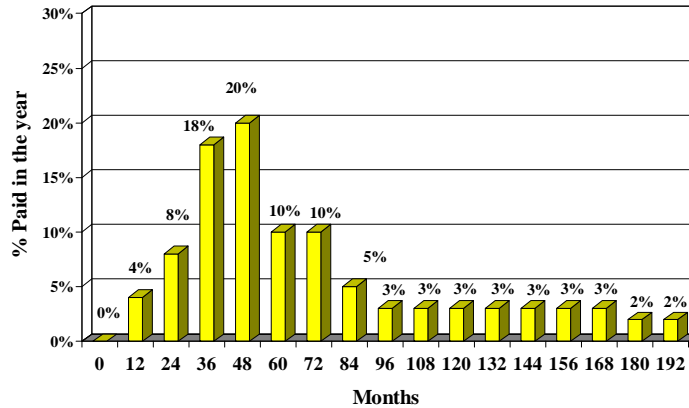
Net Reported Incurred Loss Activity Losses Incurred (in \$000's)



DION, DURRELL + ASSOCIATES INC.

CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY

Payout Pattern at December 31, 2007

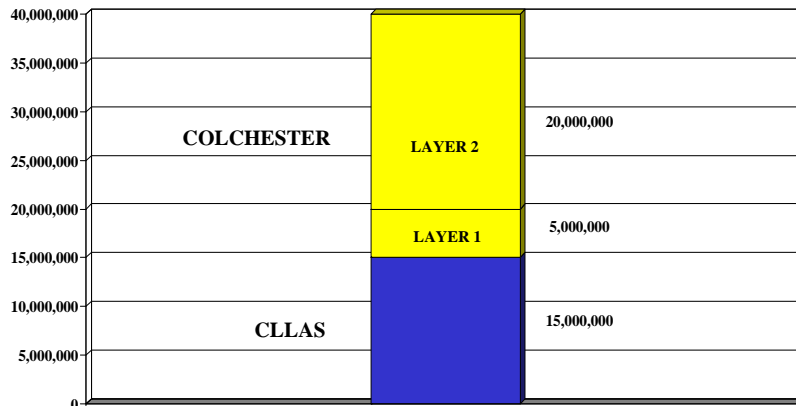


DION, DURRELL + ASSOCIATES INC.

Page 10

CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY

Arrangements between CLLAS and Colchester for (2007/2008)



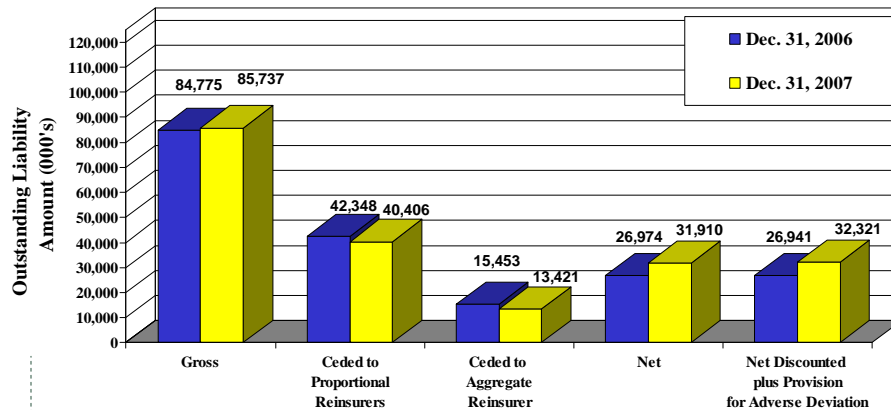
Note: The arrangements with Colchester have not changed from 2006/2007.

DION, DURRELL + ASSOCIATES INC.

Page 11

CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY

Breakdown of Outstanding Claims Liabilities



DION, DURRELL + ASSOCIATES INC.

Page 12

CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY

Valuation of Claims Liabilities

Discounting

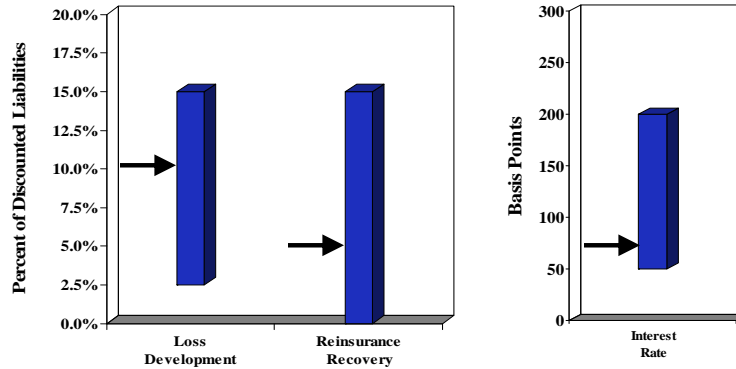
- **All liabilities are subject to discounting**
 - Reserves and IBNR are estimates of losses yet to be paid. Discounting these reserves for the time value of money is deemed appropriate.
 - Once discounted, reserves are subject to the addition of a Provision For Adverse Deviation ("PFAD"), a reserve added to the discounted liabilities for the following situations:
 - Development on claims: Claims experience worse than expected
 - Investment income: Investment yield below expectation
 - Reinsurance: Reinsurers default on their obligations
 - Reserves subject to discounting and PFAD are considered to be the best estimate of future losses, this basis is required by the Canadian Institute of Actuaries

DION, DURRELL + ASSOCIATES INC.

Page 13

CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY

Valuation of Claims Liabilities Provision for Adverse Deviation Margin

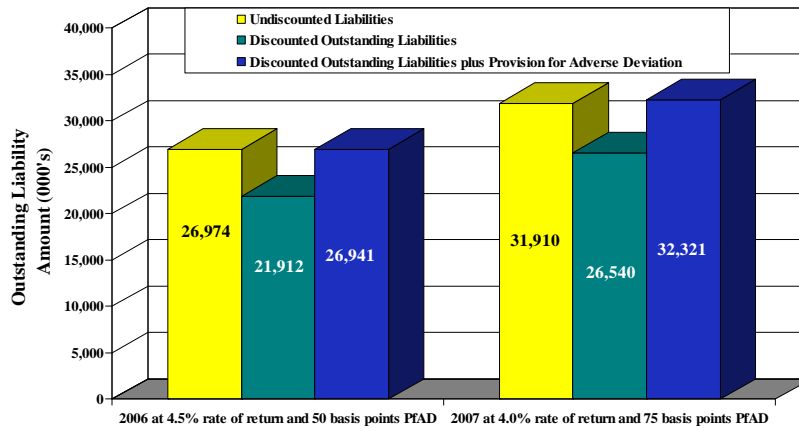


DION, DURRELL + ASSOCIATES INC.

Page 14

CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY

Impact of Provision for Adverse Deviation on Net Outstanding Liabilities at December 31, 2007

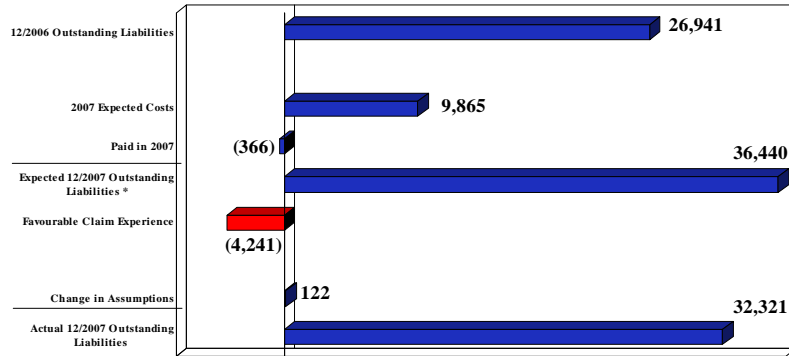


DION, DURRELL + ASSOCIATES INC.

Page 15

CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY

Gain (Loss) Analysis of Net Outstanding Liabilities at December 31, 2007



Amount in 000's

* Reflects the impact of discounting and provision for adverse deviation

DION, DURRELL + ASSOCIATES INC.

Page 16

MAKING A TRADITION OF THE NON-TRADITIONAL



DION DURRELL
Actuaries and Consultants

DION, DURRELL + ASSOCIATES INC.
 ACTUARIES AND CONSULTANTS



DION DURRELL

Actuaries and Consultants

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

**Report on the Valuation
of Policy Liabilities
As at December 31, 2007**

**Prepared by
Liam McFarlane, FCIA, FCAS**

**Final Report
February 21, 2008**



TABLE OF CONTENTS

PART 1 - INTRODUCTION AND SCOPE	1
INTRODUCTION	1
SCOPE	2
OPERATIONS	2
STANDARD OF MATERIALITY	5
CONDITIONS AND LIMITATIONS	6
SPECIFIC DISCLOSURE REQUIREMENTS	7
PART 2 - EXPRESSION OF OPINION	8
PART 3 - COMPARISON OF ACTUAL EXPERIENCE WITH EXPECTED EXPERIENCE	9
PART 4 - COMMENTARY - CLAIMS LIABILITIES, LIABILITIES IN CONNECTION WITH UNEARNED PREMIUM AND OTHER POLICY LIABILITIES	10
CLAIMS LIABILITIES	10
PROVISION FOR ADVERSE DEVIATION - CLAIMS LIABILITIES	17
SUMMARY OF CLAIMS LIABILITIES	19
POLICY LIABILITIES IN CONNECTION WITH UNEARNED PREMIUM	20
PROVISION FOR ADVERSE DEVIATION - LIABILITIES IN CONNECTION WITH	23
UNEARNED PREMIUM	23
PART 4 - COMMENTARY - OTHER ACTUARIAL LIABILITIES	25
PART 4 - COMMENTARY - REINSURANCE	26
DESCRIPTION OF REINSURANCE ARRANGEMENTS	26
RECOVERABLE AMOUNTS FROM REINSURERS	28
UNUSUAL PROBLEMS OR DELAYS	28
COLCHESTER REINSURANCE LIMITED	29
PART 5 - DATABASE AND EXHIBITS	30
RECONCILIATION	30
LIST OF SCHEDULES	31
LIST OF EXHIBITS	31
PART 6 - DATA RELIABILITY AND CONSISTENCY	32
DATA	32
RELIANCE AND VERIFICATION	32



PART 1 - INTRODUCTION AND SCOPE

INTRODUCTION

Company:	Canadian Lawyers Liability Assurance Society (CLLAS)
Date of Valuation:	December 31, 2007
Purpose:	Actuarial opinion and valuation report as required by the Ontario Insurance Act.
Author:	Mr. Liam McFarlane, F.C.I.A , F.C.A.S. Dion, Durrell + Associates Inc. Suite 2900 250 Yonge Street Toronto, Ontario M5B 2L7 (416) 408-5284
Authority:	Actuary to the Canadian Lawyers Liability Assurance Society.
Distribution:	<p>This report is strictly for the use of CLLAS, its external auditors, its advisors and the regulatory authorities in the context of their work in connection with the financial statements and Annual Return. Any other use or disclosure should be discussed first with Dion, Durrell + Associates Inc. If our report is distributed further, the report 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.</p> <p>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 Institute of Actuaries.</p>



SCOPE

Actuarial valuation of all policy liabilities, including:

1. claims liabilities,
2. liabilities in connection with unearned premium, and
3. other policy liabilities.

No actuarial liabilities have been excluded from this report.

No other report will be issued to the subscribers of CLLAS.

OPERATIONS

General

CLLAS was formed in 1986 and licensed as an insurer in 1987 with the first policies issued with an effective date of July 1, 1987. 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	\$24.0 excess of \$1.0
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	\$34.0 excess of \$1.0* plus \$25.0 excess of a minimum of \$50.0
July 1, 1992 to June 30, 1993	\$34.0 excess of \$1.0* plus \$25.0 excess of a minimum of \$50.0
July 1, 1993 to June 30, 1994	\$34.0 excess of \$1.0* plus \$25.0 excess of a minimum of \$50.0
July 1, 1994 to June 30, 1995	\$34.0 excess of \$1.0* plus \$25.0 excess of a minimum of \$50.0
July 1, 1995 to June 30, 1996	\$34.0 excess of \$1.0* plus \$25.0 excess of a minimum of \$50.0
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 **	\$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, 2001 to June 30, 2002 **	\$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, 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 ***	\$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, 2004 to June 30, 2005 ***	\$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, 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)
July 1, 2006 to June 30, 2007 ***	\$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, 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)

* The excess policies are endorsed to drop down to excess of \$250,000 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 \$25 million in excess of a \$10 million retention

The umbrella layer of coverage (\$30 million excess of a minimum of \$50 million) is subject to an annual aggregate of \$60 million for all law firms combined. Coverage between the basic coverages described above (\$34 million excess of \$1 million) and the minimum attachment point of \$50 million of the umbrella layer is not provided by CLLAS, but left to individual subscribers to arrange.

Reinsurance

The coverage provided by CLLAS is divided into layers with varying amounts of proportional reinsurance purchased in each layer. The size and the number of layers have varied over time. Effective July 1, 2002, CLLAS retains 100% of its losses in the layer \$4 million excess of \$1 million. In previous policy years the retained portion has been 50% in said layer. In addition, beginning July 1, 1989 reinsurance on the aggregate retention of CLLAS, after reflection of the proportional reinsurance, has been purchased from Colchester Reinsurance Limited ("Colchester"). Colchester is an unlicensed reinsurer which is domiciled in Barbados. The historical reinsurance arrangements are summarized in Schedule 1.



Membership/Management Changes

The number of insured lawyers has increased from approximately 1,450 to 4,832 (including 49 patent and trademark agents) from 1987 to 2007. There has been a nominal change in the number of lawyers insured by CLLAS since last year. Included in the 4,832 lawyers are 117 lawyers practicing in the US or the UK which are covered by the optional layer, but are not covered by the shared umbrella layer. CLLAS has been managed by The Wyatt Company from its inception in 1987 up until late 1995 and by Dion Durrell + Associates Inc. thereafter.

To the best of my knowledge, there have not been any major changes in management policies and philosophy in recent years. There have been no management changes in 2007.

Claims Administration/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

I have selected a standard of materiality deemed to be appropriate under the circumstances.

In selecting this materiality level, I have given due consideration to:

- the surplus position of CLLAS,
- the value of the unpaid liabilities,
- the potential impact of errors on future premium levels and retroassessments,
- who the potential users of CLLAS' financial statements are, and
- the overall level of materiality selected by the auditor.

The potential users of the CLLAS' financial statements include:

1. regulators,
2. management,
3. auditors, and
4. subscribers.



The level of materiality selected encompasses approximation errors as well as errors due to inaccurate information.

The foregoing considerations have resulted in the selection of a level of materiality of \$250,000, which corresponds to 0.2% of CLLAS' assets and 0.8% of its net claims liabilities as of December 31, 2007.

CONDITIONS AND LIMITATIONS

In carrying out this valuation, I have relied on the CLLAS' financial records and I have verified the consistency of the valuation data with the CLLAS financial records. I have asked CLLAS' external auditor, Deloitte & Touche:

- a) to employ appropriate tests and sampling of CLLAS's individual records to ensure accurate and proper recording of premium, claim and asset information,
- b) 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, and
- c) to employ appropriate tests to ensure that our premium and claim data sets correspond in aggregate to internal CLLAS reports.

I have received a satisfactory report from the auditors for the year ending December 31, 2007.

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

Annual Required Reporting to the Board or Audit Committee

I have met with the audit committee on February 21, 2008 to present the results of this report.

I met with the Audit Committee on February 21, 2007 to present the results of the year-end 2006 valuation and on February 17, 2006 to present the results of the year-end 2005 valuation.

Continuing Professional Development Requirements

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

Dynamic Capital Adequacy Testing (DCAT)

There is no requirement to complete a DCAT analysis for CLLAS.

Disclosure of Compensation

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

Dion Durrell 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 my personal considerations or to any influence, interest or relationship in respect to 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 2 - EXPRESSION OF OPINION

TO THE SUPERINTENDENT OF FINANCIAL SERVICES, FINANCIAL SERVICES COMMISSION OF ONTARIO

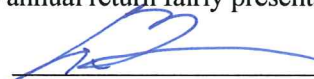
I have valued the policy liabilities of the Canadian Lawyers Liability Assurance Society for its balance sheet as at December 31, 2007 and their change in the statement of income for the year then ended in accordance with accepted actuarial practice, including selection of appropriate assumptions and methods. I am satisfied that the data utilized are reliable and sufficient for the valuation of these liabilities. I verified the consistency of the valuation data with the company financial records.

The results of my valuation together with items from the Annual Return are the following:

<u>Claim Liabilities</u>	<u>Carried in Annual Return</u>	<u>Actuary's Estimate</u>
(1) Direct unpaid claims and adjustment expenses	\$80,968,000	\$80,968,000
(2) Assumed unpaid claims and adjustment expenses	0	0
(3) Gross unpaid claims and adjustment expenses	\$80,968,000	\$80,968,000
(4) Ceded unpaid claims and adjustment expenses	48,647,000	48,647,000
(5) Other amounts to recover	0	0
(6) Other net liabilities	0	0
(7) Net unpaid claims and adjustment expenses (3)-(4)-(5)+(6)	\$32,321,000	\$32,321,000

<u>Premium Liabilities</u>	<u>Carried in Annual Return (Col. 1)</u>	<u>Actuary's Estimate (Col. 2)</u>
(1) Gross policy liabilities in connection with unearned premiums		\$12,027,000
(2) Net policy liabilities in connection with unearned premiums		4,569,000
(3) Gross unearned premiums	13,446,000	
(4) Net unearned premiums	5,033,000	
(5) Premium deficiency	0	0
(6) Other net liabilities	3,066,000	3,066,000
(7) Deferred policy acquisition expenses	406,000	
(8) Maximum policy acquisition expenses deferrable [(4)+(5)+(9)] _{Col. 1} - (2) _{Col.2}		464,000
(9) Unearned Commissions	\$0	

In my opinion the amount of policy liabilities makes appropriate provision for all policyholders' obligations and the annual return fairly presents the results of the valuation.


Signature of Actuary

Liam McFarlane
Printed name of Actuary

February 21, 2008

Date opinion was rendered



PART 3 - COMPARISON OF ACTUAL EXPERIENCE WITH EXPECTED EXPERIENCE

The expected experience represents the net ultimate loss projections as of December 31, 2002, December 31, 2003, December 31, 2004, December 31, 2005 and December 31, 2006, and the actual experience represents the net ultimate loss projections as of December 31, 2007. Exhibit XV shows both actual and expected experience net of proportional reinsurance and of Stop-Loss reinsurance (i.e. Colchester).

Significant changes in net ultimate losses were observed in 2003/2004, 2004/2005 and 2005/2006. In 2003/2004, 2004/2005 and 2005/2006 there were decreases of \$1,998,000, \$718,000 and \$1,872,000 respectively, as a result of favourable development.

There have been moderate changes in claims experience for other policy periods and an overall net claims experience gain of \$4,866,000 (i.e. 7.9% of prior year end estimate) has been realized in 2007 for all policy periods combined.



PART 4 - COMMENTARY - CLAIMS LIABILITIES, LIABILITIES IN CONNECTION WITH UNEARNED PREMIUM AND OTHER POLICY LIABILITIES

CLAIMS LIABILITIES

Considerations

The following were considered in estimating the claims liabilities:

Homogeneity/Credibility

The same coverage is offered to all subscribers. We consider the risk exposures of the CLLAS subscribers to be homogeneous for estimating claims liabilities.

Given the excess nature of the coverage provided by CLLAS, claims experience is very limited. For that reason, we have estimated IBNR reserves based upon anticipated future development of expected losses.

Frequency/Severity

Given the excess nature of the coverage provided by CLLAS, claims experience has been very volatile from year to year.

Recent analyses of the ground-up claims experience indicate some improvement in claim frequency and some deterioration in claim severity.

Claims Runoff

As at December 31, 2007, there are a total of 34 claims with an incurred value of \$140,729,000 that exceed the \$1,000,000 retention, consisting of gross case reserves of \$15,063,000 and gross payments of \$125,666,000. At the end of 2006, there were 34 claims with an incurred value of \$137,637,000 within the CLLAS coverage layers, consisting of gross case reserves of \$12,879,000 and gross payments of \$124,758,000. The development during 2007 was favourable.

Retention/Reinsurance

The 2007/2008 reinsurance arrangements were similar to those in place for 2006/2007. The details of the current (2007/2008 policy period) and historical reinsurance arrangements are provided in Schedule 1 of this report.

External Influences

I am not aware of any legal or regulatory changes or any precedents set in case law that would impact our estimates.



Marketing Strategy

There have been no changes in marketing strategy since CLLAS' inception. The number of insured lawyers is approximately the same as it was at the last valuation.

Mix of Business

There has not been any material change in the mix of business since CLLAS' inception.

Claims Recording/Settlement

Claims recording and claims settlement practices during 2007 were consistent with historical practices. The year-end cut off date was December 31, 2007.

Reopened Claim Potential

Our analysis indicates that in the past no relevant 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.

Aggregate Limits

The aggregate limits of CLLAS' reinsurance with Colchester have changed at June 30, 1998 and subsequently at June 30, 2002, June 30, 2005 and June 30, 2006 as described in detail in Part 4 – Commentary – Reinsurance.

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 claims liabilities.

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.

Coverage Changes

For Québec, for policy years 2003/2004 and after, CLLAS coverage is provided in excess of a \$10 million retention compared to a \$5 million retention for policy years 1999/2000 to 2002/2003. There have been no other coverage changes since my last valuation of CLLAS.

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' coverage layers. The case reserving practices have been consistent over time.

Regulatory Changes

I am not aware of any regulatory changes that would affect my valuation of CLLAS.



Methodology and Assumptions - Losses and Loss Adjustment Expenses

In estimating the ultimate loss and allocated loss adjustment expense liabilities faced by CLLAS, I have utilized methodologies consistent with last year. The data underlying our projections and estimates can be found in Part 5 of this report.

The Incurred But Not Reported ("IBNR") liabilities 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).

Rating studies have been performed yearly since 1995 and expected loss costs assumptions have been revised from time to time. The last such rating study took place in early 2007 which led to revised expected loss costs per lawyer for the period covering from July 1, 2007 through July 31, 2008. These were used in my December 31, 2007 valuation. I have summarized below the revised and prior loss costs per lawyer assumptions for each layer of proportional reinsurance.

Reinsurance Layer (in million \$)	Expected Loss Costs Per Lawyer	
	Prior	Revised
\$0.75 xs \$0.25	\$ 220	\$ 126
\$4.0 xs \$1.0	2,243	1,792
\$7.5 xs \$5.0	1,510	1,262
\$12.5 xs \$12.5	1,302	946
\$10.0 xs \$25.0	540	380
\$30.0 xs minimum \$50.0	42	28
\$20.0 xs \$140.0	24	13
\$20.0 xs \$160.0 (new)	18	9

For the December 31, 2007 valuation I revised prior years expected loss costs for the first three layers in excess of \$5.0 million (\$10 million for Québec lawyers). As a measure of conservatism, these layers were assumed to be in excess of a \$5.0 million attachment point in past valuations for all lawyers covered by CLLAS. The restated expected loss costs shown in Exhibit II pages 33 to 40 now reflect a weighted average of the loss costs for Québec and the other provinces taking into account the different attachment points.



The assumed claim emergence pattern has been derived using the observed development for lawyers professional liability excess loss experience from a number of the law societies as a guide as shown in Exhibit III. The loss development patterns were revised based upon the indications from Exhibit III. The selected developments and resulting IBNR factors are shown below.

Duration (in months)	Loss Development Factor	IBNR Factor
6	12.175	0.918
18	5.825	0.828
30	2.308	0.567
42	1.700	0.412
54	1.343	0.255
66	1.225	0.184
78	1.175	0.149
90	1.125	0.111
102	1.075	0.070
114	1.040	0.038
126	1.025	0.024
138+	1.013	0.013

The assumed claim payout pattern has been derived using the observed payout for lawyers professional liability excess loss experience from a number of the law societies as a guide. The selected payout pattern is shown on the next page.



Duration (in months)	Payout %
0	0%
12	4%
24	8%
36	18%
48	20%
60	10%
72	10%
84	5%
96	3%
108	3%
120	3%
132	3%
144	3%
156	3%
168	3%
180	2%
192	2%

I have established the liabilities for unallocated loss adjusting expenses at 2.0% of the gross indemnity and legal expense liabilities and have assumed that all ULAE costs would be retained by CLLAS. I selected a factor of 2.0% based on an analysis of unallocated loss adjustment expenses provision and gross outstanding liabilities. It should be noted that ULAE represents solely CLLAS internal claims management expenses.

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

- Estimated internal claims management expenses equal to \$357,000 in 2008.
- Indexing of such expenses at 3% a year in future years.
- The portion of such annual expenses related to the outstanding claims liabilities as of December 31, 2007 will decrease at an annual rate of 1/7 per year from 2008 to 2014.

The ULAE provision resulting from the above assumptions represents, as indicated in Exhibit IV, 1.8% of the gross case reserves and IBNR provision as of December 31, 2007. A 2.0% assumption was selected to determine the ULAE provision as of December 31, 2007. As shown in Exhibit VIII, such provision amounts to \$1,681,000 (i.e. \$301,000 based on gross case reserves plus \$1,380,000 based on gross IBNR).



During 1990 one of the unregistered reinsurers (Walbrook) stopped accepting business and was replaced on April 1, 1990 by registered companies. This reinsurer, as of the current time, is in liquidation and the future collectibility of this reinsurance is in question. In total, \$0 of total reserves is ceded to Walbrook.

Exhibits V, VI, VII and VIII show the ground-up incurred loss amounts as well as the impact of proportional reinsurance, aggregate reinsurance (i.e. Colchester), uncollectible reinsurance amounts and unallocated loss adjustment expenses.

Exhibit VIII shows the net CLLAS losses after consideration of all of the above elements.

Exhibit VIII shows CLLAS net outstanding liabilities. Such net outstanding liabilities amount to \$31,910,000 including the ULAE component (i.e. case reserves of \$8,681,000 and an IBNR provision of \$23,229,000).

Impact of Changes in Methodology and Assumptions on Reserve Estimates

The changes in methodology and assumptions implemented in my December 31, 2007 valuation resulted in a total decrease in net undiscounted liabilities of \$893,000. This was generated mainly by the change in expected loss costs, incurred loss development factors as well as the ULAE %.



Expected Ultimate Loss Ratios

The ultimate loss ratio history, based on my estimates of ultimate losses and loss adjustment expenses in recent years, is as follows:

Policy ⁽¹⁾ Period	Ultimate Loss & LAE Ratio	
	Gross Basis	Net Basis
1987/1988	0%	0%
1988/1989	0%	0%
1989/1990	0%	0%
1990/1991	85%	153%
1991/1992	172%	428%
1992/1993	7%	0%
1993/1994	679%	1510%
1994/1995	181%	142%
1995/1996	64%	97%
1996/1997	2%	2%
1997/1998	3%	3%
1998/1999	191%	76%
1999/2000	75%	65%
2000/2001	20%	14%
2001/2002	146%	57%
2002/2003 ⁽²⁾	56%	123%
2003/2004 ⁽³⁾	151%	94%
2004/2005	46%	75%
2005/2006	57%	66%
2006/2007	71%	92%
2007/2008	68%	87%
Total	88%	81%

(1) July 1 to June 30, except for 2007/2008 which is July 1 to December 31, 2007.

(2) Excluding reinsurance premium liability of \$(91,754)

(3) Excluding reinsurance premium liability of \$3,881,528

The details of the previous table's calculations are summarized in Exhibit IX, page 1.

Please note that the above calculations do not reflect the \$7,000,000 retro-assessment called at December 31, 1996 and the \$1,600,000 retro-assessment called at June 30, 1998. If such retro-assessments are included in the above calculation a total loss ratio of 85% and 72% would result on a gross and net basis respectively.



PROVISION FOR ADVERSE DEVIATION - CLAIMS LIABILITIES

Introduction

The Consolidated Standards of Practice – Specific Standards for Insurance, Section 2250 of the Canadian Institute of Actuaries (CIA) provides explicit guidance for the setting of the provision for adverse deviation associated with claims liabilities.

There are three major valuation variables in any property and casualty insurance valuation. Associated with each of these variables the CIA 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: 15.0% 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: 50 basis points (0.5%) High margin: 200 basis points (2.0%)

Evaluation of these margins can be found in Exhibit X, page 1.

Valuation Variables

Claim Development Variable

The liabilities are long tailed, which require a number of years of development before a precise picture of the ultimate liabilities can be obtained. In addition since the coverage is excess of loss it is also subject to a high degree of variability. As a result of these considerations I have selected a margin for claim development of 10.0%, which is at the medium to high end of the recommended range.

The total margin for net claim development is calculated at \$2,654,000 and is shown in Exhibit X, page 7.

Reinsurance Recovery Variable

Except for Walbrook, all CLLAS proportional reinsurers are believed to be in sound financial condition. All have a Best Rating of A- or better except for Unionamerica which has not been rated by rating agencies since January 2001, time at which the company was placed into run-off. Unionamerica assumes 4.02% of layer \$7.5 million xs \$5.0 million and 1.36% of layer \$12.5 million xs \$12.5 million in policy periods 1998/1999 to 2000/2001. Given that a material amount of ceded liabilities are also with unlicensed reinsurers, I have



selected a margin of 5.0% (\$2,247,000) for the reinsurance recovery variable. This selection remains unchanged from 2006. The calculation of this margin is also shown in Exhibit X.

Interest Rate Variable

The investment portfolio is mainly comprised of government bonds of durations of up to 10 years and treasury bills which are all of high quality. A discount rate of 4.0% was selected based on the yield of the company's bond portfolio as at December 31, 2007. The yield reflects the market value of bonds since the company has classified its bond portfolio as available-for-sale.

However, since the bulk of liabilities arise from excess of loss coverage, the length and predictability of the claim payment patterns means that it is difficult to perfectly match investments with claims payments. I have therefore selected a margin of 75 basis points (0.75%) on the interest rate variable which has resulted in the selection of a margin of \$880,000. The calculation of this margin is also shown in Exhibit X.

Summary

The total margin on the variables comprising the provision for adverse deviation is \$5,781,000. Therefore, the final actuarial liabilities can be summarized as follows:

(1)	Discounted Outstanding Claims Liabilities at December 31, 2007	\$26,540,000
(2)	Provision for Adverse Deviation	5,781,000
(3)	Discounted Outstanding Claims Liabilities plus Provision for Adverse Deviation *	<u>\$32,321,000</u>

** Outstanding claims liabilities are equal to the discounted outstanding liabilities plus the provision for adverse deviation as per the Canadian Institute of Actuaries standard of practice.*

Exhibit XIII also shows a summary of the net undiscounted and discounted (including the provision for adverse deviation) claims liabilities.



SUMMARY OF CLAIMS LIABILITIES

Gross, Ceded and Net Basis

The unpaid claims and claims adjustment expenses on a gross, ceded and net basis are summarized as follows:

	Case Reserves	IBNR ^{/1}	Total Unpaid
Gross Losses	\$15,063,000	\$65,905,000	\$80,968,000
Ceded Losses	(6,381,000)	(42,266,000)	(48,647,000)
Net Losses	\$8,682,000	\$23,639,000	\$32,321,000

^{/1} Including ULAE and the full impact of discounting and PFAD

Subsequent Events

I am not aware of any significant event after the December 31, 2007 valuation date which would materially affect the results of my valuation.

Reconciliation with Annual Return

Reconciliation of claims liabilities reported in the Annual Return to the actuary's estimate:

		Source
1. Net unpaid claims reported by CLLAS	\$32,321,000	Annual Return
2. Actuary's estimate of recoverable	<u>48,647,000</u>	
3. (1) + (2)	\$80,968,000	
4. Actuary's estimate of gross unpaid claims	<u>80,968,000</u>	
5. Redundancy (deficiency) (3) - (4)	\$ 0	



POLICY LIABILITIES IN CONNECTION WITH UNEARNED PREMIUM

Considerations

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

Rate History

Summarized below is the rate per lawyer charged by CLLAS since 1987:

Policy Period	Average Premium Rate Per Lawyer
July 1, 1987 to June 30, 1988	\$ 3,000
July 1, 1988 to June 30, 1989	2,000
July 1, 1989 to June 30, 1990	1,800
July 1, 1990 to June 30, 1991	1,800
July 1, 1991 to June 30, 1992	1,800
July 1, 1992 to June 30, 1993	1,800
July 1, 1993 to June 30, 1994	1,800
July 1, 1994 to June 30, 1995	1,950
July 1, 1995 to June 30, 1996	2,300
July 1, 1996 to June 30, 1997	3,000
July 1, 1997 to June 30, 1998	3,000
July 1, 1998 to June 30, 1999	4,350
July 1, 1999 to June 30, 2000	4,305
July 1, 2000 to June 30, 2001	4,180
July 1, 2001 to June 30, 2002	4,116
July 1, 2002 to June 30, 2003	3,881
July 1, 2003 to June 30, 2004	4,663
July 1, 2004 to June 30, 2005	5,089
July 1, 2005 to June 30, 2006	5,180
July 1, 2006 to June 30, 2007	6,812
July 1, 2007 to June 30, 2008	5,540

Also, as of December 31, 1996, CLLAS has called a retro-assessment of \$7,000,000 payable by its subscribers in ten instalments of \$700,000 over the following five years starting on July 1, 1997. The premium rate for 1997/1998 through 2001/2002 includes a provision for this retro-assessment. The 1998/1999 through 2001/2002 premium rate also includes a provision for the \$1,600,000 retro-assessment called on June 30, 1998 which is payable over a four year period starting on July 1, 1998. Since 1998/1999 the premium rate is inclusive of a surplus contribution which has varied from year to year.



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

I am 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 similar to those currently in force.

Premium Collection

I am not aware of any premium collectibility problems. This was confirmed by CLLAS management.

Seasonality of Losses

I am 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

I am not aware of any coverage change which could affect the claim costs arising from the unexpired portion of the business in force.

Unearned Premiums

Unearned premiums are computed using the daily pro rata method. The gross and net unearned premiums as of December 31, 2007 are \$13,446,000 and \$5,033,000 respectively.

Doubtful Reinsurance Accounts

There is an on going dispute with several reinsurers regarding the recoveries pertaining to claim number 2004-194, however, management is confident that this dispute will be resolved in CLLAS' favour. I have reviewed and discussed all other reinsurance collectibles with management and am satisfied that with the exception of one unregistered reinsurer (Walbrook) all other reinsurance is collectible.



Summary of Liabilities in Connection with Unearned Premium

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

Ultimate Loss Ratio History

I have estimated the expected loss ratio using on-level premiums and trended ultimate losses as shown in Exhibit IX page 2.

Unallocated Loss Adjusting Expenses

The unallocated loss adjusting expenses as a percentage of losses is selected in Exhibit IV. A 2.0% ratio is used for liabilities in connection with unearned premium for a total of \$319,000.

Policyholder Service Costs

I have selected 3.0% of premiums as the policyholder servicing costs for a total of \$403,000. This is based on 1/3 of the ratio of selected general expenses to gross earned premium subject to a maximum of 5.0% and a minimum of 3.0%.

Investment Return on Unearned Premiums

Based upon the same reasons as applicable for claims liabilities, a 4.0% rate of return has been used to calculate expected investment return on unearned premiums. The resulting income is \$50,000.

Change in Reinsurance Costs

Because the policy and reinsurance contract dates are the same, there is no applicable change in reinsurance cost amount.

After application of all these considerations the resulting liabilities were then discounted and the Provision for Adverse Deviation was added, per the CIA standard of practice, as illustrated later in this section. The final gross liabilities in connection with unearned premium are \$12,027,000 and the final net liabilities in connection with unearned premium are \$4,569,000.

Premium Deficiency

The premium deficiency reserve as at December 31, 2007 is nil.

Deferred Policy Acquisition Expense

Using the net liabilities in connection with unearned premiums stated above, the maximum allowable deferred policy acquisition expense is found to be \$464,000. The company's deferred expenses are \$406,000.



PROVISION FOR ADVERSE DEVIATION - LIABILITIES IN CONNECTION WITH UNEARNED PREMIUM

Introduction

As previously stated in connection with claims liabilities the CIA standard of practice with respect to Provision for Adverse Deviations also applies to liabilities in connection with unearned premiums.

The variables involved and the range of margins are the same as shown previously in the section on provision for adverse deviation in connection with claims liabilities.

Valuation Variables

Claim Development Variable

We have selected a margin similar to that chosen in the section on provision for adverse deviation for claim liabilities. The margin for net claim development has been selected at 10.0% (\$338,000). The calculation of this margin is shown in Exhibit XI, page 3.

Reinsurance Recovery Variable

We have selected a margin of 5.0% (\$340,000) for the reinsurance recovery variable. This selection is similar to that chosen in the section on provision for adverse deviation for claim liabilities. The calculation of this variable is also shown in Exhibit XI, page 3.

Interest Rate Variable

For reasons similar to those outlined in the claims liabilities section, a margin of 75 basis points (0.75%) has been selected for the interest rate variable. This has resulted in the selection of a margin of \$155,000. The calculation of this margin is also shown in Exhibit XI, page 3.



Summary

The total margin on the variables comprising the provision for adverse deviation is \$833,000. Therefore, the final actuarial liabilities can be summarized as follows:

1. Discounted Claims Liabilities in connection with Unearned Premiums at December 31, 2007	\$3,382,000
2. Provision for Adverse Deviation	<u>833,000</u>
3. Discounted Claims Liabilities in connection with Unearned Premiums plus Provision for Adverse Deviation*	\$4,215,000

* *Claims liabilities are equal to the discounted claims liabilities plus the provision for adverse deviation as per the Canadian Institute of Actuaries standard of practice.*

Reconciliation with Annual Return

Reconciliation of policy liabilities reported in the Annual Return to the actuary's estimate:

		Source
1. Net unearned premiums reported by CLLAS	\$ 5,033,000	Annual Return
2. Other liabilities reported by CLLAS	0	Annual Return
3. Deferred policy acquisition expense reported by CLLAS	<u>406,000</u>	Annual Return
4. ((1) + (2) - (3))	\$ 4,627,000	
5. Actuary's estimate of net policy liability	<u>4,569,000</u>	
6. Margin (deficiency) ((4) - (5))	\$ 58,000	



PART 4 - COMMENTARY - OTHER ACTUARIAL LIABILITIES

As at December 31, 2007, CLLAS has a premium liability of \$2,442,000 in connection with its proportional reinsurance arrangements for policy years 2002/2003 and 2003/2004. The agreements specify that the total deposit premium is to be adjusted from inception and annually thereafter and is to be calculated at 100/70ths of the total of all known incurred liabilities in respect of the aggregate of claims covered in the layer \$7.5MM in excess of \$5.0MM. The agreements also specify that the total deposit premium is to be adjusted from inception and annually thereafter and is to be calculated at 100/75ths of the total of all known incurred liabilities in respect of the aggregate of claims covered in the layer \$12.5MM in excess of \$12.5MM. The detail of the calculation of this liability is shown in Exhibit XII.

In addition to this provision, CLLAS also has a \$624,000 liability from amounts previously received (through yearly adjustments) from its reinsurers in respect of the agreements stated above.

The premium adjustment provision in these arrangements has been discontinued from policy year 2004/2005 onwards.



PART 4 - COMMENTARY - REINSURANCE

DESCRIPTION OF REINSURANCE ARRANGEMENTS

The reinsurance arrangements are summarized as follows:

Proportional Reinsurance

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

The above 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 1993/94 to 1995/96 and for future policy periods unless the arrangement is terminated by either CLLAS or Colchester.

- As per the initial reinsurance terms, CLLAS' 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.
- 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.



However, in June 1998 the reinsurance arrangements between CLLAS and Colchester have again been 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 has been eliminated.
- Also the deficit carry-forward of \$3,733,000 as of December 31, 1997 under such retrospective rating arrangement has been eliminated as of June 30, 1998.
- For the 1998/1999 policy period CLLAS will retain the first \$3,300,000 of its net of proportional aggregate retention instead of \$250,000 and Colchester will assume \$4,700,000 excess of CLLAS new \$3,300,000 aggregate retention after proportional reinsurance.
- CLLAS will also assume \$6,000,000 excess of \$8,000,000 of its aggregate retention after proportional reinsurance.
- Colchester will continue 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 have been 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' \$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 have been 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' \$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 have been modified as follows:

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

RECOVERABLE AMOUNTS FROM REINSURERS

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

Claim Liabilities	\$ 48,647,000
Unearned Premium	<u>\$ 7,458,000</u>
Total	\$ 56,105,000

UNUSUAL PROBLEMS OR DELAYS

I have discussed reinsurance matters with the management and the external auditor of CLLAS 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 the following situations 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.
- Insolvent reinsurers.

As mentioned earlier in the report, CLLAS' management has commented that reinsurance disputes regarding claim 2004-194 will likely be resolved in CLLAS' favour. I am monitoring this situation closely and do not feel it is necessary to make additional provisions at this time.



As stated earlier in this report, all CLLAS proportional reinsurers are believed to be in sound financial condition. All have a Best Rating of A- or better except for Unionamerica which has not been rated by rating agencies since January 2001, time at which the company was placed into run-off. Unionamerica assumes 4.02% of layer \$7.5 million xs \$5.0 million and 1.36% of layer \$12.5 million xs \$12.5 million in policy periods 1998/1999 to 2000/2001.

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 thirteen Toronto based legal firms or their related service corporations. Those thirteen shareholders are unrelated to each other. However, each of Colchester's shareholders is, or is related to, one of CLLAS' fourteen subscribers.

Since July 1, 1989 Colchester has provided aggregate reinsurance to CLLAS. The terms of the current aggregate reinsurance arrangements provided to CLLAS are described in Schedule I. As far as I am aware, Colchester does not provide reinsurance to any other entity than CLLAS.



PART 5 - DATABASE AND EXHIBITS

This section contains the database summary and exhibits used in the current valuation.

RECONCILIATION

A reconciliation of the claims data used in this valuation with CLLAS' records was performed. I am satisfied that no material data was omitted. The details of my reconciliation are as follows:

	Gross Paid at 12/31/2007	Gross Case Reserves at 12/31/2007
1. Reported in CLLAS' financial records	\$ 125,666,000	\$ 15,063,000
2. Reported in claim bordereaux	125,666,000	15,063,000
3. Difference	\$ 0	\$ 0



LIST OF SCHEDULES

Schedule 1 CLLAS Reinsurance Arrangements

LIST OF EXHIBITS

Exhibit I	Page 1	Cumulative Paid Losses and ALAE - Gross Basis
Exhibit I	Page 2	Case Reserves - Gross Basis
Exhibit I	Page 3	Incurred Losses - Gross Basis
Exhibit I	Page 4	Cumulative Number of Claims Reported - Gross Basis
Exhibit I	Page 5	Number of Claims Open - Gross Basis
Exhibit I	Page 6	Cumulative Paid Losses and ALAE - Net Basis
Exhibit I	Page 7	Case Reserves - Net Basis
Exhibit I	Page 8	Incurred Losses - Net Basis
Exhibit I	Page 9	Cumulative Number of Claims Reported - Net Basis
Exhibit I	Page 10	Number of Claims Open - Net Basis
Exhibit II		IBNR - Reflecting Proportional Reinsurance
Exhibit III		Indicated Loss Development Factors for Losses in Excess of Various per Occurrence Retentions
Exhibit IV		Determination of the Provision for Unallocated Loss Adjustment Expenses
Exhibit V		Amount Unrecoverable (Walbrook)
Exhibit VI		Gross and Net of Proportional Experience
Exhibit VII		Aggregate and Net of Aggregate Experience
Exhibit VIII		Net Experience
Exhibit IX		Gross and Net Loss and Loss Adjustment Expense Ratio
Exhibit X		Provision for Adverse Deviation - Claims Liabilities
Exhibit XI	Page 1	Premium Liabilities
Exhibit XI	Page 2	Provision for Adverse Deviation – Gross Liabilities in Connection with Unearned Premium
Exhibit XI	Page 3	Provision for Adverse Deviation – Net Liabilities in Connection with Unearned Premium
Exhibit XII		Premium Liability
Exhibit XIII		Summary of Net Undiscounted and Net Discounted Claims Liabilities
Exhibit XIV		Summary of Net Outstanding Liabilities and Provision for Adverse Deviation by Year
Exhibit XV		Comparison of Net Actual Experience with Net Expected Experience from the December 31, 2002, December 31, 2003, December 31, 2004, December 31, 2005, December 31, 2006 and December 31, 2007 Valuations
Exhibit XVI		Unpaid Claims and Loss Ratio Analysis Exhibit



PART 6 - DATA RELIABILITY AND CONSISTENCY

DATA

I have relied on the following data provided by CLLAS as at December 31, 2007:

- Individual claims transaction data.
- Reinsurance ceded to all the reinsurers.
- Written premiums.
- Number of lawyers insured.
- Draft financial statements.

RELIANCE AND VERIFICATION

I have relied on those 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 ultimate policy liabilities.

I have performed a reconciliation of the claims and premium data used in this valuation with the CLLAS' records and am satisfied that no material data was omitted. The details of my reconciliation can be found in Part 5 of this report.

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

Policy liabilities are estimates. Future emergence of loss and loss adjustment expenses may differ from our estimates. In estimating these liabilities, I have used procedures and assumptions that I believe are reasonable and appropriate, given the data available.



SCHEDULE 1

CLLAS REINSURANCE ARRANGEMENTS

Proportional Basis:

<u>Fiscal Period</u>	<u>Layer (in million \$)</u>	<u>Retained Portion</u>	<u>Portion Reinsured with:</u>	
			<u>Registered Companies</u>	<u>Unregistered Companies</u>
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%



SCHEDULE 1 (cont'd...)

CLLAS REINSURANCE ARRANGEMENTS

Proportional Basis:

<u>Fiscal Period</u>	<u>Layer (in million \$)</u>	<u>Retained Portion</u>	<u>Portion Reinsured with:</u>	
			<u>Registered Companies</u>	<u>Unregistered Companies</u>
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%
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%



SCHEDULE 1 (cont'd...)

Proportional Basis:

<u>Fiscal Period</u>	<u>Layer (in million \$)</u>	<u>Retained Portion</u>	<u>Portion Reinsured with:</u>	
			<u>Registered Companies</u>	<u>Unregistered Companies</u>
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%
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 1 (cont'd...)

Proportional Basis:

<u>Fiscal Period</u>	<u>Layer (in million \$)</u>	<u>Retained Portion</u>	<u>Portion Reinsured with:</u>	
			<u>Registered Companies</u>	<u>Unregistered Companies</u>
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%
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%



SCHEDULE 1 (cont'd)

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 1 (cont'd)

CLLAS REINSURANCE ARRANGEMENTS

Aggregate Basis Ceded to Unregistered Company:

- | | |
|-----------------|---|
| 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 |
| 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 |

As at December 31, 2007

[illegible]

As at December 31, 2007

Year	6	18	30	42	54	66	78	90	102	114	126	138	150	162	174	186	198	210	222	234	246
July 1, 1987 - June 30, 1988	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
July 1, 1988 - June 30, 1989	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
July 1, 1989 - June 30, 1990	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
July 1, 1990 - June 30, 1991	0	0	0	500,000	600,000	600,000	200,000	2,231,671	3,423,000	3,593,148	3,593,148	3,593,148	3,593,148	3,593,148	3,593,148	3,593,148	3,593,148	3,593,148	3,593,148	3,593,148	0
July 1, 1991 - June 30, 1992	0	0	1,750,000	2,500,000	4,050,000	9,243,761	7,053,655	7,536,379	7,536,379	7,536,379	7,536,379	7,436,379	7,416,563	7,416,563	7,416,563	7,416,563	7,416,563	7,416,563	7,416,563	7,416,563	0
July 1, 1992 - June 30, 1993	0	0	0	0	0	0	0	500,000	500,000	339,188	339,188	326,599	326,599	326,599	326,599	326,599	326,599	326,599	326,599	326,599	0
July 1, 1993 - June 30, 1994	0	0	0	17,246,000	19,069,880	19,030,920	22,031,269	31,029,613	31,029,613	31,029,613	31,029,613	32,529,613	32,529,613	30,654,825	30,654,825	30,654,825	30,654,825	30,654,825	30,654,825	30,654,825	0
July 1, 1994 - June 30, 1995	0	800,977	2,781,970	8,703,654	9,152,853	10,002,853	9,818,989	9,318,988	9,318,988	9,318,988	9,318,988	9,318,988	9,318,988	9,318,988	9,318,988	9,318,988	9,318,988	9,318,988	9,318,988	9,318,988	0
July 1, 1995 - June 30, 1996	0	750,000	1,364,844	1,395,469	1,442,920	3,442,920	3,752,667	3,742,644	3,742,644	3,742,644	3,742,644	3,742,644	3,742,644	3,742,644	3,742,644	3,742,644	3,742,644	3,742,644	3,742,644	3,742,644	0
July 1, 1996 - June 30, 1997	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
July 1, 1997 - June 30, 1998	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
July 1, 1998 - June 30, 1999	0	215,000	4,215,000	18,098,662	21,050,613	20,511,669	20,296,669	20,296,669	20,296,669	20,296,669	20,296,669	20,296,669	20,296,669	20,296,669	20,296,669	20,296,669	20,296,669	20,296,669	20,296,669	20,296,669	0
July 1, 1999 - June 30, 2000	0	0	0	0	0	7,420,614	7,420,614	8,282,173	8,276,393	8,276,393	8,276,393	8,276,393	8,276,393	8,276,393	8,276,393	8,276,393	8,276,393	8,276,393	8,276,393	8,276,393	0
July 1, 2000 - June 30, 2001	0	0	0	0	0	500,000	500,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	0
July 1, 2001 - June 30, 2002	500,000	500,000	6,700,000	8,687,969	19,350,572	18,749,283	18,749,283	18,749,283	18,749,283	18,749,283	18,749,283	18,749,283	18,749,283	18,749,283	18,749,283	18,749,283	18,749,283	18,749,283	18,749,283	18,749,283	0
July 1, 2002 - June 30, 2003	0	100,000	100,000	100,000	4,600,000	5,897,659	5,897,659	5,897,659	5,897,659	5,897,659	5,897,659	5,897,659	5,897,659	5,897,659	5,897,659	5,897,659	5,897,659	5,897,659	5,897,659	5,897,659	0
July 1, 2003 - June 30, 2004	0	500,000	27,419,519	28,053,688	28,053,688	28,053,688	28,053,688	28,053,688	28,053,688	28,053,688	28,053,688	28,053,688	28,053,688	28,053,688	28,053,688	28,053,688	28,053,688	28,053,688	28,053,688	28,053,688	0
July 1, 2004 - June 30, 2005	1,000,000	1,775,000	1,850,000	1,850,000	1,850,000	1,850,000	1,850,000	1,850,000	1,850,000	1,850,000	1,850,000	1,850,000	1,850,000	1,850,000	1,850,000	1,850,000	1,850,000	1,850,000	1,850,000	1,850,000	0
July 1, 2005 - June 30, 2006	0	2,833	2,833	2,833	2,833	2,833	2,833	2,833	2,833	2,833	2,833	2,833	2,833	2,833	2,833	2,833	2,833	2,833	2,833	2,833	0
July 1, 2006 - June 30, 2007	250,000	1,550,000	1,550,000	1,550,000	1,550,000	1,550,000	1,550,000	1,550,000	1,550,000	1,550,000	1,550,000	1,550,000	1,550,000	1,550,000	1,550,000	1,550,000	1,550,000	1,550,000	1,550,000	1,550,000	0
July 1, 2007 - Dec. 31, 2007	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

As at December 31, 2007

[illegible]

CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY

CUMULATIVE PAID LOSSES AND ALAE - NET BASIS (1)

As at December 31, 2007

Year	6	18	30	42	54	66	78	90	102	114	126	138	150	162	174	186	198	210	222	234	246
July 1, 1987 - June 30, 1988	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
July 1, 1988 - June 30, 1989	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
July 1, 1989 - June 30, 1990	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
July 1, 1990 - June 30, 1991	0	0	0	0	0	0	0	503,336	1,386,500	1,796,574	1,796,574	1,796,574	1,796,574	1,796,574	1,796,574	1,796,574	1,796,574	1,796,574	1,796,574	1,796,574	1,796,574
July 1, 1991 - June 30, 1992	0	0	0	0	0	621,881	2,785,289	2,780,404	2,780,404	2,780,404	2,780,404	3,470,496	3,470,496	3,470,496	3,470,496	3,470,496	3,470,496	3,470,496	3,470,496	3,470,496	3,470,496
July 1, 1992 - June 30, 1993	0	0	0	0	0	0	0	0	0	152,344	162,875	163,299	163,299	163,299	163,299	163,299	163,299	163,299	163,299	163,299	163,299
July 1, 1993 - June 30, 1994	0	0	0	4,181,724	4,180,236	4,180,157	4,190,691	4,190,691	4,190,691	4,190,691	4,707,676	4,966,740	5,105,343	8,388,230	8,388,230	8,388,230	8,388,230	8,388,230	8,388,230	8,388,230	8,388,230
July 1, 1994 - June 30, 1995	0	12,989	29,108	3,916,375	3,925,112	3,925,112	4,633,180	4,633,180	4,633,180	4,633,180	4,633,180	4,633,180	4,633,180	4,633,180	4,633,180	4,633,180	4,633,180	4,633,180	4,633,180	4,633,180	4,633,180
July 1, 1995 - June 30, 1996	0	0	608,365	687,651	696,460	703,258	1,875,833	1,871,322	1,871,322	1,871,322	1,871,322	1,871,322	1,871,322	1,871,322	1,871,322	1,871,322	1,871,322	1,871,322	1,871,322	1,871,322	1,871,322
July 1, 1996 - June 30, 1997	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
July 1, 1997 - June 30, 1998	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
July 1, 1998 - June 30, 1999	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
July 1, 1999 - June 30, 2000	0	0	0	0	0	210,307	210,307	210,307	210,307	210,307	210,307	210,307	210,307	210,307	210,307	210,307	210,307	210,307	210,307	210,307	210,307
July 1, 2000 - June 30, 2001	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
July 1, 2001 - June 30, 2002	0	0	0	1,522,873	1,571,997	5,532,225	5,601,595	5,601,595	5,601,595	5,601,595	5,601,595	5,601,595	5,601,595	5,601,595	5,601,595	5,601,595	5,601,595	5,601,595	5,601,595	5,601,595	5,601,595
July 1, 2002 - June 30, 2003	0	0	4,008	4,719	9,783	342,467	342,467	342,467	342,467	342,467	342,467	342,467	342,467	342,467	342,467	342,467	342,467	342,467	342,467	342,467	342,467
July 1, 2003 - June 30, 2004	0	0	7,480,570	9,033,487	9,063,710	9,063,710	9,063,710	9,063,710	9,063,710	9,063,710	9,063,710	9,063,710	9,063,710	9,063,710	9,063,710	9,063,710	9,063,710	9,063,710	9,063,710	9,063,710	9,063,710
July 1, 2004 - June 30, 2005	0	10,774	911,837	944,712	944,712	944,712	944,712	944,712	944,712	944,712	944,712	944,712	944,712	944,712	944,712	944,712	944,712	944,712	944,712	944,712	944,712
July 1, 2005 - June 30, 2006	0	2,833	2,833	2,833	2,833	2,833	2,833	2,833	2,833	2,833	2,833	2,833	2,833	2,833	2,833	2,833	2,833	2,833	2,833	2,833	2,833
July 1, 2006 - June 30, 2007	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
July 1, 2007 - Dec. 31, 2007	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

(1) Net of proportional reinsurance

CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY

CASE RESERVES - NET BASIS (1)
As at December 31, 2007

Year	6	18	30	42	54	66	78	90	102	114	126	138	150	162	174	186	198	210	222	234	246
July 1, 1987 - June 30, 1988	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
July 1, 1988 - June 30, 1989	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
July 1, 1989 - June 30, 1990	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
July 1, 1990 - June 30, 1991	0	0	0	250,000	300,000	300,000	100,000	612,500	325,000	0	0	0	0	0	0	0	0	0	0	0	0
July 1, 1991 - June 30, 1992	0	0	875,000	1,250,000	2,025,000	3,100,000	498,571	750,000	750,000	750,000	750,000	9,908	0	0	0	0	0	0	0	0	0
July 1, 1992 - June 30, 1993	0	0	0	0	0	0	0	250,000	250,000	17,250	6,720	0	0	0	0	0	0	0	0	0	0
July 1, 1993 - June 30, 1994	0	0	0	832,556	1,882,342	1,875,409	2,700,298	4,425,000	4,425,000	4,425,000	3,908,015	3,918,952	3,780,348	0	0	0	0	0	0	0	0
July 1, 1994 - June 30, 1995	0	387,500	1,361,877	409,139	625,000	1,050,000	250,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0
July 1, 1995 - June 30, 1996	0	375,000	74,058	10,084	25,000	1,018,202	500	0	0	0	0	0	0	0	0	0	0	0	0	0	0
July 1, 1996 - June 30, 1997	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
July 1, 1997 - June 30, 1998	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
July 1, 1998 - June 30, 1999	0	107,500	2,107,500	2,232,500	384,781	107,500	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
July 1, 1999 - June 30, 2000	0	0	0	0	0	2,600,000	2,600,000	626,156	625,000	0	0	0	0	0	0	0	0	0	0	0	0
July 1, 2000 - June 30, 2001	0	0	0	0	0	250,000	250,000	500,000	0	0	0	0	0	0	0	0	0	0	0	0	0
July 1, 2001 - June 30, 2002	250,000	250,000	3,350,000	2,821,111	4,893,289	667,320	597,949	0	0	0	0	0	0	0	0	0	0	0	0	0	0
July 1, 2002 - June 30, 2003	0	100,000	95,992	95,281	4,590,217	5,555,192	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
July 1, 2003 - June 30, 2004	0	500,000	3,754,943	1,939,270	1,909,048	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
July 1, 2004 - June 30, 2005	1,000,000	1,764,226	938,163	905,288	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
July 1, 2005 - June 30, 2006	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
July 1, 2006 - June 30, 2007	250,000	1,550,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
July 1, 2007 - Dec. 31, 2007	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

(1) Net of proportional reinsurance

CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY

INCURRED LOSSES - NET BASIS (1)
As at December 31, 2007

Year	6	18	30	42	54	66	78	90	102	114	126	138	150	162	174	186	198	210	222	234	246
July 1, 1987 - June 30, 1988	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
July 1, 1988 - June 30, 1989	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
July 1, 1989 - June 30, 1990	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
July 1, 1990 - June 30, 1991	0	0	0	250,000	300,000	300,000	100,000	1,115,836	1,711,500	1,796,574	1,796,574	1,796,574	1,796,574	1,796,574	1,796,574	1,796,574	1,796,574	1,796,574	1,796,574	1,796,574	1,796,574
July 1, 1991 - June 30, 1992	0	0	875,000	1,250,000	2,025,000	3,721,881	3,283,860	3,530,404	3,530,404	3,530,404	3,530,404	3,480,404	3,470,496	3,470,496	3,470,496	3,470,496	3,470,496	3,470,496	3,470,496	3,470,496	3,470,496
July 1, 1992 - June 30, 1993	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
July 1, 1993 - June 30, 1994	0	0	0	0	0	0	0	250,000	250,000	169,594	169,594	163,299	163,299	163,299	163,299	163,299	163,299	163,299	163,299	163,299	163,299
July 1, 1994 - June 30, 1995	0	400,489	1,390,985	4,325,514	4,550,112	4,975,112	4,883,180	4,633,180	4,633,180	4,633,180	4,633,180	4,633,180	4,633,180	4,633,180	4,633,180	4,633,180	4,633,180	4,633,180	4,633,180	4,633,180	4,633,180
July 1, 1995 - June 30, 1996	0	375,000	682,422	697,735	721,460	1,721,460	1,876,333	1,871,322	1,871,322	1,871,322	1,871,322	1,871,322	1,871,322	1,871,322	1,871,322	1,871,322	1,871,322	1,871,322	1,871,322	1,871,322	1,871,322
July 1, 1996 - June 30, 1997	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
July 1, 1997 - June 30, 1998	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
July 1, 1998 - June 30, 1999	0	107,500	2,107,500	2,232,500	6,569,910	6,361,545	6,254,045	6,254,045	6,254,045	6,254,045	6,254,045	6,254,045	6,254,045	6,254,045	6,254,045	6,254,045	6,254,045	6,254,045	6,254,045	6,254,045	6,254,045
July 1, 1999 - June 30, 2000	0	0	0	0	0	2,810,307	2,810,307	3,357,619	3,356,463												
July 1, 2000 - June 30, 2001	0	0	0	0	0	250,000	250,000	500,000													
July 1, 2001 - June 30, 2002	250,000	250,000	3,350,000	4,343,984	6,465,286	6,199,544	6,199,544														
July 1, 2002 - June 30, 2003	0	100,000	100,000	100,000	4,600,000	5,897,659															
July 1, 2003 - June 30, 2004	0	500,000	11,235,513	10,972,757	10,972,757																
July 1, 2004 - June 30, 2005	1,000,000	1,775,000	1,850,000	1,850,000																	
July 1, 2005 - June 30, 2006	0	2,833	2,833																		
July 1, 2006 - June 30, 2007	250,000	1,550,000																			
July 1, 2007 - Dec. 31, 2007	0																				

(1) Net of proportional reinsurance

CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY

CUMULATIVE NUMBER OF CLAIMS REPORTED - NET BASIS (1)

As at December 31, 2007

Year	6	18	30	42	54	66	78	90	102	114	126	138	150	162	174	186	198	210	222	234	246
July 1, 1987 - June 30, 1988	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
July 1, 1988 - June 30, 1989	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
July 1, 1989 - June 30, 1990	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
July 1, 1990 - June 30, 1991	0	0	0	1	2	2	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1
July 1, 1991 - June 30, 1992	0	0	2	3	4	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3
July 1, 1992 - June 30, 1993	0	0	0	0	0	0	0	1	1	1	1	1	1	1	1	1	1	1	1	1	1
July 1, 1993 - June 30, 1994	0	0	0	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4
July 1, 1994 - June 30, 1995	0	2	3	5	5	5	5	4	4	4	4	4	4	4	4	4	4	4	4	4	4
July 1, 1995 - June 30, 1996	0	1	1	1	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2
July 1, 1996 - June 30, 1997	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
July 1, 1997 - June 30, 1998	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
July 1, 1998 - June 30, 1999	0	1	2	3	3	3	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2
July 1, 1999 - June 30, 2000	0	0	0	0	0	2	2	3	3	3	3	3	3	3	3	3	3	3	3	3	3
July 1, 2000 - June 30, 2001	0	0	0	0	0	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1
July 1, 2001 - June 30, 2002	1	1	3	4	5	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6
July 1, 2002 - June 30, 2003	0	1	1	1	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2
July 1, 2003 - June 30, 2004	0	1	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3
July 1, 2004 - June 30, 2005	1	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2
July 1, 2005 - June 30, 2006	0	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1
July 1, 2006 - June 30, 2007	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1
July 1, 2007 - Dec. 31, 2007	0																				

(1) Net of proportional reinsurance

CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY

NUMBER OF CLAIMS OPEN - NET BASIS (1)

As at December 31, 2007

Year	6	18	30	42	54	66	78	90	102	114	126	138	150	162	174	186	198	210	222	234	246
July 1, 1987 - June 30, 1988	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
July 1, 1988 - June 30, 1989	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
July 1, 1989 - June 30, 1990	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
July 1, 1990 - June 30, 1991	0	0	0	1	2	2	1	1	1	0	0	0	0	0	0	0	0	0	0	0	0
July 1, 1991 - June 30, 1992	0	0	2	3	4	2	1	1	1	1	1	1	0	0	0	0	0	0	0	0	0
July 1, 1992 - June 30, 1993	0	0	0	0	0	0	0	1	1	1	1	1	0	0	0	0	0	0	0	0	0
July 1, 1993 - June 30, 1994	0	0	0	4	4	4	4	3	3	3	3	3	3	0	0	0	0	0	0	0	0
July 1, 1994 - June 30, 1995	0	2	3	5	2	2	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0
July 1, 1995 - June 30, 1996	0	1	1	1	1	1	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0
July 1, 1996 - June 30, 1997	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
July 1, 1997 - June 30, 1998	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
July 1, 1998 - June 30, 1999	0	1	2	3	3	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
July 1, 1999 - June 30, 2000	0	0	0	0	0	1	1	2	1	0	0	0	0	0	0	0	0	0	0	0	0
July 1, 2000 - June 30, 2001	0	0	0	0	0	1	1	1	1	1	1	1	0	0	0	0	0	0	0	0	0
July 1, 2001 - June 30, 2002	1	1	3	4	4	5	4	1	1	1	1	1	1	1	1	1	1	1	1	1	1
July 1, 2002 - June 30, 2003	0	1	1	1	2	2	2	4	4	4	4	4	4	4	4	4	4	4	4	4	4
July 1, 2003 - June 30, 2004	0	1	3	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2
July 1, 2004 - June 30, 2005	1	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2
July 1, 2005 - June 30, 2006	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
July 1, 2006 - June 30, 2007	1	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
July 1, 2007 - Dec. 31, 2007	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

(1) Net of proportional reinsurance

CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY

IBNR - REFLECTING PROPORTIONAL REINSURANCE

Period: 1987-2
As at December 31, 2007

<u>LAYER</u>	<u>4.4 xs .6</u>	<u>5 xs 5</u>	<u>15 xs 10</u>	<u>Totals</u>
<u>Derivation of Ultimate Incurred</u>				
Earned Lawyer Count	716	716	716	
Expected Loss Cost per Lawyer	\$527	\$298	\$465	
Gross Expected Loss Volume	\$377,332	\$213,368	\$332,940	
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(2.0%)	\$0	\$0	\$0	\$0
<u>Distribution of Losses between CLLAS and Proportional Reinsurers</u>				
Retention	0.5000	0.0800	0.1600	
Reinsured to Registered	0.0000	0.7816	0.5350	
Reinsured to Unregistered	0.5000	0.1384	0.3050	
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

CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY
IBNR - REFLECTING PROPORTIONAL REINSURANCE
Period: 1988-1
As at December 31, 2007

LAYER	4.4 xs .6	5 xs 5	15 xs 10	Totals
<u>Derivation of Ultimate Incurred</u>				
Earned Lawyer Count	763	763	763	
Expected Loss Cost per Lawyer	\$527	\$298	\$465	
Gross Expected Loss Volume	\$402,101	\$227,374	\$354,795	
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(2.0%)	\$0	\$0	\$0	\$0
<u>Distribution of Losses between CLLAS and Proportional Reinsurers</u>				
Retention	0.5000	0.0800	0.1600	
Reinsured to Registered	0.0000	0.7816	0.5350	
Reinsured to Unregistered	0.5000	0.1384	0.3050	
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

CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY

IBNR - REFLECTING PROPORTIONAL REINSURANCE

Period: 1988-2
As at December 31, 2007

<i>LAYER</i>	<i>4 xs 1</i>	<i>5 xs 5</i>	<i>15 xs 10</i>	<i>Totals</i>
<u><i>Derivation of Ultimate Incurred</i></u>				
Earned Lawyer Count	863	863	863	
Expected Loss Cost per Lawyer	\$483	\$298	\$465	
Gross Expected Loss Volume	\$416,829	\$257,174	\$401,295	
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><i>Derivation of Loss Adjustment Expenses</i></u>				
IBNR LAE	\$0	\$0	\$0	\$0
Case Reserves LAE	\$0	\$0	\$0	\$0
Total LAE(2.0%)	\$0	\$0	\$0	\$0
<u><i>Distribution of Losses between CLLAS and Proportional Reinsurers</i></u>				
Retention	0.5000	0.0800	0.1733	
Reinsured to Registered	0.0000	0.7490	0.5438	
Reinsured to Unregistered	0.5000	0.1710	0.2829	
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

CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY
IBNR - REFLECTING PROPORTIONAL REINSURANCE
Period: 1989-1
As at December 31, 2007

LAYER	4 xs 1	5 xs 5	15 xs 10	Totals
<u>Derivation of Ultimate Incurred</u>				
Earned Lawyer Count	944	944	944	
Expected Loss Cost per Lawyer	\$483	\$298	\$465	
Gross Expected Loss Volume	\$455,952	\$281,312	\$438,960	
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(2.0%)	\$0	\$0	\$0	\$0
<u>Distribution of Losses between CLLAS and Proportional Reinsurers</u>				
Retention	0.5000	0.0800	0.1733	
Reinsured to Registered	0.0000	0.7490	0.5438	
Reinsured to Unregistered	0.5000	0.1710	0.2829	
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

CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY

IBNR - REFLECTING PROPORTIONAL REINSURANCE

Period: 1989-2
As at December 31, 2007

LAYER	4 xs 1	5 xs 5	15 xs 10	Totals
<u>Derivation of Ultimate Incurred</u>				
Earned Lawyer Count	1,026	1,026	1,026	
Expected Loss Cost per Lawyer	\$483	\$298	\$465	
Gross Expected Loss Volume	\$495,558	\$305,748	\$477,090	
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(2.0%)	\$0	\$0	\$0	\$0
<u>Distribution of Losses between CLLAS and Proportional Reinsurers</u>				
Retention	0.5000	0.0800	0.1733	
Reinsured to Registered	0.0000	0.7587	0.6251	
Reinsured to Unregistered	0.5000	0.1613	0.2016	
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

CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY

IBNR - REFLECTING PROPORTIONAL REINSURANCE

Period: 1990-1

As at December 31, 2007

LAYER	4 xs 1	5 xs 5	15 xs 10	Totals
<u>Derivation of Ultimate Incurred</u>				
Earned Lawyer Count	1,052	1,052	1,052	
Expected Loss Cost per Lawyer	\$483	\$298	\$465	
Gross Expected Loss Volume	\$508,116	\$313,496	\$489,180	
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(2.0%)	\$0	\$0	\$0	\$0
<u>Distribution of Losses between CLLAS and Proportional Reinsurers</u>				
Retention	0.5000	0.0800	0.1733	
Reinsured to Registered	0.1375	0.7587	0.6532	
Reinsured to Unregistered	0.3625	0.1613	0.1735	
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

CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY

IBNR - REFLECTING PROPORTIONAL REINSURANCE

Period: 1990-2
As at December 31, 2007

LAYER	4 xs 1	5 xs 5	15 xs 10	25 xs 50	Totals
<u>Derivation of Ultimate Incurred</u>					
Earned Lawyer Count	1,176	1,176	1,176	1,176	
Expected Loss Cost per Lawyer	\$483	\$298	\$465	\$200	
Gross Expected Loss Volume	\$568,008	\$350,448	\$546,840	\$235,200	
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(2.0%)	\$0	\$0	\$0	\$0	\$0
<u>Distribution of Losses between CILAS and Proportional Reinsurers</u>					
Retention	0.5000	0.0800	0.1733	0.0000	
Reinsured to Registered	0.5000	0.8110	0.7449	0.7955	
Reinsured to Unregistered	0.0000	0.1090	0.0818	0.2045	
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

CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY
IBNR - REFLECTING PROPORTIONAL REINSURANCE
Period: 1991-1
As at December 31, 2007

LAYER	4 xs 1	5 xs 5	15 xs 10	25 xs 50	Totals
<u>Derivation of Ultimate Incurred</u>					
Earned Lawyer Count	1,176	1,176	1,176	1,176	
Expected Loss Cost per Lawyer	\$483	\$298	\$465	\$200	
Gross Expected Loss Volume	\$568,008	\$350,448	\$546,840	\$235,200	
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	\$0	\$0	\$0	\$0	\$0
Total Case Incurred	\$0	\$0	\$0	\$0	\$0
<u>Derivation of Loss Adjustment Expenses</u>					
IBNR LAE	\$0	\$0	\$0	\$0	\$0
Case Reserves LAE	\$0	\$0	\$0	\$0	\$0
Total LAE(2.0%)	\$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 to Registered	0.5000	0.8110	0.7449	0.7955	
Reinsured to Unregistered	0.0000	0.1090	0.0818	0.2045	
Paid to Date Retained	\$0	\$0	\$0	\$0	\$0
Paid Ceded to					
Registered Reinsurers	\$0	\$0	\$0	\$0	\$0
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

CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY

IBNR - REFLECTING PROPORTIONAL REINSURANCE

Period: 1991-2
As at December 31, 2007

LAYER	4 xs 1	7.5 xs 5	12.5 xs 12.5	10 xs 25	25 xs 50	Totals
<u>Derivation of Ultimate Incurred</u>						
Earned Lawyer Count	1,200	1,200	1,200	1,200	1,200	
Expected Loss Cost per Lawyer	\$680	\$520	\$420	\$220	\$200	
Gross Expected Loss Volume	\$816,000	\$624,000	\$504,000	\$264,000	\$240,000	
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	\$4,000,000	\$792,618	\$0	\$0	\$0	\$4,792,618
Total Ultimate Incurred	\$4,000,000	\$792,618	\$0	\$0	\$0	\$4,792,618
<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(2.0%)	\$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 to Registered	0.5000	0.7150	0.7252	0.8750	0.7975	
Reinsured to Unregistered	0.0000	0.0850	0.0948	0.0000	0.2025	
Paid to Date Retained	\$2,000,000	\$158,524	\$0	\$0	\$0	\$2,158,524
Paid Ceded to						
Registered Reinsurers	\$2,000,000	\$566,722	\$0	\$0	\$0	\$2,566,722
Unregistered Reinsurers	\$0	\$67,373	\$0	\$0	\$0	\$67,373
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

CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY

IBNR - REFLECTING PROPORTIONAL REINSURANCE

Period: 1992-1
As at December 31, 2007

LAYER	4 xs 1	7.5 xs 5	12.5 xs 12.5	10 xs 25	25 xs 50	Totals
<u>Derivation of Ultimate Incurred</u>						
Earned Lawyer Count	1,200	1,200	1,200	1,200	1,200	
Expected Loss Cost per Lawyer	\$680	\$520	\$420	\$220	\$290	
Gross Expected Loss Volume	\$816,000	\$624,000	\$504,000	\$264,000	\$348,000	
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	\$2,623,945	\$0	\$0	\$0	\$0	\$2,623,945
Total Ultimate Incurred	\$2,623,945	\$0	\$0	\$0	\$0	\$2,623,945
<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(2.0%)	\$0	\$0	\$0	\$0	\$0	\$0
<u>Distribution of Losses between CILLAS and Proportional Reinsurers</u>						
Retention	0.5000	0.2000	0.1800	0.1250	0.0000	
Reinsured to Registered	0.5000	0.7150	0.7252	0.8750	0.7975	
Reinsured to Unregistered	0.0000	0.0850	0.0948	0.0000	0.2025	
Paid to Date Retained	\$1,311,972	\$0	\$0	\$0	\$0	\$1,311,972
Paid Ceded to						
Registered Reinsurers	\$1,311,972	\$0	\$0	\$0	\$0	\$1,311,972
Unregistered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0
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

CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY

IBNR - REFLECTING PROPORTIONAL REINSURANCE

Period: 1992-2
As at December 31, 2007

LAYER	4 xs 1	7.5 xs 5	12.5 xs 12.5	10 xs 25	25 xs 50	Totals
<u>Derivation of Ultimate Incurred</u>						
Earned Lawyer Count	1,217	1,217	1,217	1,217	1,217	
Expected Loss Cost per Lawyer	\$680	\$520	\$420	\$220	\$290	
Gross Expected Loss Volume	\$827,220	\$632,580	\$510,930	\$267,630	\$352,785	
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	\$0	\$0	\$0	\$0	\$0	\$0
Total Ultimate Incurred	\$0	\$0	\$0	\$0	\$0	\$0
<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(2.0%)	\$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 to Registered	0.5000	0.7160	0.7534	0.8750	0.8981	
Reinsured to Unregistered	0.0000	0.0840	0.0666	0.0000	0.1019	
Paid to Date Retained	\$0	\$0	\$0	\$0	\$0	\$0
Paid Ceded to Registered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0
Unregistered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0
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

CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY

IBNR - REFLECTING PROPORTIONAL REINSURANCE

Period: 1993-1
As at December 31, 2007

LAYER	4 xs 1	7.5 xs 5	12.5 xs 12.5	10 xs 25	25 xs 50	Totals
<u>Derivation of Ultimate Incurred</u>						
Earned Lawyer Count	1,217	1,217	1,217	1,217	1,217	
Expected Loss Cost per Lawyer	\$680	\$520	\$420	\$220	\$290	
Gross Expected Loss Volume	\$827,220	\$632,580	\$510,930	\$267,630	\$352,785	
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	\$326,599	\$0	\$0	\$0	\$0	\$326,599
Total Ultimate Incurred	\$326,599	\$0	\$0	\$0	\$0	\$326,599
<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(2.0%)	\$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 to Registered	0.5000	0.7160	0.7534	0.8750	0.8981	
Reinsured to Unregistered	0.0000	0.0840	0.0666	0.0000	0.1019	
Paid to Date Retained	\$163,299	\$0	\$0	\$0	\$0	\$163,299
Paid Ceded to						
Registered Reinsurers	\$163,299	\$0	\$0	\$0	\$0	\$163,299
Unregistered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0
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

CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY

IBNR - REFLECTING PROPORTIONAL REINSURANCE

Period: 1993-2
As at December 31, 2007

LAYER	4 xs 1	7.5 xs 5	12.5 xs 12.5	10 xs 25	25 xs 50	Totals
<u>Derivation of Ultimate Incurred</u>						
Earned Lawyer Count	1,254	1,254	1,254	1,254	1,254	
Expected Loss Cost per Lawyer	\$680	\$520	\$420	\$220	\$290	
Gross Expected Loss Volume	\$852,380	\$651,820	\$526,470	\$275,770	\$363,515	
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	\$8,000,000	\$15,000,000	\$7,654,825	\$0	\$0	\$30,654,825
Total Ultimate Incurred	\$8,000,000	\$15,000,000	\$7,654,825	\$0	\$0	\$30,654,825
<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(2.0%)	\$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 to Registered	0.5000	0.7362	0.7544	0.8750	0.8641	
Reinsured to Unregistered	0.0000	0.0638	0.0656	0.0000	0.1359	
Paid to Date Retained	\$4,000,000	\$3,000,000	\$1,377,869	\$0	\$0	\$8,377,869
Paid Ceded to						
Registered Reinsurers	\$4,000,000	\$11,043,000	\$5,774,800	\$0	\$0	\$20,817,800
Unregistered Reinsurers	\$0	\$957,000	\$502,157	\$0	\$0	\$1,459,157
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

CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY

IBNR - REFLECTING PROPORTIONAL REINSURANCE

Period: 1994-1
As at December 31, 2007

LAYER	4 xs 1	7.5 xs 5	12.5 xs 12.5	10 xs 25	25 xs 50	Totals
<u>Derivation of Ultimate Incurred</u>						
Earned Lawyer Count	1,254	1,254	1,254	1,254	1,254	
Expected Loss Cost per Lawyer	\$680	\$520	\$420	\$220	\$290	
Gross Expected Loss Volume	\$852,380	\$651,820	\$526,470	\$275,770	\$363,515	
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	\$0	\$0	\$0	\$0	\$0	\$0
Total Ultimate Incurred	\$0	\$0	\$0	\$0	\$0	\$0
<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(2.0%)	\$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 to Registered	0.5000	0.7362	0.7544	0.8750	0.8641	
Reinsured to Unregistered	0.0000	0.0638	0.0656	0.0000	0.1359	
Paid to Date Retained	\$0	\$0	\$0	\$0	\$0	\$0
Paid Ceded to						
Registered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0
Unregistered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0
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

CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY

IBNR - REFLECTING PROPORTIONAL REINSURANCE

Period: 1994-2
As at December 31, 2007

LAYER	4 xs 1	7.5 xs 5	12.5 xs 12.5	10 xs 25	25 xs 50	Totals
<u>Derivation of Ultimate Incurred</u>						
Earned Lawyer Count	1,257	1,257	1,257	1,257	1,257	
Expected Loss Cost per Lawyer	\$680	\$520	\$420	\$220	\$290	
Gross Expected Loss Volume	\$854,760	\$653,640	\$527,940	\$276,540	\$364,530	
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	\$4,856,364	\$0	\$0	\$0	\$0	\$4,856,364
Total Ultimate Incurred	\$4,856,364	\$0	\$0	\$0	\$0	\$4,856,364
<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(2.0%)	\$0	\$0	\$0	\$0	\$0	\$0
<u>Distribution of Losses between CILLAS and Proportional Reinsurers</u>						
Retention	0.5000	0.2000	0.1800	0.1250	0.0000	
Reinsured to Registered	0.4458	0.7493	0.7630	0.8750	0.8548	
Reinsured to Unregistered	0.0542	0.0507	0.0570	0.0000	0.1452	
Paid to Date Retained	\$2,428,182	\$0	\$0	\$0	\$0	\$2,428,182
Paid Ceded to						
Registered Reinsurers	\$2,164,967	\$0	\$0	\$0	\$0	\$2,164,967
Unregistered Reinsurers	\$263,215	\$0	\$0	\$0	\$0	\$263,215
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

CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY

IBNR - REFLECTING PROPORTIONAL REINSURANCE

Period: 1995-1
As at December 31, 2007

LAYER	.75 xs .25	4 xs 1	7.5 xs 5	12.5 xs 12.5	10 xs 25	25 xs 50	Totals
<u>Derivation of Ultimate Incurred</u>							
Earned Lawyer Count	1,257	1,257	1,257	1,257	1,257	1,257	
Expected Loss Cost per Lawyer	\$10	\$990	\$605	\$495	\$255	\$335	
Gross Expected Loss Volume	\$12,570	\$1,244,430	\$760,485	\$622,215	\$320,535	\$421,095	
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	\$4,374,911	\$87,714	\$0	\$0	\$0	\$4,462,625
Total Ultimate Incurred	\$0	\$4,374,911	\$87,714	\$0	\$0	\$0	\$4,462,625
<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(2.0%)	\$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	
Reinsured to Registered	0.0000	0.4458	0.7493	0.7630	0.8750	0.8548	
Reinsured to Unregistered	0.0000	0.0542	0.0507	0.0570	0.0000	0.1452	
Paid to Date Retained	\$0	\$2,187,455	\$17,543	\$0	\$0	\$0	\$2,204,998
Paid Ceded to							
Registered Reinsurers	\$0	\$1,950,335	\$65,724	\$0	\$0	\$0	\$2,016,059
Unregistered Reinsurers	\$0	\$237,120	\$4,447	\$0	\$0	\$0	\$241,567
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

CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY

IBNR - REFLECTING PROPORTIONAL REINSURANCE

Period: 1995-2

As at December 31, 2007

LAYER	.75 xs .25	4 xs 1	7.5 xs 5	12.5 xs 12.5	10 xs 25	25 xs 50	Totals
<u>Derivation of Ultimate Incurred</u>							
Earned Lawyer Count	1,263	1,263	1,263	1,263	1,263	1,263	
Expected Loss Cost per Lawyer	\$10	\$990	\$605	\$495	\$255	\$335	
Gross Expected Loss Volume	\$12,625	\$1,249,875	\$763,813	\$624,938	\$321,938	\$422,938	
IBNR Factor	0	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	\$3,742,644	\$0	\$0	\$0	\$0	\$3,742,644
Total Ultimate Incurred	\$0	\$3,742,644	\$0	\$0	\$0	\$0	\$3,742,644
<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(2.0%)	\$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	
Reinsured to Registered	0.0000	0.4214	0.7521	0.7741	0.8180	0.8812	
Reinsured to Unregistered	0.0000	0.0786	0.0479	0.0459	0.0570	0.1188	
Paid to Date Retained	\$0	\$1,871,322	\$0	\$0	\$0	\$0	\$1,871,322
Paid Ceded to							
Registered Reinsurers	\$0	\$1,577,150	\$0	\$0	\$0	\$0	\$1,577,150
Unregistered Reinsurers	\$0	\$294,172	\$0	\$0	\$0	\$0	\$294,172
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

CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY

IBNR - REFLECTING PROPORTIONAL REINSURANCE

Period : 1996-1
As at December 31, 2007

LAYER	.75 xs .25	4 xs 1	7.5 xs 5	12.5 xs 12.5	10 xs 25	25 xs 50	Totals
<u>Derivation of Ultimate Incurred</u>							
Earned Lawyer Count	1,263	1,263	1,263	1,263	1,263	1,263	
Expected Loss Cost per Lawyer	\$10	\$990	\$605	\$495	\$255	\$335	
Gross Expected Loss Volume	\$12,625	\$1,249,875	\$763,813	\$624,938	\$321,938	\$422,938	
IBNR Factor	0	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	\$0	\$0	\$0	\$0	\$0	\$0
Total Ultimate Incurred	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<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(2.0%)	\$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	
Reinsured to Registered	0.0000	0.4214	0.7521	0.7741	0.8180	0.8812	
Reinsured to Unregistered	0.0000	0.0786	0.0479	0.0459	0.0570	0.1188	
Paid to Date Retained	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Paid Ceded to							
Registered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Unregistered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0
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

CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY

IBNR - REFLECTING PROPORTIONAL REINSURANCE

Period : 1996-2
As at December 31, 2007

LAYER	.75 xs .25	4 xs 1	7.5 xs 5	12.5 xs 12.5	10 xs 25	25 xs 50	Totals
<u>Derivation of Ultimate Incurred</u>							
Earned Lawyer Count	1,297	1,297	1,297	1,297	1,297	1,297	
Expected Loss Cost per Lawyer	\$10	\$1,100	\$680	\$560	\$290	\$290	
Gross Expected Loss Volume	\$12,970	\$1,426,700	\$881,960	\$726,320	\$376,130	\$376,130	
IBNR Factor	0.013	0.013	0.013	0.013	0.013	0.013	
IBNR Amount	\$169	\$18,547	\$11,465	\$9,442	\$4,890	\$4,890	\$49,403
Case Reserves	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Reserves (Ind. & Leg.)	\$169	\$18,547	\$11,465	\$9,442	\$4,890	\$4,890	\$49,403
Paid to Date	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Ultimate Incurred	\$169	\$18,547	\$11,465	\$9,442	\$4,890	\$4,890	\$49,403
<u>Derivation of Loss Adjustment Expenses</u>							
IBNR LAE	\$3	\$371	\$229	\$189	\$98	\$98	\$988
Case Reserves LAE	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total LAE(2.0%)	\$3	\$371	\$229	\$189	\$98	\$98	\$988
<u>Distribution of Losses between CILLAS and Proportional Reinsurers</u>							
Retention	1.0000	0.5000	0.2000	0.1800	0.1250	0.0000	
Reinsured to Registered	0.0000	0.4294	0.7522	0.7797	0.8180	0.8774	
Reinsured to Unregistered	0.0000	0.0706	0.0478	0.0403	0.0570	0.1226	
Paid to Date Retained	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Paid Ceded to							
Registered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Unregistered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0
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	\$169	\$9,274	\$2,293	\$1,700	\$611	\$0	\$14,046
IBNR Reserves Ceded to							
Registered Reinsurers	\$0	\$7,964	\$8,624	\$7,362	\$4,000	\$4,290	\$32,240
Unregistered Reinsurers	\$0	\$1,309	\$548	\$381	\$279	\$599	\$3,116
Total Reserves Retained	\$169	\$9,274	\$2,293	\$1,700	\$611	\$0	\$14,046
Reserves Ceded to							
Registered Reinsurers	\$0	\$7,964	\$8,624	\$7,362	\$4,000	\$4,290	\$32,240
Unregistered Reinsurers	\$0	\$1,309	\$548	\$381	\$279	\$599	\$3,116

CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY

IBNR - REFLECTING PROPORTIONAL REINSURANCE

Period : 1997-1
As at December 31, 2007

LAYER	.75 xs .25	4 xs 1	7.5 xs 5	12.5 xs 12.5	10 xs 25	25 xs 50	Totals
<u>Derivation of Ultimate Incurred</u>							
Earned Lawyer Count	1,297	1,297	1,297	1,297	1,297	1,297	
Expected Loss Cost per Lawyer	\$10	\$1,100	\$680	\$560	\$290	\$290	
Gross Expected Loss Volume	\$12,970	\$1,426,700	\$881,960	\$726,320	\$376,130	\$376,130	
IBNR Factor	0.013	0.013	0.013	0.013	0.013	0.013	
IBNR Amount	\$169	\$18,547	\$11,465	\$9,442	\$4,890	\$4,890	\$49,403
Case Reserves	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Reserves (Ind. & Leg.)	\$169	\$18,547	\$11,465	\$9,442	\$4,890	\$4,890	\$49,403
Paid to Date	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Ultimate Incurred	\$169	\$18,547	\$11,465	\$9,442	\$4,890	\$4,890	\$49,403
<u>Derivation of Loss Adjustment Expenses</u>							
IBNR LAE	\$3	\$371	\$229	\$189	\$98	\$98	\$988
Case Reserves LAE	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total LAE(2.0%)	\$3	\$371	\$229	\$189	\$98	\$98	\$988
<u>Distribution of Losses between CLLAS and Proportional Reinsurers</u>							
Retention	1.0000	0.5000	0.2000	0.1800	0.1250	0.0000	
Reinsured to Registered	0.0000	0.4294	0.7522	0.7797	0.8180	0.8774	
Reinsured to Unregistered	0.0000	0.0706	0.0478	0.0403	0.0570	0.1226	
Paid to Date Retained	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Paid Ceded to							
Registered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Unregistered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0
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	\$169	\$9,274	\$2,293	\$1,700	\$611	\$0	\$14,046
IBNR Reserves Ceded to							
Registered Reinsurers	\$0	\$7,964	\$8,624	\$7,362	\$4,000	\$4,290	\$32,240
Unregistered Reinsurers	\$0	\$1,309	\$548	\$381	\$279	\$599	\$3,116
Total Reserves Retained	\$169	\$9,274	\$2,293	\$1,700	\$611	\$0	\$14,046
Reserves Ceded to							
Registered Reinsurers	\$0	\$7,964	\$8,624	\$7,362	\$4,000	\$4,290	\$32,240
Unregistered Reinsurers	\$0	\$1,309	\$548	\$381	\$279	\$599	\$3,116

CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY

IBNR - REFLECTING PROPORTIONAL REINSURANCE

Period : 1997-2

As at December 31, 2007

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	Totals
Derivation of Ultimate Incurred								
Earned Lawyer Count	1,320	1,320	1,320	1,320	1,320	1,320	1,006	
Expected Loss Cost per Lawyer	\$10	\$1,100	\$680	\$560	\$290	\$290	\$125	
Gross Expected Loss Volume	\$13,200	\$1,452,000	\$897,600	\$739,200	\$382,800	\$382,800	\$125,750	
IBNR Factor	0.024	0.024	0.024	0.024	0.024	0.024	0.024	
IBNR Amount	\$317	\$34,848	\$21,542	\$17,741	\$9,187	\$9,187	\$3,018	\$95,840
Case Reserves	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Reserves (Ind. & Leg.)	\$317	\$34,848	\$21,542	\$17,741	\$9,187	\$9,187	\$3,018	\$95,840
Paid to Date	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Ultimate Incurred	\$317	\$34,848	\$21,542	\$17,741	\$9,187	\$9,187	\$3,018	\$95,840

Derivation of Loss Adjustment Expenses

IBNR LAE	\$6	\$697	\$431	\$355	\$184	\$184	\$60	\$1,917
Case Reserves LAE	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total LAE(2.0%)	\$6	\$697	\$431	\$355	\$184	\$184	\$60	\$1,917

Distribution of Losses between CLLAS and Proportional Reinsurers

Retention	1.0000	0.5000	0.2000	0.1800	0.1250	0.0000	0.0000	
Reinsured to Registered	0.0000	0.4294	0.7434	0.7797	0.7903	0.8717	0.8902	
Reinsured to Unregistered	0.0000	0.0706	0.0566	0.0403	0.0847	0.1283	0.1098	
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	\$317	\$17,424	\$4,308	\$3,193	\$1,148	\$0	\$0	\$26,391
IBNR Reserves Ceded to								
Registered Reinsurers	\$0	\$14,964	\$16,015	\$13,833	\$7,261	\$8,008	\$2,687	\$62,767
Unregistered Reinsurers	\$0	\$2,460	\$1,219	\$715	\$778	\$1,179	\$331	\$6,683
Total Reserves Retained	\$317	\$17,424	\$4,308	\$3,193	\$1,148	\$0	\$0	\$26,391
Reserves Ceded to								
Registered Reinsurers	\$0	\$14,964	\$16,015	\$13,833	\$7,261	\$8,008	\$2,687	\$62,767
Unregistered Reinsurers	\$0	\$2,460	\$1,219	\$715	\$778	\$1,179	\$331	\$6,683

CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY

IBNR - REFLECTING PROPORTIONAL REINSURANCE

Period : 1998-1
As at December 31, 2007

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	Totals
<u>Derivation of Ultimate Incurred</u>								
Earned Lawyer Count	1,320	1,320	1,320	1,320	1,320	1,320	1,006	
Expected Loss Cost per Lawyer	\$10	\$1,100	\$680	\$560	\$290	\$290	\$125	
Gross Expected Loss Volume	\$13,200	\$1,452,000	\$897,600	\$739,200	\$382,800	\$382,800	\$125,750	
IBNR Factor	0.024	0.024	0.024	0.024	0.024	0.024	0.024	
IBNR Amount	\$317	\$34,848	\$21,542	\$17,741	\$9,187	\$9,187	\$3,018	\$95,840
Case Reserves	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Reserves (Ind. & Leg.)	\$317	\$34,848	\$21,542	\$17,741	\$9,187	\$9,187	\$3,018	\$95,840
Paid to Date	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Ultimate Incurred	\$317	\$34,848	\$21,542	\$17,741	\$9,187	\$9,187	\$3,018	\$95,840
<u>Derivation of Loss Adjustment Expenses</u>								
IBNR LAE	\$6	\$697	\$431	\$355	\$184	\$184	\$60	\$1,917
Case Reserves LAE	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total LAE(2.0%)	\$6	\$697	\$431	\$355	\$184	\$184	\$60	\$1,917
<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	0.4294	0.7434	0.7797	0.7903	0.8717	0.8902	
Reinsured to Unregistered	0.0000	0.0706	0.0566	0.0403	0.0847	0.1283	0.1098	
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	\$317	\$17,424	\$4,308	\$3,193	\$1,148	\$0	\$0	\$26,391
IBNR Reserves Ceded to								
Registered Reinsurers	\$0	\$14,964	\$16,015	\$13,833	\$7,261	\$8,008	\$2,687	\$62,767
Unregistered Reinsurers	\$0	\$2,460	\$1,219	\$715	\$778	\$1,179	\$331	\$6,683
Total Reserves Retained	\$317	\$17,424	\$4,308	\$3,193	\$1,148	\$0	\$0	\$26,391
Reserves Ceded to								
Registered Reinsurers	\$0	\$14,964	\$16,015	\$13,833	\$7,261	\$8,008	\$2,687	\$62,767
Unregistered Reinsurers	\$0	\$2,460	\$1,219	\$715	\$778	\$1,179	\$331	\$6,683

CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY

IBNR - REFLECTING PROPORTIONAL REINSURANCE

Period : 1998-2
As at December 31, 2007

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	Totals
<u>Derivation of Ultimate Incurred</u>								
Earned Lawyer Count	1,400	1,400	1,400	1,400	1,400	1,400	1,071	
Expected Loss Cost per Lawyer	\$10	\$1,140	\$750	\$635	\$335	\$285	\$185	
Gross Expected Loss Volume	\$14,000	\$1,596,000	\$1,050,000	\$889,000	\$469,000	\$399,000	\$198,043	
IBNR Factor	0.038	0.038	0.038	0.038	0.038	0.038	0.038	
IBNR Amount	\$532	\$60,648	\$39,900	\$33,782	\$17,822	\$15,162	\$7,526	\$175,372
Case Reserves	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Reserves (Ind. & Leg.)	\$532	\$60,648	\$39,900	\$33,782	\$17,822	\$15,162	\$7,526	\$175,372
Paid to Date	\$0	\$7,658,266	\$7,500,000	\$5,138,403	\$0	\$0	\$0	\$20,296,669
Total Ultimate Incurred	\$532	\$7,718,914	\$7,539,900	\$5,172,185	\$17,822	\$15,162	\$7,526	\$20,472,041
<u>Derivation of Loss Adjustment Expenses</u>								
IBNR LAE	\$11	\$1,213	\$798	\$676	\$356	\$303	\$151	\$3,507
Case Reserves LAE	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total LAE(2.0%)	\$11	\$1,213	\$798	\$676	\$356	\$303	\$151	\$3,507
<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	0.4263	0.7404	0.7793	0.7903	0.8717	0.8902	
Reinsured to Unregistered	0.0000	0.0737	0.0596	0.0407	0.0847	0.1283	0.1098	
Paid to Date Retained	\$0	\$3,829,133	\$1,500,000	\$924,913	\$0	\$0	\$0	\$6,254,045
Paid Ceded to								
Registered Reinsurers	\$0	\$3,264,719	\$5,553,000	\$4,004,358	\$0	\$0	\$0	\$12,822,076
Unregistered Reinsurers	\$0	\$564,414	\$447,000	\$209,133	\$0	\$0	\$0	\$1,220,547
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	\$532	\$30,324	\$7,980	\$6,081	\$2,228	\$0	\$0	\$47,145
IBNR Reserves Ceded to								
Registered Reinsurers	\$0	\$25,854	\$29,542	\$26,326	\$14,085	\$13,217	\$6,699	\$115,723
Unregistered Reinsurers	\$0	\$4,470	\$2,378	\$1,375	\$1,510	\$1,945	\$826	\$12,504
Total Reserves Retained	\$532	\$30,324	\$7,980	\$6,081	\$2,228	\$0	\$0	\$47,145
Reserves Ceded to								
Registered Reinsurers	\$0	\$25,854	\$29,542	\$26,326	\$14,085	\$13,217	\$6,699	\$115,723
Unregistered Reinsurers	\$0	\$4,470	\$2,378	\$1,375	\$1,510	\$1,945	\$826	\$12,504

CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY

IBNR - REFLECTING PROPORTIONAL REINSURANCE

Period : 1999-1
As at December 31, 2007

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	Totals
<u>Derivation of Ultimate Incurred</u>								
Earned Lawyer Count	1,438	1,438	1,438	1,438	1,438	1,438	1,109	
Expected Loss Cost per Lawyer	\$10	\$1,140	\$750	\$635	\$335	\$285	\$185	
Gross Expected Loss Volume	\$14,380	\$1,639,320	\$1,078,500	\$913,130	\$481,730	\$409,830	\$205,073	
IBNR Factor	0.038	0.038	0.038	0.038	0.038	0.038	0.038	
IBNR Amount	\$546	\$62,294	\$40,983	\$34,699	\$18,306	\$15,574	\$7,793	\$180,195
Case Reserves	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Reserves (Ind. & Leg.)	\$546	\$62,294	\$40,983	\$34,699	\$18,306	\$15,574	\$7,793	\$180,195
Paid to Date	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Ultimate Incurred	\$546	\$62,294	\$40,983	\$34,699	\$18,306	\$15,574	\$7,793	\$180,195
<u>Derivation of Loss Adjustment Expenses</u>								
IBNR LAE	\$11	\$1,246	\$820	\$694	\$366	\$311	\$156	\$3,604
Case Reserves LAE	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total LAE(2.0%)	\$11	\$1,246	\$820	\$694	\$366	\$311	\$156	\$3,604
<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	0.4263	0.7404	0.7793	0.7903	0.8717	0.8902	
Reinsured to Unregistered	0.0000	0.0737	0.0596	0.0407	0.0847	0.1283	0.1098	
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	\$546	\$31,147	\$8,197	\$6,246	\$2,288	\$0	\$0	\$48,424
IBNR Reserves Ceded to								
Registered Reinsurers	\$0	\$26,556	\$30,344	\$27,041	\$14,467	\$13,575	\$6,937	\$118,920
Unregistered Reinsurers	\$0	\$4,591	\$2,443	\$1,412	\$1,550	\$1,998	\$856	\$12,850
Total Reserves Retained	\$546	\$31,147	\$8,197	\$6,246	\$2,288	\$0	\$0	\$48,424
Reserves Ceded to								
Registered Reinsurers	\$0	\$26,556	\$30,344	\$27,041	\$14,467	\$13,575	\$6,937	\$118,920
Unregistered Reinsurers	\$0	\$4,591	\$2,443	\$1,412	\$1,550	\$1,998	\$856	\$12,850

CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY

IBNR - REFLECTING PROPORTIONAL REINSURANCE

Period : 1999-2
As at December 31, 2007

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	Totals
<u>Derivation of Ultimate Incurred</u>								
Earned Lawyer Count	1,497	1,497	1,497	1,497	1,497	1,514	1,177	
Expected Loss Cost per Lawyer	\$10	\$1,112	\$769	\$665	\$353	\$300	\$205	
Gross Expected Loss Volume	\$14,965	\$1,664,108	\$1,150,809	\$995,173	\$528,265	\$454,275	\$241,234	
IBNR Factor	0.07	0.070	0.070	0.070	0.070	0.070	0.07	
IBNR Amount	\$1,048	\$116,488	\$80,557	\$69,662	\$36,979	\$31,799	\$16,886	\$353,418
Case Reserves	\$0	\$1,250,000	\$0	\$0	\$0	\$0	\$0	\$1,250,000
Total Reserves (Ind. & Leg.)	\$1,048	\$1,366,488	\$80,557	\$69,662	\$36,979	\$31,799	\$16,886	\$1,603,418
Paid to Date	\$0	\$4,000,000	\$2,605,779	\$0	\$0	\$0	\$0	\$6,605,779
Total Ultimate Incurred	\$1,048	\$5,366,488	\$2,686,336	\$69,662	\$36,979	\$31,799	\$16,886	\$8,209,197
<u>Derivation of Loss Adjustment Expenses</u>								
IBNR LAE	\$21	\$2,330	\$1,611	\$1,393	\$740	\$636	\$338	\$7,068
Case Reserves LAE	\$0	\$25,000	\$0	\$0	\$0	\$0	\$0	\$25,000
Total LAE(2.0%)	\$21	\$27,330	\$1,611	\$1,393	\$740	\$636	\$338	\$32,068
<u>Distribution of Losses between CILAS 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	\$2,000,000	\$521,156	\$0	\$0	\$0	\$0	\$2,521,156
Paid Ceded to								
Registered Reinsurers	\$0	\$1,872,000	\$1,979,871	\$0	\$0	\$0	\$0	\$3,851,871
Unregistered Reinsurers	\$0	\$128,000	\$104,752	\$0	\$0	\$0	\$0	\$232,752
Case Reserves Retained	\$0	\$625,000	\$0	\$0	\$0	\$0	\$0	\$625,000
Case Reserves Ceded to								
Registered Reinsurers	\$0	\$585,000	\$0	\$0	\$0	\$0	\$0	\$585,000
Unregistered Reinsurers	\$0	\$40,000	\$0	\$0	\$0	\$0	\$0	\$40,000
IBNR Reserves Retained	\$1,048	\$58,244	\$16,111	\$12,539	\$4,622	\$0	\$0	\$92,564
IBNR Reserves Ceded to								
Registered Reinsurers	\$0	\$54,516	\$61,207	\$54,065	\$29,257	\$27,347	\$14,887	\$241,280
Unregistered Reinsurers	\$0	\$3,728	\$3,238	\$3,058	\$3,099	\$4,452	\$1,999	\$19,574
Total Reserves Retained	\$1,048	\$683,244	\$16,111	\$12,539	\$4,622	\$0	\$0	\$717,564
Reserves Ceded to								
Registered Reinsurers	\$0	\$639,516	\$61,207	\$54,065	\$29,257	\$27,347	\$14,887	\$826,280
Unregistered Reinsurers	\$0	\$43,728	\$3,238	\$3,058	\$3,099	\$4,452	\$1,999	\$59,574

CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY

IBNR - REFLECTING PROPORTIONAL REINSURANCE

Period : 2000-1
As at December 31, 2007

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	Totals
<u>Derivation of Ultimate Incurred</u>								
Earned Lawyer Count	1,732	1,732	1,732	1,732	1,732	1,768	1,322	
Expected Loss Cost per Lawyer	\$10	\$1,112	\$769	\$665	\$353	\$300	\$205	
Gross Expected Loss Volume	\$17,324	\$1,926,447	\$1,332,228	\$1,152,057	\$611,543	\$530,375	\$271,095	
IBNR Factor	0.07	0.070	0.070	0.070	0.070	0.070	0.07	
IBNR Amount	\$1,213	\$134,851	\$93,256	\$80,644	\$42,808	\$37,126	\$18,977	\$408,875
Case Reserves	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Reserves (Ind. & Leg.)	\$1,213	\$134,851	\$93,256	\$80,644	\$42,808	\$37,126	\$18,977	\$408,875
Paid to Date	\$0	\$420,614	\$0	\$0	\$0	\$0	\$0	\$420,614
Total Ultimate Incurred	\$1,213	\$555,465	\$93,256	\$80,644	\$42,808	\$37,126	\$18,977	\$829,489
<u>Derivation of Loss Adjustment Expenses</u>								
IBNR LAE	\$24	\$2,697	\$1,865	\$1,613	\$856	\$743	\$380	\$8,177
Case Reserves LAE	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total LAE(2.0%)	\$24	\$2,697	\$1,865	\$1,613	\$856	\$743	\$380	\$8,177
<u>Distribution of Losses between CILLAS 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	\$210,307	\$0	\$0	\$0	\$0	\$0	\$210,307
Paid Ceded to								
Registered Reinsurers	\$0	\$196,847	\$0	\$0	\$0	\$0	\$0	\$196,847
Unregistered Reinsurers	\$0	\$13,460	\$0	\$0	\$0	\$0	\$0	\$13,460
Case Reserves Retained	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Case Reserves Ceded to	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Registered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Unregistered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
IBNR Reserves Retained	\$1,213	\$67,426	\$18,651	\$14,516	\$5,351	\$0	\$0	\$107,156
IBNR Reserves Ceded to								
Registered Reinsurers	\$0	\$63,110	\$70,856	\$62,588	\$33,870	\$31,929	\$16,730	\$279,082
Unregistered Reinsurers	\$0	\$4,315	\$3,749	\$3,540	\$3,587	\$5,198	\$2,247	\$22,636
Total Reserves Retained	\$1,213	\$67,426	\$18,651	\$14,516	\$5,351	\$0	\$0	\$107,156
Reserves Ceded to								
Registered Reinsurers	\$0	\$63,110	\$70,856	\$62,588	\$33,870	\$31,929	\$16,730	\$279,082
Unregistered Reinsurers	\$0	\$4,315	\$3,749	\$3,540	\$3,587	\$5,198	\$2,247	\$22,636

CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY

IBNR - REFLECTING PROPORTIONAL REINSURANCE

Period : 2000-2

As at December 31, 2007

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	Totals
<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	0.111	0.111	0.111	0.111	0.111	0.111	0.111	
IBNR Amount	\$14,902	\$311,443	\$248,430	\$201,810	\$92,815	\$17,706	\$6,977	\$894,084
Case Reserves	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Reserves (Ind. & Leg.)	\$14,902	\$311,443	\$248,430	\$201,810	\$92,815	\$17,706	\$6,977	\$894,084
Paid to Date	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Ultimate Incurred	\$14,902	\$311,443	\$248,430	\$201,810	\$92,815	\$17,706	\$6,977	\$894,084
<u>Derivation of Loss Adjustment Expenses</u>								
IBNR LAE	\$298	\$6,229	\$4,969	\$4,036	\$1,856	\$354	\$140	\$17,882
Case Reserves LAE	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total LAE(2.0%)	\$298	\$6,229	\$4,969	\$4,036	\$1,856	\$354	\$140	\$17,882
<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	\$14,902	\$155,721	\$49,686	\$36,326	\$11,602	\$0	\$0	\$268,237
IBNR Reserves Ceded to Registered Reinsurers	\$0	\$145,755	\$188,757	\$156,625	\$73,436	\$15,228	\$6,151	\$585,951
Unregistered Reinsurers	\$0	\$9,966	\$9,987	\$8,859	\$7,778	\$2,479	\$826	\$39,895
Total Reserves Retained	\$14,902	\$155,721	\$49,686	\$36,326	\$11,602	\$0	\$0	\$268,237
Reserves Ceded to Registered Reinsurers	\$0	\$145,755	\$188,757	\$156,625	\$73,436	\$15,228	\$6,151	\$585,951
Unregistered Reinsurers	\$0	\$9,966	\$9,987	\$8,859	\$7,778	\$2,479	\$826	\$39,895

CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY

IBNR - REFLECTING PROPORTIONAL REINSURANCE

Period : 2001-1
As at December 31, 2007

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	Totals
<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	0.111	0.111	0.111	0.111	0.111	0.111	0.111	
IBNR Amount	\$16,239	\$339,401	\$270,732	\$219,927	\$101,148	\$19,076	\$7,450	\$973,973
Case Reserves	\$0	\$1,000,000	\$0	\$0	\$0	\$0	\$0	\$1,000,000
Total Reserves (Ind. & Leg.)	\$16,239	\$1,339,401	\$270,732	\$219,927	\$101,148	\$19,076	\$7,450	\$1,973,973
Paid to Date	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Ultimate Incurred	\$16,239	\$1,339,401	\$270,732	\$219,927	\$101,148	\$19,076	\$7,450	\$1,973,973
<u>Derivation of Loss Adjustment Expenses</u>								
IBNR LAE	\$325	\$6,788	\$5,415	\$4,399	\$2,023	\$382	\$149	\$19,479
Case Reserves LAE	\$0	\$20,000	\$0	\$0	\$0	\$0	\$0	\$20,000
Total LAE(2.0%)	\$325	\$26,788	\$5,415	\$4,399	\$2,023	\$382	\$149	\$39,479
<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	\$500,000	\$0	\$0	\$0	\$0	\$0	\$500,000
Case Reserves Ceded to								
Registered Reinsurers	\$0	\$468,000	\$0	\$0	\$0	\$0	\$0	\$468,000
Unregistered Reinsurers	\$0	\$32,000	\$0	\$0	\$0	\$0	\$0	\$32,000
IBNR Reserves Retained	\$16,239	\$169,701	\$54,146	\$39,587	\$12,643	\$0	\$0	\$292,317
IBNR Reserves Ceded to								
Registered Reinsurers	\$0	\$158,840	\$205,702	\$170,685	\$80,028	\$16,406	\$6,568	\$638,229
Unregistered Reinsurers	\$0	\$10,861	\$10,883	\$9,655	\$8,476	\$2,671	\$882	\$43,428
Total Reserves Retained	\$16,239	\$669,701	\$54,146	\$39,587	\$12,643	\$0	\$0	\$792,317
Reserves Ceded to								
Registered Reinsurers	\$0	\$626,840	\$205,702	\$170,685	\$80,028	\$16,406	\$6,568	\$1,106,229
Unregistered Reinsurers	\$0	\$42,861	\$10,883	\$9,655	\$8,476	\$2,671	\$882	\$75,428

CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY

IBNR - REFLECTING PROPORTIONAL REINSURANCE

Period : 2001-2
As at December 31, 2007

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	Totals
<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	0.149	0.149	0.149	0.149	0.149	0.149	0.149	
IBNR Amount	\$21,559	\$450,579	\$359,416	\$291,968	\$134,281	\$25,603	\$10,046	\$1,293,452
Case Reserves	\$0	\$4,535	\$0	\$0	\$0	\$0	\$0	\$4,535
Total Reserves (Ind. & Leg.)	\$21,559	\$455,115	\$359,416	\$291,968	\$134,281	\$25,603	\$10,046	\$1,297,987
Paid to Date	\$0	\$7,153,818	\$7,500,000	\$2,890,929	\$0	\$0	\$0	\$17,544,747
Total Ultimate Incurred	\$21,559	\$7,608,933	\$7,859,416	\$3,182,897	\$134,281	\$25,603	\$10,046	\$18,842,734
<u>Derivation of Loss Adjustment Expenses</u>								
IBNR LAE	\$431	\$9,012	\$7,188	\$5,839	\$2,686	\$512	\$201	\$25,869
Case Reserves LAE	\$0	\$91	\$0	\$0	\$0	\$0	\$0	\$91
Total LAE(2.0%)	\$431	\$9,102	\$7,188	\$5,839	\$2,686	\$512	\$201	\$25,960
<u>Distribution of Losses between CILLAS 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	\$3,576,909	\$1,500,000	\$520,367	\$0	\$0	\$0	\$5,597,276
Paid Ceded to								
Registered Reinsurers	\$0	\$3,347,987	\$6,000,000	\$2,282,966	\$0	\$0	\$0	\$11,630,953
Unregistered Reinsurers	\$0	\$228,922	\$0	\$87,595	\$0	\$0	\$0	\$316,517
Case Reserves Retained	\$0	\$2,268	\$0	\$0	\$0	\$0	\$0	\$2,268
Case Reserves Ceded to								
Registered Reinsurers	\$0	\$2,123	\$0	\$0	\$0	\$0	\$0	\$2,123
Unregistered Reinsurers	\$0	\$145	\$0	\$0	\$0	\$0	\$0	\$145
IBNR Reserves Retained	\$21,559	\$225,290	\$71,883	\$52,554	\$16,785	\$0	\$0	\$388,071
IBNR Reserves Ceded to								
Registered Reinsurers	\$0	\$210,871	\$287,533	\$230,567	\$106,243	\$22,018	\$8,857	\$866,089
Unregistered Reinsurers	\$0	\$14,419	\$0	\$8,847	\$11,253	\$3,584	\$1,189	\$39,292
Total Reserves Retained	\$21,559	\$227,557	\$71,883	\$52,554	\$16,785	\$0	\$0	\$390,339
Reserves Ceded to								
Registered Reinsurers	\$0	\$212,994	\$287,533	\$230,567	\$106,243	\$22,018	\$8,857	\$868,212
Unregistered Reinsurers	\$0	\$14,564	\$0	\$8,847	\$11,253	\$3,584	\$1,189	\$39,437

CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY

IBNR - REFLECTING PROPORTIONAL REINSURANCE

Period : 2002-1
As at December 31, 2007

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	Totals
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	0.149	0.149	0.149	0.149	0.149	0.149	0.149	
IBNR Amount	\$22,680	\$474,013	\$378,109	\$307,152	\$141,264	\$26,568	\$10,655	\$1,360,441
Case Reserves	\$0	\$1,191,362	\$0	\$0	\$0	\$0	\$0	\$1,191,362
Total Reserves (Ind. & Leg.)	\$22,680	\$1,665,375	\$378,109	\$307,152	\$141,264	\$26,568	\$10,655	\$2,551,803
Paid to Date	\$0	\$8,638	\$0	\$0	\$0	\$0	\$0	\$8,638
Total Ultimate Incurred	\$22,680	\$1,674,013	\$378,109	\$307,152	\$141,264	\$26,568	\$10,655	\$2,560,441

Derivation of Loss Adjustment Expenses

IBNR LAE	\$454	\$9,480	\$7,562	\$6,143	\$2,825	\$531	\$213	\$27,209
Case Reserves LAE	\$0	\$23,827	\$0	\$0	\$0	\$0	\$0	\$23,827
Total LAE(2.0%)	\$454	\$33,308	\$7,562	\$6,143	\$2,825	\$531	\$213	\$51,036

Distribution of Losses between CILLAS and Proportional Reinsurers

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	\$4,319	\$0	\$0	\$0	\$0	\$0	\$4,319
Paid Ceded to								
Registered Reinsurers	\$0	\$4,042	\$0	\$0	\$0	\$0	\$0	\$4,042
Unregistered Reinsurers	\$0	\$276	\$0	\$0	\$0	\$0	\$0	\$276
Case Reserves Retained	\$0	\$595,681	\$0	\$0	\$0	\$0	\$0	\$595,681
Case Reserves Ceded to								
Registered Reinsurers	\$0	\$557,558	\$0	\$0	\$0	\$0	\$0	\$557,558
Unregistered Reinsurers	\$0	\$38,124	\$0	\$0	\$0	\$0	\$0	\$38,124
IBNR Reserves Retained	\$22,680	\$237,006	\$75,622	\$55,287	\$17,658	\$0	\$0	\$408,254
IBNR Reserves Ceded to								
Registered Reinsurers	\$0	\$221,838	\$302,487	\$242,558	\$111,768	\$22,849	\$9,393	\$910,893
Unregistered Reinsurers	\$0	\$15,168	\$0	\$9,307	\$11,838	\$3,720	\$1,262	\$41,294
Total Reserves Retained	\$22,680	\$832,688	\$75,622	\$55,287	\$17,658	\$0	\$0	\$1,003,935
Reserves Ceded to								
Registered Reinsurers	\$0	\$779,396	\$302,487	\$242,558	\$111,768	\$22,849	\$9,393	\$1,468,451
Unregistered Reinsurers	\$0	\$53,292	\$0	\$9,307	\$11,838	\$3,720	\$1,262	\$79,418

CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY

IBNR - REFLECTING PROPORTIONAL REINSURANCE

Period : 2002-2
As at December 31, 2007

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	Totals
<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	0.184	0.184	0.184	0.184	0.184	0.184	0.184	
IBNR Amount	\$29,208	\$609,765	\$489,732	\$400,908	\$185,650	\$36,810	\$17,766	\$1,769,839
Case Reserves	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Reserves (Ind. & Leg.)	\$29,208	\$609,765	\$489,732	\$400,908	\$185,650	\$36,810	\$17,766	\$1,769,839
Paid to Date	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Ultimate Incurred	\$29,208	\$609,765	\$489,732	\$400,908	\$185,650	\$36,810	\$17,766	\$1,769,839
<u>Derivation of Loss Adjustment Expenses</u>								
IBNR LAE	\$584	\$12,195	\$9,795	\$8,018	\$3,713	\$736	\$355	\$35,397
Case Reserves LAE	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total LAE(2.0%)	\$584	\$12,195	\$9,795	\$8,018	\$3,713	\$736	\$355	\$35,397
<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	\$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	\$29,208	\$609,765	\$97,946	\$72,163	\$23,206	\$0	\$0	\$832,289
IBNR Reserves Ceded to								
Registered Reinsurers	\$0	\$0	\$391,786	\$328,745	\$117,739	\$28,145	\$3,239	\$869,653
Unregistered Reinsurers	\$0	\$0	\$0	\$0	\$44,705	\$8,665	\$14,527	\$67,897
Total Reserves Retained	\$29,208	\$609,765	\$97,946	\$72,163	\$23,206	\$0	\$0	\$832,289
Reserves Ceded to								
Registered Reinsurers	\$0	\$0	\$391,786	\$328,745	\$117,739	\$28,145	\$3,239	\$869,653
Unregistered Reinsurers	\$0	\$0	\$0	\$0	\$44,705	\$8,665	\$14,527	\$67,897

CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY

IBNR - REFLECTING PROPORTIONAL REINSURANCE

Period : 2003-1
As at December 31, 2007

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	Totals
<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	0.184	0.184	0.184	0.184	0.184	0.184	0.184	
IBNR Amount	\$31,547	\$658,592	\$528,948	\$433,011	\$200,516	\$39,758	\$18,390	\$1,910,762
Case Reserves	\$0	\$5,555,192	\$0	\$0	\$0	\$0	\$0	\$5,555,192
Total Reserves (Ind. & Leg.)	\$31,547	\$6,213,784	\$528,948	\$433,011	\$200,516	\$39,758	\$18,390	\$7,465,954
Paid to Date	\$0	\$342,467	\$0	\$0	\$0	\$0	\$0	\$342,467
Total Ultimate Incurred	\$31,547	\$6,556,251	\$528,948	\$433,011	\$200,516	\$39,758	\$18,390	\$7,808,421
<u>Derivation of Loss Adjustment Expenses</u>								
IBNR LAE	\$631	\$13,172	\$10,579	\$8,660	\$4,010	\$795	\$368	\$38,215
Case Reserves LAE	\$0	\$111,104	\$0	\$0	\$0	\$0	\$0	\$111,104
Total LAE(2.0%)	\$631	\$124,276	\$10,579	\$8,660	\$4,010	\$795	\$368	\$149,319
<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	\$342,467	\$0	\$0	\$0	\$0	\$0	\$342,467
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	\$5,555,192	\$0	\$0	\$0	\$0	\$0	\$5,555,192
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	\$31,547	\$658,592	\$105,790	\$77,942	\$25,065	\$0	\$0	\$898,935
IBNR Reserves Ceded to								
Registered Reinsurers	\$0	\$0	\$423,158	\$355,069	\$127,167	\$30,399	\$3,353	\$939,146
Unregistered Reinsurers	\$0	\$0	\$0	\$0	\$48,284	\$9,359	\$15,038	\$72,681
Total Reserves Retained	\$31,547	\$6,213,784	\$105,790	\$77,942	\$25,065	\$0	\$0	\$6,454,127
Reserves Ceded to								
Registered Reinsurers	\$0	\$0	\$423,158	\$355,069	\$127,167	\$30,399	\$3,353	\$939,146
Unregistered Reinsurers	\$0	\$0	\$0	\$0	\$48,284	\$9,359	\$15,038	\$72,681

CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY

IBNR - REFLECTING PROPORTIONAL REINSURANCE

Period : 2003-2
As at December 31, 2007

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	Totals
<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	0.255	0.255	0.255	0.255	0.255	0.255	0.255	
IBNR Amount	\$45,516	\$953,448	\$729,754	\$613,843	\$289,234	\$61,687	\$29,648	\$2,723,129
Case Reserves	\$0	\$1,600,000	\$0	\$0	\$0	\$0	\$0	\$1,600,000
Total Reserves (Ind. & Leg.)	\$45,516	\$2,553,448	\$729,754	\$613,843	\$289,234	\$61,687	\$29,648	\$4,323,129
Paid to Date	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Ultimate Incurred	\$45,516	\$2,553,448	\$729,754	\$613,843	\$289,234	\$61,687	\$29,648	\$4,323,129
<u>Derivation of Loss Adjustment Expenses</u>								
IBNR LAE	\$910	\$19,069	\$14,595	\$12,277	\$5,785	\$1,234	\$593	\$54,463
Case Reserves LAE	\$0	\$32,000	\$0	\$0	\$0	\$0	\$0	\$32,000
Total LAE(2.0%)	\$910	\$51,069	\$14,595	\$12,277	\$5,785	\$1,234	\$593	\$86,463
<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	\$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	\$1,600,000	\$0	\$0	\$0	\$0	\$0	\$1,600,000
Case Reserves Ceded to	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Registered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Unregistered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
IBNR Reserves Retained	\$45,516	\$953,448	\$145,951	\$110,492	\$36,154	\$0	\$0	\$1,291,561
IBNR Reserves Ceded to								
Registered Reinsurers	\$0	\$0	\$583,803	\$503,351	\$166,310	\$45,556	\$2,864	\$1,301,883
Unregistered Reinsurers	\$0	\$0	\$0	\$0	\$86,770	\$16,131	\$26,784	\$129,685
Total Reserves Retained	\$45,516	\$2,553,448	\$145,951	\$110,492	\$36,154	\$0	\$0	\$2,891,561
Reserves Ceded to								
Registered Reinsurers	\$0	\$0	\$583,803	\$503,351	\$166,310	\$45,556	\$2,864	\$1,301,883
Unregistered Reinsurers	\$0	\$0	\$0	\$0	\$86,770	\$16,131	\$26,784	\$129,685

CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY

IBNR - REFLECTING PROPORTIONAL REINSURANCE

Period : 2004-1
As at December 31, 2007

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	Totals
<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	0.255	0.255	0.255	0.255	0.255	0.255	0.255	
IBNR Amount	\$45,943	\$962,379	\$734,304	\$618,328	\$291,493	\$62,264	\$29,929	\$2,744,640
Case Reserves	\$0	\$0	\$0	\$1,057,462	\$949,635	\$0	\$0	\$2,007,097
Total Reserves (Ind. & Leg.)	\$45,943	\$962,379	\$734,304	\$1,675,790	\$1,241,128	\$62,264	\$29,929	\$4,751,737
Paid to Date	\$0	\$5,504,053	\$7,500,000	\$11,442,538	\$0	\$0	\$0	\$24,446,591
Total Ultimate Incurred	\$45,943	\$6,466,432	\$8,234,304	\$13,118,328	\$1,241,128	\$62,264	\$29,929	\$29,198,328
<u>Derivation of Loss Adjustment Expenses</u>								
IBNR LAE	\$919	\$19,248	\$14,686	\$12,367	\$5,830	\$1,245	\$599	\$54,893
Case Reserves LAE	\$0	\$0	\$0	\$21,149	\$18,993	\$0	\$0	\$40,142
Total LAE(2.0%)	\$919	\$19,248	\$14,686	\$33,516	\$24,823	\$1,245	\$599	\$95,035
<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	\$5,504,053	\$1,500,000	\$2,059,657	\$0	\$0	\$0	\$9,063,710
Paid Ceded to								
Registered Reinsurers	\$0	\$0	\$6,000,000	\$9,382,881	\$0	\$0	\$0	\$15,382,881
Unregistered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Case Reserves Retained	\$0	\$0	\$0	\$190,343	\$118,704	\$0	\$0	\$309,048
Case Reserves Ceded to								
Registered Reinsurers	\$0	\$0	\$0	\$867,119	\$546,040	\$0	\$0	\$1,413,159
Unregistered Reinsurers	\$0	\$0	\$0	\$0	\$284,890	\$0	\$0	\$284,890
IBNR Reserves Retained	\$45,943	\$962,379	\$146,861	\$111,299	\$36,437	\$0	\$0	\$1,302,918
IBNR Reserves Ceded to								
Registered Reinsurers	\$0	\$0	\$587,443	\$507,029	\$167,608	\$45,982	\$2,891	\$1,310,954
Unregistered Reinsurers	\$0	\$0	\$0	\$0	\$87,448	\$16,282	\$27,038	\$130,768
Total Reserves Retained	\$45,943	\$962,379	\$146,861	\$301,642	\$155,141	\$0	\$0	\$1,611,966
Reserves Ceded to								
Registered Reinsurers	\$0	\$0	\$587,443	\$1,374,148	\$713,648	\$45,982	\$2,891	\$2,724,113
Unregistered Reinsurers	\$0	\$0	\$0	\$0	\$372,338	\$16,282	\$27,038	\$415,659

CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY

IBNR - REFLECTING PROPORTIONAL REINSURANCE

Period : 2004-2
As at December 31, 2007

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	Totals
<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	0.412	0.412	0.412	0.412	0.412	0.412	0.412	
IBNR Amount	\$77,159	\$1,629,131	\$1,254,056	\$1,066,656	\$507,931	\$115,250	\$55,992	\$4,706,175
Case Reserves	\$0	\$93,626	\$0	\$0	\$0	\$0	\$0	\$93,626
Total Reserves (Ind. & Leg.)	\$77,159	\$1,722,757	\$1,254,056	\$1,066,656	\$507,931	\$115,250	\$55,992	\$4,799,801
Paid to Date	\$0	\$906,374	\$0	\$0	\$0	\$0	\$0	\$906,374
Total Ultimate Incurred	\$77,159	\$2,629,131	\$1,254,056	\$1,066,656	\$507,931	\$115,250	\$55,992	\$5,706,175
<u>Derivation of Loss Adjustment Expenses</u>								
IBNR LAE	\$1,543	\$32,583	\$25,081	\$21,333	\$10,159	\$2,305	\$1,120	\$94,124
Case Reserves LAE	\$0	\$1,873	\$0	\$0	\$0	\$0	\$0	\$1,873
Total LAE(2.0%)	\$1,543	\$34,455	\$25,081	\$21,333	\$10,159	\$2,305	\$1,120	\$95,996
<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	\$906,374	\$0	\$0	\$0	\$0	\$0	\$906,374
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	\$93,626	\$0	\$0	\$0	\$0	\$0	\$93,626
Case Reserves Ceded to	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Registered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Unregistered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
IBNR Reserves Retained	\$77,159	\$1,629,131	\$250,811	\$191,998	\$63,491	\$0	\$0	\$2,212,591
IBNR Reserves Ceded to								
Registered Reinsurers	\$0	\$0	\$940,542	\$874,658	\$320,250	\$86,276	\$5,409	\$2,227,135
Unregistered Reinsurers	\$0	\$0	\$62,703	\$0	\$124,189	\$28,974	\$50,583	\$266,449
Total Reserves Retained	\$77,159	\$1,722,757	\$250,811	\$191,998	\$63,491	\$0	\$0	\$2,306,217
Reserves Ceded to								
Registered Reinsurers	\$0	\$0	\$940,542	\$874,658	\$320,250	\$86,276	\$5,409	\$2,227,135
Unregistered Reinsurers	\$0	\$0	\$62,703	\$0	\$124,189	\$28,974	\$50,583	\$266,449

CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY

IBNR - REFLECTING PROPORTIONAL REINSURANCE

Period : 2005-1
As at December 31, 2007

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	Totals
<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	0.412	0.412	0.412	0.412	0.412	0.412	0.412	
IBNR Amount	\$77,220	\$1,630,420	\$1,250,980	\$1,065,237	\$507,521	\$115,341	\$55,703	\$4,702,422
Case Reserves	\$0	\$811,662	\$0	\$0	\$0	\$0	\$0	\$811,662
Total Reserves (Ind. & Leg.)	\$77,220	\$2,442,082	\$1,250,980	\$1,065,237	\$507,521	\$115,341	\$55,703	\$5,514,085
Paid to Date	\$0	\$38,338	\$0	\$0	\$0	\$0	\$0	\$38,338
Total Ultimate Incurred	\$77,220	\$2,480,420	\$1,250,980	\$1,065,237	\$507,521	\$115,341	\$55,703	\$5,552,422
<u>Derivation of Loss Adjustment Expenses</u>								
IBNR LAE	\$1,544	\$32,608	\$25,020	\$21,305	\$10,150	\$2,307	\$1,114	\$94,048
Case Reserves LAE	\$0	\$16,233	\$0	\$0	\$0	\$0	\$0	\$16,233
Total LAE(2.0%)	\$1,544	\$48,842	\$25,020	\$21,305	\$10,150	\$2,307	\$1,114	\$110,282
<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	\$38,338	\$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	\$811,662	\$0	\$0	\$0	\$0	\$0	\$811,662
Case Reserves Ceded to	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Registered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Unregistered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
IBNR Reserves Retained	\$77,220	\$1,630,420	\$250,196	\$191,743	\$63,440	\$0	\$0	\$2,213,019
IBNR Reserves Ceded to								
Registered Reinsurers	\$0	\$0	\$938,235	\$873,494	\$319,992	\$86,345	\$5,381	\$2,223,447
Unregistered Reinsurers	\$0	\$0	\$62,549	\$0	\$124,089	\$28,997	\$50,322	\$265,957
Total Reserves Retained	\$77,220	\$2,442,082	\$250,196	\$191,743	\$63,440	\$0	\$0	\$3,024,681
Reserves Ceded to								
Registered Reinsurers	\$0	\$0	\$938,235	\$873,494	\$319,992	\$86,345	\$5,381	\$2,223,447
Unregistered Reinsurers	\$0	\$0	\$62,549	\$0	\$124,089	\$28,997	\$50,322	\$265,957

CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY

IBNR - REFLECTING PROPORTIONAL REINSURANCE

Period : 2005-2
As at December 31, 2007

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	Totals
<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	0.567	0.567	0.567	0.567	0.567	0.567	0.567	
IBNR Amount	\$111,652	\$2,356,804	\$1,827,567	\$1,575,353	\$759,771	\$186,984	\$91,758	\$6,909,889
Case Reserves	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Reserves (Ind. & Leg.)	\$111,652	\$2,356,804	\$1,827,567	\$1,575,353	\$759,771	\$186,984	\$91,758	\$6,909,889
Paid to Date	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Ultimate Incurred	\$111,652	\$2,356,804	\$1,827,567	\$1,575,353	\$759,771	\$186,984	\$91,758	\$6,909,889
<u>Derivation of Loss Adjustment Expenses</u>								
IBNR LAE	\$2,233	\$47,136	\$36,551	\$31,507	\$15,195	\$3,740	\$1,835	\$138,198
Case Reserves LAE	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total LAE(2.0%)	\$2,233	\$47,136	\$36,551	\$31,507	\$15,195	\$3,740	\$1,835	\$138,198
<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	\$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	\$111,652	\$2,356,804	\$365,513	\$283,564	\$94,971	\$0	\$0	\$3,212,504
IBNR Reserves Ceded to								
Registered Reinsurers	\$0	\$0	\$1,370,675	\$1,260,282	\$664,800	\$186,984	\$33,033	\$3,515,774
Unregistered Reinsurers	\$0	\$0	\$91,378	\$31,507	\$0	\$0	\$58,725	\$181,611
Total Reserves Retained	\$111,652	\$2,356,804	\$365,513	\$283,564	\$94,971	\$0	\$0	\$3,212,504
Reserves Ceded to								
Registered Reinsurers	\$0	\$0	\$1,370,675	\$1,260,282	\$664,800	\$186,984	\$33,033	\$3,515,774
Unregistered Reinsurers	\$0	\$0	\$91,378	\$31,507	\$0	\$0	\$58,725	\$181,611

CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY

IBNR - REFLECTING PROPORTIONAL REINSURANCE

Period : 2006-1

As at December 31, 2007

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	Totals
<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	0.567	0.567	0.567	0.567	0.567	0.567	0.567	
IBNR Amount	\$112,817	\$2,381,390	\$1,843,857	\$1,590,234	\$767,136	\$188,934	\$92,990	\$6,977,358
Case Reserves	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Reserves (Ind. & Leg.)	\$112,817	\$2,381,390	\$1,843,857	\$1,590,234	\$767,136	\$188,934	\$92,990	\$6,977,358
Paid to Date	\$0	\$2,833	\$0	\$0	\$0	\$0	\$0	\$2,833
Total Ultimate Incurred	\$112,817	\$2,384,223	\$1,843,857	\$1,590,234	\$767,136	\$188,934	\$92,990	\$6,980,191
<u>Derivation of Loss Adjustment Expenses</u>								
IBNR LAE	\$2,256	\$47,628	\$36,877	\$31,805	\$15,343	\$3,779	\$1,860	\$139,547
Case Reserves LAE	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total LAE(2.0%)	\$2,256	\$47,628	\$36,877	\$31,805	\$15,343	\$3,779	\$1,860	\$139,547
<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	\$112,817	\$2,381,390	\$368,771	\$286,242	\$95,892	\$0	\$0	\$3,245,112
IBNR Reserves Ceded to								
Registered Reinsurers	\$0	\$0	\$1,382,893	\$1,272,187	\$671,244	\$188,934	\$33,476	\$3,548,734
Unregistered Reinsurers	\$0	\$0	\$92,193	\$31,805	\$0	\$0	\$59,514	\$183,511
Total Reserves Retained	\$112,817	\$2,381,390	\$368,771	\$286,242	\$95,892	\$0	\$0	\$3,245,112
Reserves Ceded to								
Registered Reinsurers	\$0	\$0	\$1,382,893	\$1,272,187	\$671,244	\$188,934	\$33,476	\$3,548,734
Unregistered Reinsurers	\$0	\$0	\$92,193	\$31,805	\$0	\$0	\$59,514	\$183,511

CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY

IBNR - REFLECTING PROPORTIONAL REINSURANCE

Period : 2006-2
As at December 31, 2007

LAYER	7.5 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	Totals
Derivation of Ultimate Incurred									
Earned Lawyer Count	1,972	1,972	2,397	2,397	2,397	2,397	2,076	877	
Expected Loss Cost per Lawyer	\$220	\$2,243	\$1,510	\$1,302	\$540	\$42	\$24	\$18	
Gross Expected Loss Volume	\$433,895	\$4,423,757	\$3,620,949	\$3,121,345	\$1,295,199	\$100,685	\$49,824	\$15,791	
IBNR Factor	0.828	0.828	0.828	0.828	0.828	0.828	0.828	0.828	
IBNR Amount	\$359,265	\$3,662,871	\$2,998,146	\$2,584,474	\$1,072,425	\$83,367	\$41,254	\$13,075	\$10,814,876
Case Reserves	\$0	\$1,550,000	\$0	\$0	\$0	\$0	\$0	\$0	\$1,550,000
Total Reserves (Ind. & Leg.)	\$359,265	\$5,212,871	\$2,998,146	\$2,584,474	\$1,072,425	\$83,367	\$41,254	\$13,075	\$12,364,876
Paid to Date	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Ultimate Incurred	\$359,265	\$5,212,871	\$2,998,146	\$2,584,474	\$1,072,425	\$83,367	\$41,254	\$13,075	\$12,364,876

Derivation of Loss Adjustment Expenses

IBNR LAE									
Case Reserves LAE	\$7,185	\$73,257	\$59,963	\$51,689	\$21,449	\$1,667	\$825	\$261	\$216,298
Total LAE(2.0%)	\$0	\$31,000	\$0	\$0	\$0	\$0	\$0	\$0	\$31,000
	\$7,185	\$104,257	\$59,963	\$51,689	\$21,449	\$1,667	\$825	\$261	\$247,298

Distribution of Losses between CILLAS and Proportional Reinsurers

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	\$1,550,000	\$0	\$0	\$0	\$0	\$0	\$0	\$1,550,000
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	\$359,265	\$3,662,871	\$599,629	\$465,205	\$134,053	\$0	\$0	\$0	\$5,221,023
IBNR Reserves Ceded to									
Registered Reinsurers	\$0	\$0	\$2,248,610	\$1,990,045	\$938,372	\$83,367	\$14,852	\$13,075	\$5,288,319
Unregistered Reinsurers	\$0	\$0	\$149,907	\$129,224	\$0	\$0	\$26,403	\$0	\$305,534
Total Reserves Retained	\$359,265	\$5,212,871	\$599,629	\$465,205	\$134,053	\$0	\$0	\$0	\$6,771,023
Reserves Ceded to									
Registered Reinsurers	\$0	\$0	\$2,248,610	\$1,990,045	\$938,372	\$83,367	\$14,852	\$13,075	\$5,288,319
Unregistered Reinsurers	\$0	\$0	\$149,907	\$129,224	\$0	\$0	\$26,403	\$0	\$305,534

CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY

IBNR - REFLECTING PROPORTIONAL REINSURANCE

Period : 2007-1
As at December 31, 2007

LAYER	7.5 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	Totals
Derivation of Ultimate Incurred									
Earned Lawyer Count	1,946	1,946	2,374	2,374	2,374	2,374	2,127	2,127	
Expected Loss Cost per Lawyer	\$220	\$2,243	\$1,509	\$1,301	\$540	\$42	\$24	\$18	
Gross Expected Loss Volume	\$428,065	\$4,364,317	\$3,583,157	\$3,088,127	\$1,281,128	\$99,719	\$51,054	\$38,291	
IBNR Factor	0.828	0.828	0.828	0.828	0.828	0.828	0.828	0.828	
IBNR Amount	\$354,438	\$3,613,655	\$2,966,854	\$2,556,969	\$1,060,774	\$82,567	\$42,273	\$31,705	\$10,709,233
Case Reserves	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Reserves (Ind. & Leg.)	\$354,438	\$3,613,655	\$2,966,854	\$2,556,969	\$1,060,774	\$82,567	\$42,273	\$31,705	\$10,709,233
Paid to Date	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Ultimate Incurred	\$354,438	\$3,613,655	\$2,966,854	\$2,556,969	\$1,060,774	\$82,567	\$42,273	\$31,705	\$10,709,233
Derivation of Loss Adjustment Expenses									
IBNR LAE	\$7,089	\$72,273	\$59,337	\$51,139	\$21,215	\$1,651	\$845	\$634	\$214,185
Case Reserves LAE	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total LAE(2.0%)	\$7,089	\$72,273	\$59,337	\$51,139	\$21,215	\$1,651	\$845	\$634	\$214,185

Distribution of Losses between CLLAS and Proportional Reinsurers

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	\$354,438	\$3,613,655	\$593,371	\$460,254	\$132,597	\$0	\$0	\$0	\$5,154,314
IBNR Reserves Ceded to									
Registered Reinsurers	\$0	\$0	\$2,225,140	\$1,968,866	\$928,177	\$82,567	\$15,218	\$31,705	\$5,251,673
Unregistered Reinsurers	\$0	\$0	\$148,343	\$127,848	\$0	\$0	\$27,055	\$0	\$303,246
Total Reserves Retained	\$354,438	\$3,613,655	\$593,371	\$460,254	\$132,597	\$0	\$0	\$0	\$5,154,314
Reserves Ceded to									
Registered Reinsurers	\$0	\$0	\$2,225,140	\$1,968,866	\$928,177	\$82,567	\$15,218	\$31,705	\$5,251,673
Unregistered Reinsurers	\$0	\$0	\$148,343	\$127,848	\$0	\$0	\$27,055	\$0	\$303,246

CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY

IBNR - REFLECTING PROPORTIONAL REINSURANCE

Period : 2007-2
As at December 31, 2007

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	Totals
<u>Derivation of Ultimate Incurred</u>									
Earned Lawyer Count	1,931	1,931	2,356	2,356	2,356	2,356	2,099	1,414	
Expected Loss Cost per Lawyer	\$126	\$1,792	\$1,262	\$946	\$380	\$28	\$13	\$9	
Gross Expected Loss Volume	\$243,306	\$3,460,352	\$2,973,999	\$2,227,664	\$894,271	\$65,961	\$27,284	\$12,724	
IBNR Factor	0.918	0.918	0.918	0.918	0.918	0.918	0.918	0.918	
IBNR Amount	\$223,355	\$3,176,603	\$2,730,131	\$2,044,996	\$820,941	\$60,552	\$25,046	\$11,680	\$9,093,305
Case Reserves	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Reserves (Ind. & Leg.)	\$223,355	\$3,176,603	\$2,730,131	\$2,044,996	\$820,941	\$60,552	\$25,046	\$11,680	\$9,093,305
Paid to Date	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Ultimate Incurred	\$223,355	\$3,176,603	\$2,730,131	\$2,044,996	\$820,941	\$60,552	\$25,046	\$11,680	\$9,093,305
<u>Derivation of Loss Adjustment Expenses</u>									
IBNR LAE	\$4,467	\$63,532	\$54,603	\$40,900	\$16,419	\$1,211	\$501	\$234	\$181,866
Case Reserves LAE	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total LAE(2.0%)	\$4,467	\$63,532	\$54,603	\$40,900	\$16,419	\$1,211	\$501	\$234	\$181,866
<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	\$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	\$223,355	\$3,176,603	\$819,039	\$368,099	\$102,618	\$0	\$0	\$0	\$4,689,714
IBNR Reserves Ceded to									
Registered Reinsurers	\$0	\$0	\$1,774,585	\$1,574,647	\$718,323	\$60,552	\$9,017	\$11,680	\$4,148,805
Unregistered Reinsurers	\$0	\$0	\$136,507	\$102,250	\$0	\$0	\$16,030	\$0	\$254,786
Total Reserves Retained	\$223,355	\$3,176,603	\$819,039	\$368,099	\$102,618	\$0	\$0	\$0	\$4,689,714
Reserves Ceded to									
Registered Reinsurers	\$0	\$0	\$1,774,585	\$1,574,647	\$718,323	\$60,552	\$9,017	\$11,680	\$4,148,805
Unregistered Reinsurers	\$0	\$0	\$136,507	\$102,250	\$0	\$0	\$16,030	\$0	\$254,786

CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY

IBNR - REFLECTING PROPORTIONAL REINSURANCE

Period: All Years

As at December 31, 2007

LAYER	Totals
IBNR Amount	\$68,991,924
Case Reserves	\$15,063,475
Total Reserves (Ind. & Leg.)	\$84,055,399
Paid to Date	\$125,665,818
Total Ultimate Incurred	\$209,721,217
Paid to Date Retained	
Paid Ceded to	\$45,253,566
Registered Reinsurers	\$76,303,216
Unregistered Reinsurers	\$4,109,036
Case Reserves Retained	
Case Reserves Ceded to	\$11,642,477
Registered Reinsurers	\$3,025,839
Unregistered Reinsurers	\$395,159
IBNR Reserves Retained	
IBNR Reserves Ceded to	\$32,007,022
Registered Reinsurers	\$34,571,706
Unregistered Reinsurers	\$2,413,196
Total Reserves Retained	
Reserves Ceded to	\$43,649,499
Registered Reinsurers	\$37,597,545
Unregistered Reinsurers	\$2,808,355

CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY
INDICATED INCURRED LOSS DEVELOPMENT FACTORS
FOR LOSSES IN EXCESS OF VARIOUS PER OCCURRENCE RETENTIONS (1)

Retention per Occurrence	Loss Development Factor to Ultimate at Duration t (in months)												
	t=	6	18	30	42	54	66	78	90	102	114	126	138
\$ 25,000		3.017	1.994	1.348	1.150	1.043	0.975	0.948	0.949	0.956	0.960	0.958	0.950
50,000		3.527	2.251	1.446	1.201	1.065	0.980	0.947	0.944	0.949	0.953	0.949	0.940
100,000		4.109	2.528	1.548	1.264	1.096	0.986	0.947	0.942	0.944	0.950	0.945	0.931
200,000		5.083	2.870	1.581	1.281	1.078	0.959	0.926	0.926	0.929	0.942	0.941	0.920
300,000		5.200	2.867	1.528	1.237	1.038	0.924	0.897	0.903	0.911	0.925	0.920	0.897
1,000,000		12.175	5.825	2.308	1.700	1.343	1.225	1.175	1.125	1.075	1.040	1.025	1.013
Selected		12.175	5.825	2.308	1.700	1.343	1.225	1.175	1.125	1.075	1.040	1.025	1.013

(1) Based on industry data for Lawyers Professional Liability insurance.

CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY

DETERMINATION OF THE PROVISION FOR UNALLOCATED LOSS ADJUSTMENT EXPENSES

<i>Year</i>	<i>Assumed Annual Claims Management Expenses (1) (in \$2008)</i>	<i>Assumed Portion Applicable to Losses Outstanding As at December 31, 2007</i>	<i>Future Indexing (3% per year)</i>	<i>As at December 31, 2007</i>	<i>Estimated Provision</i>
2008	\$357,000	7/7	1.000	\$	357,000
2009	357,000	6/7	1.030		315,180
2010	357,000	5/7	1.061		270,530
2011	357,000	4/7	1.093		222,916
2012	357,000	3/7	1.126		172,203
2013	357,000	2/7	1.159		118,246
2014	357,000	1/7	1.194		60,897
Total				\$	1,516,971
Gross Outstanding Liabilities					
			- Case Reserve	\$	15,063,475
			- IBNR		68,991,924
			- Total	\$	84,055,399
Unallocated Loss Adjustment Expenses Provision as a % of Gross Outstanding liabilities					
			- Indicated		1.8%
			- Selected		2.0%

(1) Based upon actual CLLAS internal claims management expenses of \$335,000 in 2007 and estimated 2008 expenses of \$357,000.

CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY

AMOUNT UNRECOVERABLE (Wallbrook)

Total All Years

As at December 31, 2007

<i>Policy Period</i>	<i>Layer (\$'000,000)</i>	<i>Total Reserves (Ind. + Leg.)</i>	<i>Proportion Ceded to Wallbrook</i>	<i>Amount Ceded to Wallbrook</i>
July 1987 - Dec 1987	4.4 ex 0.6	\$0	27.50%	\$0
	15 ex 10	\$0	9.17%	\$0
Jan 1988 - June 1988	4.4 ex 0.6	\$0	27.50%	\$0
	15 ex 10	\$0	9.17%	\$0
Subtotal				\$0
July 1988 - Dec 1988	4 ex 1	\$0	27.50%	\$0
	15 ex 10	\$0	8.65%	\$0
Jan 1989 - June 1989	4 ex 1	\$0	27.50%	\$0
	15 ex 10	\$0	8.65%	\$0
Subtotal				\$0
July 1989 - Dec 1989	4 ex 1	\$0	27.50%	\$0
	15 ex 10	\$0	5.62%	\$0
Jan 1990 - June 1990	4 ex 1	\$0	13.75%	\$0
	15 ex 10	\$0	2.81%	\$0
Subtotal				\$0
Grand Total				\$0
Provision for unrecoverable reinsurance				\$0

CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY
GROSS AND NET OF PROPORTIONAL EXPERIENCE
As at December 31, 2007

Exhibit VI

Policy Period	GROSS CLLAS EXPERIENCE (1)				NET OF PROPORTIONAL REINSURANCE			
	Paid	Case Reserves	IBNR	Total Incurred	Paid	Case Reserves	IBNR	Total Incurred
July 1, 1987 - June 30, 1988	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
July 1, 1988 - June 30, 1989	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
July 1, 1989 - June 30, 1990	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
July 1, 1990 - June 30, 1991	\$3,593,148	\$0	\$0	\$3,593,148	\$1,796,574	\$0	\$0	\$1,796,574
July 1, 1991 - June 30, 1992	\$7,416,563	\$0	\$0	\$7,416,563	\$3,470,496	\$0	\$0	\$3,470,496
July 1, 1992 - June 30, 1993	\$326,599	\$0	\$0	\$326,599	\$163,299	\$0	\$0	\$163,299
July 1, 1993 - June 30, 1994	\$30,654,825	\$0	\$0	\$30,654,825	\$8,388,230 (2)	\$0	\$0	\$8,388,230
July 1, 1994 - June 30, 1995	\$9,318,988	\$0	\$0	\$9,318,988	\$4,633,180	\$0	\$0	\$4,633,180
July 1, 1995 - June 30, 1996	\$3,742,644	\$0	\$0	\$3,742,644	\$1,871,322	\$0	\$0	\$1,871,322
July 1, 1996 - June 30, 1997	\$0	\$0	\$98,805	\$98,805	\$0	\$0	\$28,092	\$28,092
July 1, 1997 - June 30, 1998	\$0	\$0	\$191,681	\$191,681	\$0	\$0	\$52,782	\$52,782
July 1, 1998 - June 30, 1999	\$20,296,669	\$0	\$355,566	\$20,652,235	\$6,254,045	\$0	\$95,569	\$6,349,614
July 1, 1999 - June 30, 2000	\$7,026,393	\$1,250,000	\$762,293	\$9,038,686	\$2,731,463	\$625,000	\$199,721	\$3,556,184
July 1, 2000 - June 30, 2001	\$0	\$1,000,000	\$1,868,057	\$2,868,057	\$0	\$500,000	\$560,553	\$1,060,553
July 1, 2001 - June 30, 2002	\$17,553,385	\$1,195,898	\$2,653,892	\$21,403,175	\$5,601,595	\$597,949	\$796,324	\$6,995,869
July 1, 2002 - June 30, 2003	\$342,467	\$5,555,192	\$3,680,601	\$9,578,260	\$342,467	\$5,555,192	\$1,731,224	\$7,628,883
July 1, 2003 - June 30, 2004	\$24,446,591	\$3,607,097	\$5,467,769	\$33,521,457	\$9,063,710	\$1,909,048	\$2,594,479	\$13,567,236
July 1, 2004 - June 30, 2005	\$944,712	\$905,288	\$9,408,598	\$11,258,598	\$944,712	\$905,288	\$4,425,610	\$6,275,610
July 1, 2005 - June 30, 2006	\$2,833	\$0	\$13,887,247	\$13,890,080	\$2,833	\$0	\$6,457,616	\$6,460,450
July 1, 2006 - June 30, 2007	\$0	\$1,550,000	\$21,524,110	\$23,074,110	\$0	\$1,550,000	\$10,375,338	\$11,925,338
July 1, 2007 - December 31, 2007	\$0	\$0	\$9,093,305	\$9,093,305	\$0	\$0	\$4,689,714	\$4,689,714
Total	\$125,665,818	\$15,063,475	\$68,991,924	\$209,721,217	\$45,263,927	\$11,642,477	\$32,007,022	\$88,913,426

(1) Excluding unallocated loss adjustment expenses.

(2) An expense amount of \$10,361 for claim 94-010 is fully assumed by CLLAS.

CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY
AGGREGATE AND NET OF AGGREGATE EXPERIENCE
As at December 31, 2007

Policy Period	STOP LOSS PROPORTION (1)				NET OF PROPORTIONAL & STOP LOSS					
	Stop Loss Reins. Ratio	Stop Loss Limit	Paid	Case Reserves	IBNR	Total Incurred	Paid	Case Reserves	IBNR	Total Incurred
July 1, 1987 - June 30, 1988	0.000	n/a	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
July 1, 1988 - June 30, 1989	0.000	n/a	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
July 1, 1989 - June 30, 1990	0.300	\$750,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
July 1, 1990 - June 30, 1991	0.330	\$900,000	\$900,000	\$0	\$0	\$900,000	\$896,574	\$0	\$0	\$896,574
July 1, 1991 - June 30, 1992	0.360	\$1,000,000	\$1,000,000	\$0	\$0	\$1,000,000	\$2,470,496	\$0	\$0	\$2,470,496
July 1, 1992 - June 30, 1993	0.360	\$1,000,000	\$163,299	\$0	\$0	\$163,299	\$0	\$0	\$0	\$0
July 1, 1993 - June 30, 1994	0.600	\$3,000,000 (2)	\$2,750,000	\$0	\$0	\$2,750,000	\$5,638,230	\$0	\$0	\$5,638,230
July 1, 1994 - June 30, 1995	0.600	\$3,000,000 (2)	\$2,750,000	\$0	\$0	\$2,750,000	\$1,883,180	\$0	\$0	\$1,883,180
July 1, 1995 - June 30, 1996	0.300	\$4.7M xs \$3.3M	\$0	\$0	\$0	\$0	\$1,871,322	\$0	\$0	\$1,871,322
July 1, 1996 - June 30, 1997	0.300	\$4.7M xs \$3.3M	\$0	\$0	\$8,428 (3)	\$8,428	\$0	\$0	\$19,664 (3)	\$19,664
July 1, 1997 - June 30, 1998	0.300	\$4.7M xs \$3.3M	\$0	\$0	\$15,835 (3)	\$15,835	\$0	\$0	\$36,947 (3)	\$36,947
July 1, 1998 - June 30, 1999	0.300	\$4.7M xs \$3.3M	\$2,954,045	\$0	\$95,569 (4)	\$3,049,614	\$3,300,000	\$0	\$0 (4)	\$3,300,000
July 1, 1999 - June 30, 2000	0.300	\$4.7M xs \$3.3M	\$0	\$56,463	\$199,721 (4)	\$256,184	\$2,731,463	\$568,537	\$0 (4)	\$3,300,000
July 1, 2000 - June 30, 2001	0.300	\$4.7M xs \$3.3M	\$0	\$0	\$168,166 (3)	\$168,166	\$0	\$500,000	\$392,387 (3)	\$892,387
July 1, 2001 - June 30, 2002	0.300	\$4.7M xs \$3.3M	\$2,301,595	\$597,949	\$796,324 (4)	\$3,695,869	\$3,300,000	\$0	\$0 (4)	\$3,300,000
July 1, 2002 - June 30, 2003	0.300	\$7.5M xs \$5.5M	\$0	\$397,659	\$1,731,224 (4)	\$2,128,883	\$342,467	\$5,157,533	\$0 (4)	\$5,500,000
July 1, 2003 - June 30, 2004	0.300	\$7.5M xs \$5.5M	\$3,563,710	\$1,909,048	\$2,027,243 (4)	\$7,500,000	\$5,500,000	\$0	\$567,236 (4)	\$6,067,236
July 1, 2004 - June 30, 2005	0.300	\$7.5M xs \$5.5M	\$0	\$0	\$1,327,683 (3)	\$1,327,683	\$944,712	\$905,288	\$3,097,927 (3)	\$4,947,927
July 1, 2005 - June 30, 2006	0.400	\$9.5M xs \$5.5M	\$0	\$0	\$2,583,047 (3)	\$2,583,047	\$2,833	\$0	\$3,874,570 (3)	\$3,877,403
July 1, 2006 - June 30, 2007	0.100	\$5M xs \$15.0M	\$0	\$0	\$1,037,534 (3)	\$1,037,534	\$0	\$1,550,000	\$9,337,804 (3)	\$10,887,804
July 1, 2007 - December 31, 2007	0.100	\$5M xs \$15.0M	\$0	\$0	\$468,971 (3)	\$468,971	\$0	\$0	\$4,220,743 (3)	\$4,220,743
Total			\$16,382,650	\$2,961,119	\$10,459,743	\$29,803,511	\$28,881,277	\$8,681,358	\$21,547,279	\$59,109,914

(1) Ceded to Colchester Reinsurance Limited

(2) First \$250,000 of CLLAS net of proportional retention is assumed by CLLAS and the next \$2,750,000 layer is assumed by Colchester.

(3) IBNR net of proportional reinsurance allocated by stop loss reinsurance ratio between CLLAS and Colchester.

(4) IBNR net of proportional reinsurance 100% allocated to Colchester Reinsurance Limited, subject to aggregate limits since attachment point is reached.

(5) IBNR allocated to CLLAS to aggregate attachment point, then remainder 100% allocated to Colchester Reinsurance Limited

CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY
NET EXPERIENCE
As at December 31, 2007

Policy Period	ADDITIONAL NET LIABILITIES				NET CLIAS EXPERIENCE			
	Walbrook		ULAE	ULAE	Paid	Total Case Reserves	Total IBNR (1)	Total Incurred
	Uncollectible IBNR	Case Reserves	IBNR					
July 1, 1987 - June 30, 1988	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
July 1, 1988 - June 30, 1989	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
July 1, 1989 - June 30, 1990	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
July 1, 1990 - June 30, 1991	\$0	\$0	\$0	\$896,574	\$0	\$0	\$0	\$896,574
July 1, 1991 - June 30, 1992	\$0	\$0	\$0	\$2,470,496	\$0	\$0	\$0	\$2,470,496
July 1, 1992 - June 30, 1993	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
July 1, 1993 - June 30, 1994	\$0	\$0	\$0	\$5,638,230	\$0	\$0	\$0	\$5,638,230
July 1, 1994 - June 30, 1995	\$0	\$0	\$0	\$1,883,180	\$0	\$0	\$0	\$1,883,180
July 1, 1995 - June 30, 1996	\$0	\$0	\$0	\$1,871,322	\$0	\$0	\$0	\$1,871,322
July 1, 1996 - June 30, 1997	\$0	\$0	\$1,976	\$0	\$0	\$0	\$21,641	\$21,641
July 1, 1997 - June 30, 1998	\$0	\$0	\$3,834	\$0	\$0	\$0	\$40,781	\$40,781
July 1, 1998 - June 30, 1999	\$0	\$0	\$7,111	\$3,300,000	\$0	\$0	\$7,111	\$3,307,111
July 1, 1999 - June 30, 2000	\$0	\$25,000	\$15,246	\$2,731,463	\$568,537	\$40,246	\$3,340,246	\$3,340,246
July 1, 2000 - June 30, 2001	\$0	\$20,000	\$37,361	\$0	\$500,000	\$449,748	\$949,748	\$949,748
July 1, 2001 - June 30, 2002	\$0	\$23,918	\$53,078	\$3,300,000	\$0	\$76,996	\$3,376,996	\$3,376,996
July 1, 2002 - June 30, 2003	\$0	\$111,104	\$73,612	\$342,467	\$5,157,533	\$184,716	\$5,684,716	\$5,684,716
July 1, 2003 - June 30, 2004	\$0	\$72,142	\$109,355	\$5,500,000	\$0	\$748,733	\$6,248,733	\$6,248,733
July 1, 2004 - June 30, 2005	\$0	\$18,106	\$188,172	\$944,712	\$905,288	\$3,304,205	\$5,154,205	\$5,154,205
July 1, 2005 - June 30, 2006	\$0	\$0	\$277,745	\$2,833	\$0	\$4,152,315	\$4,155,148	\$4,155,148
July 1, 2006 - June 30, 2007	\$0	\$31,000	\$430,482	\$0	\$1,550,000	\$9,799,286	\$11,349,286	\$11,349,286
July 1, 2007 - December 31, 2007	\$0	\$0	\$181,866	\$0	\$0	\$4,402,609	\$4,402,609	\$4,402,609
Total	\$0	\$301,270	\$1,379,838	\$28,881,277	\$8,681,358	\$23,228,387	\$60,791,022	\$60,791,022

(1) Including unallocated loss adjustment expenses and Walbrook uncollectible amounts.

CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY
GROSS AND NET LOSS AND LOSS ADJUSTMENT EXPENSE RATIO
 As at December 31, 2007

<i>Policy Period</i>	<i>GROSS EARNED PREMIUM (\$'000'S)</i>	<i>GROSS ULTIMATE LOSS (\$'000'S)</i>	<i>GROSS LOSS RATIO</i>	<i>NET EARNED PREMIUM (\$'000'S)</i>	<i>NET ULTIMATE LOSSES (\$'000'S)</i>	<i>NET LOSS RATIO</i>
July 1, 1987 - June 30, 1988	\$4,434,000	\$0	0%	\$1,883,829	\$0	0%
July 1, 1988 - June 30, 1989	\$3,614,000	\$0	0%	\$1,137,725	\$0	0%
July 1, 1989 - June 30, 1990	\$3,740,400	\$0	0%	\$689,957	\$0	0%
July 1, 1990 - June 30, 1991	\$4,233,600	\$3,593,148	85%	\$586,847	\$896,574	153%
July 1, 1991 - June 30, 1992	\$4,320,000	\$7,416,563	172%	\$577,354	\$2,470,496	428%
July 1, 1992 - June 30, 1993	\$4,478,400	\$326,599	7%	\$389,208	\$0	0%
July 1, 1993 - June 30, 1994	\$4,512,600	\$30,654,825	679%	\$373,280	\$5,638,230	1510%
July 1, 1994 - June 30, 1995	\$5,153,700	\$9,318,988	181%	\$1,328,836	\$1,883,180	142%
July 1, 1995 - June 30, 1996	\$5,807,500	\$3,742,644	64%	\$1,930,552	\$1,871,322	97%
July 1, 1996 - June 30, 1997	\$5,276,196	\$100,782	2%	\$1,070,215	\$21,641	2%
July 1, 1997 - June 30, 1998	\$6,587,610	\$195,514	3%	\$1,627,963	\$40,781	3%
July 1, 1998 - June 30, 1999	\$10,826,416	\$20,659,346	191%	\$4,368,122	\$3,307,111	76%
July 1, 1999 - June 30, 2000	\$12,093,829	\$9,078,932	75%	\$5,100,300	\$3,340,246	65%
July 1, 2000 - June 30, 2001	\$14,968,458	\$2,925,418	20%	\$6,734,718	\$949,748	14%
July 1, 2001 - June 30, 2002	\$14,694,378	\$21,480,171	146%	\$5,919,526	\$3,376,996	57%
July 1, 2002 - June 30, 2003	\$17,346,379	\$9,762,976	56%	\$4,631,546 ⁽¹⁾	\$5,684,716	123%
July 1, 2003 - June 30, 2004	\$22,376,007	\$33,702,954	151%	\$6,619,932 ⁽²⁾	\$6,248,733	94%
July 1, 2004 - June 30, 2005	\$24,676,487	\$11,464,875	46%	\$6,832,821	\$5,154,205	75%
July 1, 2005 - June 30, 2006	\$25,025,027	\$14,167,825	57%	\$6,259,056	\$4,155,148	66%
July 1, 2006 - June 30, 2007	\$33,356,139	\$23,535,592	71%	\$12,326,959	\$11,349,286	92%
July 1, 2007 - Dec. 31, 2007	\$13,593,904	\$9,275,171	68%	\$5,088,504	\$4,402,609	87%
Total	\$241,115,030	\$211,402,325	88%	\$75,477,251	\$60,791,022	81%
December 31, 1996 Retroassessment call	\$7,000,000			\$7,000,000		
June 30, 1998 Retroassessment call	\$1,600,000			\$1,600,000		
Total Including December 31, 1996 and June 30, 1998 Retroassessment calls	\$249,715,030	\$211,402,325	85%	\$84,077,251	\$60,791,022	72%

(1) Excluding reinsurance premium liability of \$(91,754)

(2) Excluding reinsurance premium liability of \$3,881,528

CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY
GROSS LOSS AND LOSS ADJUSTMENT EXPENSE RATIO
 As at December 31, 2007

GROSS	GROSS EARNED PREMIUM	ON-LEVEL PREMIUMS FACTOR	ON-LEVEL PREMIUMS (2007\$)	GROSS ULTIMATE LOSSES	CLAIMS TREND FACTOR ⁽¹⁾	TRENDED ULTIMATE LOSSES (2007 \$)	ON-LEVEL AND TRENDING LOSS RATIOS
July 1, 1996 - June 30, 1997	\$5,276,196	2.837	\$21,968,731 ⁽²⁾	\$100,782	2.362	\$238,020	1%
July 1, 1997 - June 30, 1998	\$6,587,610	2.313	\$15,234,174	\$195,514	2.187	\$427,550	3%
July 1, 1998 - June 30, 1999	\$10,826,416	1.513	\$17,976,738 ⁽³⁾	\$20,659,346	2.025	\$41,831,266	233%
July 1, 1999 - June 30, 2000	\$12,093,829	1.541	\$18,632,530	\$9,078,932	1.875	\$17,021,406	91%
July 1, 2000 - June 30, 2001	\$14,968,458	1.545	\$23,127,285	\$2,925,418	1.736	\$5,078,376	22%
July 1, 2001 - June 30, 2002	\$14,694,378	1.666	\$24,475,663	\$21,480,171	1.607	\$34,526,368	141%
July 1, 2002 - June 30, 2003	\$17,346,379	1.505	\$26,100,786	\$9,762,976	1.488	\$14,530,201	56%
July 1, 2003 - June 30, 2004	\$22,376,007	1.217	\$27,232,530	\$33,702,954	1.378	\$46,444,428	171%
July 1, 2004 - June 30, 2005	\$24,676,487	1.109	\$27,370,301	\$11,464,875	1.276	\$14,628,885	53%
July 1, 2005 - June 30, 2006	\$25,025,027	1.100	\$27,523,941	\$14,167,825	1.181	\$16,738,685	61%
July 1, 2006 - June 30, 2007	\$33,356,139	0.825	\$27,534,039	\$23,535,592	1.094	\$25,746,577	94%
July 1, 2007 - Dec. 31, 2007	\$27,187,808 ⁽⁴⁾	1.000	\$27,187,808	\$18,550,342 ⁽⁴⁾	1.013	\$18,789,817	69%
						5 Years Average	89%
						All Years Average	83%
						Selected 2008 Gross Loss Ratio	95%

(1) Claims are trended to April 1, 2008 by 8%, as selected in a trend analysis performed as at December 31, 2006

(2) Includes December 31, 1996 retroassessment call of \$7,000,000, to which the on-level premium factor has not been applied

(3) Includes December 31, 1998 retroassessment call of \$1,600,000, to which the on-level premium factor has not been applied

(4) Annualized figure based on six months results.

CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY
NET LOSS AND LOSS ADJUSTMENT EXPENSE RATIO
As at December 31, 2007

<i>NET</i>	<i>NET EARNED PREMIUM</i>	<i>ON-LEVEL PREMIUMS FACTOR</i>	<i>ON-LEVEL PREMIUMS (2007\$)</i>	<i>NET ULTIMATE LOSSES</i>	<i>CLAIMS TREND FACTOR ⁽¹⁾</i>	<i>TRENDED ULTIMATE LOSSES (2007 \$)</i>	<i>ON-LEVEL AND TRENDING LOSS RATIOS</i>
July 1, 1996 - June 30, 1997	\$1,070,215	5.236	\$12,603,132 ⁽²⁾	\$21,641	2.362	\$51,109	0%
July 1, 1997 - June 30, 1998	\$1,627,963	3.503	\$5,702,494	\$40,781	2.187	\$89,180	2%
July 1, 1998 - June 30, 1999	\$4,368,122	1.403	\$7,730,181 ⁽³⁾	\$3,307,111	2.025	\$6,696,274	87%
July 1, 1999 - June 30, 2000	\$5,100,300	1.367	\$6,974,575	\$3,340,246	1.875	\$6,262,375	90%
July 1, 2000 - June 30, 2001	\$6,734,718	1.285	\$8,657,063	\$949,748	1.736	\$1,648,715	19%
July 1, 2001 - June 30, 2002	\$5,919,526	1.548	\$9,161,791	\$3,376,996	1.607	\$5,428,048	59%
July 1, 2002 - June 30, 2003	\$4,631,546	2.109	\$9,770,111	\$5,684,716	1.488	\$8,460,542	87%
July 1, 2003 - June 30, 2004	\$6,619,932	1.540	\$10,193,748	\$6,248,733	1.378	\$8,611,081	84%
July 1, 2004 - June 30, 2005	\$6,832,821	1.499	\$10,245,319	\$5,154,205	1.276	\$6,576,632	64%
July 1, 2005 - June 30, 2006	\$6,259,056	1.646	\$10,302,830	\$4,155,148	1.181	\$4,909,131	48%
July 1, 2006 - June 30, 2007	\$12,326,959	0.836	\$10,306,610	\$11,349,286	1.094	\$12,415,463	120%
July 1, 2007 - Dec. 31, 2007	\$10,177,008 ⁽⁴⁾	1.000	\$10,177,008	\$8,805,218 ⁽⁴⁾	1.013	\$8,918,888	88%
						5 Years Average	81%
						All Years Average	62%
						Selected 2008 Net Loss Ratio	80%

(1) Claims are trended to April 1, 2008 by 8%, as selected in a trend analysis performed as at December 31, 2006

(2) Includes December 31, 1996 retroassessment call of \$7,000,000, to which the on-level premium factor has not been applied

(3) Includes December 31, 1998 retroassessment call of \$1,600,000, to which the on-level premium factor has not been applied

(4) Annualized figure based on six months results.

CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY

SELECTION FOR PROVISION FOR ADVERSE DEVIATION
As at December 31, 2007

Major Valuation Variables	Low Margin	High Margin	Considerations	Evaluation (1)	Weight(2)	Indicated PFAD	Selected PFAD
Claims Development	2.50%	15.00%	Company practices: Consistency in claims handling procedures and personnel System changes Changes in case reserve estimation	0 0 0	1 1 1		
			Data: Number of years of past experience on which expected development is based Volume of business in each year Changes in volume of business over last five to seven years	0 2 0	1 1 1		
			Changes in mix of business over last five to seven years Homogeneity of data grouping Stability of historical development Potential impact of large individual claims	0 2 2 2	1 1 1 1	8.75%	10.00%
			Line of Business: Length of time over which potential development might take place from reporting of new losses Likelihood of external changes which may significantly affect development Net retention of the company for the line of business Change in policy form	2 2 1 0	2 1 1 1		
	0.00%	15.00%	Ceded claims ratio Potential problem reinsurers Balance sheet exposure for each assuming company	0 1 1	1 1 1	5.00%	5.00%
	50 BP	200 BP	Investment portfolio Investment climate Method of valuing assets Matching of investments to claims payments patterns	0 0 1 1	2 1 1 1	0.80%	0.75%
Reinsurance Recovery							
Interest Rate							

(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

CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY

PROVISION FOR ADVERSE DEVIATION

Gross Claims Liabilities

Interest Rate Component

(1) <i>Policy Year</i>	(2) <i>Gross Outstanding Liabilities</i>	(3) <i>Present Value of Gross Outstanding Liabilities</i>		(4)
		4.00%		3.25%
1987/88	-	-		-
1988/89	-	-		-
1989/90	-	-		-
1990/91	-	-		-
1991/92	-	-		-
1992/93	-	-		-
1993/94	-	-		-
1994/95	-	-		-
1995/96	-	-		-
1996/97	100,782	90,539		92,327
1997/98	195,514	172,470		176,454
1998/99	362,678	314,116		322,424
1999/00	2,052,539	1,745,369		1,797,379
2000/01	2,925,418	2,442,457		2,523,377
2001/02	3,926,786	3,256,302		3,367,623
2002/03	9,420,509	7,898,194		8,149,558
2003/04	9,256,363	7,749,742		7,997,403
2004/05	10,520,164	8,939,494		9,199,155
2005/06	14,164,992	11,992,325		12,348,792
2006/07	23,535,592	19,448,525		20,115,632
2007/08	9,275,171	7,431,655		7,730,078
Total	85,736,507	71,481,188		73,820,202

Recommended Margin on Interest Rate Variable
[total column (4) less total column (3)]:

2,339,014

(1) Policy Year

(2) Exhibit VI plus loss adjustment expense reserves at 2.0%

(3) Present Value of column (2) at a 4.00% discount factor.

(4) Present Value of column (2) at a 3.25% discount factor.

CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY

PROVISION FOR ADVERSE DEVIATION
Gross Claims Liabilities
Calculation of Provision For Adverse Deviation

		<u><i>Discounted</i></u> <u><i>Liabilities</i></u>	<u><i>Recommended Margin</i></u>	
			<u><i>Percentage</i></u>	<u><i>Amount</i></u>
(1)	Undiscounted Gross Outstanding Liabilities As at December 31, 2007			\$ 85,736,507
(2)	Discounted Gross Outstanding Liabilities As at December 31, 2007			71,481,188
(3)	Loss Development Recommended Margin	\$ 71,481,188	10.0%	\$ 7,148,119 7,148,119
(4)	Reinsurance Recovery Recommended Margin	-	0.0%	- -
(5)	Recommended Margin on Interest Rate Variable			2,339,014
(6)	Calculated Provision for Adverse Deviation			<u>\$ 9,487,133</u>
(7)	Discounted Gross Outstanding Liabilities plus Calculated Provision for Adverse Deviation			<u><u>\$ 80,968,321</u></u>

- (1) From Exhibit X - Page 2, column (2).
- (2) From Exhibit X - Page 2, columns (3).
- (3) Equals (2) times 10% margin.
- (4) Nil, as liabilities are selected on a gross basis.
- (5) From Exhibit X - Page 2, column (4) minus column (3).
- (6) Equals the sum of (3), (4) and (5).
- (7) Equals (2) plus (6).

CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY

PROVISION FOR ADVERSE DEVIATION

ULAE Liabilities

Interest Rate Component

(1) <i>Policy Year</i>	(2) <i>Gross Outstanding Liabilities</i>	(3) <i>Present Value of Gross Outstanding Liabilities</i>		(4)
		<i>4.00%</i>		<i>3.25%</i>
1987/88	-	-		-
1988/89	-	-		-
1989/90	-	-		-
1990/91	-	-		-
1991/92	-	-		-
1992/93	-	-		-
1993/94	-	-		-
1994/95	-	-		-
1995/96	-	-		-
1996/97	1,976	1,775		1,810
1997/98	3,834	3,382		3,460
1998/99	7,111	6,159		6,322
1999/00	40,246	34,223		35,243
2000/01	57,361	47,891		49,478
2001/02	76,996	63,849		66,032
2002/03	184,716	154,867		159,795
2003/04	181,497	151,956		156,812
2004/05	206,278	175,284		180,376
2005/06	277,745	235,144		242,133
2006/07	461,482	381,344		394,424
2006/08	181,866	145,719		151,570
Total	1,681,108	1,401,592		1,447,455

Recommended Margin on Interest Rate Variable
[total column (4) less total column (3)]:

45,863

(1) Policy Year

(2) Exhibit VIII, loss adjustment expense reserves at 2.0%

(3) Present Value of column (2) at a 4.00% discount factor.

(4) Present Value of column (2) at a 3.25% discount factor.

CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY

PROVISION FOR ADVERSE DEVIATION
ULAE Liabilities
Calculation of Provision For Adverse Deviation

	<u><i>Discounted Liabilities</i></u>	<u><i>Recommended Margin Percentage</i></u>	<u><i>Amount</i></u>
(1) Undiscounted Gross Outstanding Liabilities As at December 31, 2007			\$ 1,681,108
(2) Discounted Gross Outstanding Liabilities As at December 31, 2007			1,401,592
(3) Loss Development Recommended Margin	\$ 1,401,592	10.0%	\$ 140,159 140,159
(4) Reinsurance Recovery Recommended Margin	-	0.0%	- -
(5) Recommended Margin on Interest Rate Variable			45,863
(6) Calculated Provision for Adverse Deviation			<u>\$ 186,022</u>
(7) Discounted Gross Outstanding Liabilities plus Calculated Provision for Adverse Deviation			<u><u>\$ 1,587,614</u></u>

- (1) From Exhibit X - Page 4, column (2).
- (2) From Exhibit X - Page 4, columns (3).
- (3) Equals (2) times 10% margin.
- (4) Nil, as liabilities are selected on a gross basis.
- (5) From Exhibit X - Page 4, column (4) minus column (3).
- (6) Equals the sum of (3), (4) and (5).
- (7) Equals (2) plus (6).

CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY

PROVISION FOR ADVERSE DEVIATION

Net Claims Liabilities

Interest Rate Component

(1)	(2)	(3)	(4)	(5)	(6)	(7)
<i>Policy</i>	<i>Gross</i>	<i>Net</i>	<i>Undiscounted</i>	<i>Present Value of Net</i>		<i>Discounted</i>
<i>Year</i>	<i>Outstanding</i>	<i>Outstanding</i>	<i>Reinsurance</i>	<i>Outstanding Liabilities</i>		<i>Reinsurance</i>
	<i>Liabilities</i>	<i>Liabilities</i>	<i>Recovery</i>	<i>4.00%</i>	<i>3.25%</i>	<i>Recovery</i>
1987/88	-	-	-	-	-	-
1988/89	-	-	-	-	-	-
1989/90	-	-	-	-	-	-
1990/91	-	-	-	-	-	-
1991/92	-	-	-	-	-	-
1992/93	-	-	-	-	-	-
1993/94	-	-	-	-	-	-
1994/95	-	-	-	-	-	-
1995/96	-	-	-	-	-	-
1996/97	100,782	21,641	79,141	19,441	19,825	71,097
1997/98	195,514	40,781	154,733	35,974	36,805	136,496
1998/99	362,678	7,111	355,566	6,159	6,322	307,956
1999/00	2,052,539	608,783	1,443,756	517,677	533,102	1,227,693
2000/01	2,925,418	949,748	1,975,670	792,953	819,224	1,649,504
2001/02	3,926,786	76,996	3,849,790	63,849	66,032	3,192,453
2002/03	9,420,509	5,342,249	4,078,260	4,478,964	4,621,509	3,419,230
2003/04	9,256,363	748,733	8,507,630	626,865	646,898	7,122,877
2004/05	10,520,164	4,209,493	6,310,671	3,577,011	3,680,910	5,362,484
2005/06	14,164,992	4,152,315	10,012,677	3,515,421	3,619,915	8,476,904
2006/07	23,535,592	11,349,286	12,186,306	9,378,429	9,700,120	10,070,096
2007/08	9,275,171	4,402,609	4,872,562	3,527,554	3,669,206	3,904,100
Total	85,736,507	31,909,745	53,826,762	26,540,297	27,419,869	44,940,891

Recommended Margin on Interest Rate Variable

[total column (6) less total column (5)]:

879,572

(1) Policy Year

(2) Exhibit VI plus loss adjustment expense reserves at 2.0%

(3) Exhibit VIII (Net CLLAS experience)

(4) Column (2) minus column (3).

(5) Present Value of column (3) at a 4.00% discount factor.

(6) Present Value of column (3) at a 3.25% discount factor.

(7) Present Value of column (4) at a 4.00% discount factor.

CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY

PROVISION FOR ADVERSE DEVIATION
Net Claims Liabilities
Calculation of Provision For Adverse Deviation

	<u><i>Discounted Liabilities</i></u>	<u><i>Recommended Margin Percentage</i></u>	<u><i>Amount</i></u>
(1) Undiscounted Net Outstanding Liabilities As at December 31, 2007			\$ 31,909,745
(2) Discounted Net Outstanding Liabilities As at December 31, 2007			26,540,297
(3) Loss Development Recommended Margin	\$ 26,540,297	10.0%	\$ 2,654,030 2,654,030
(4) Reinsurance Recovery Recommended Margin	44,940,891	5.0%	2,247,045 2,247,045
(5) Recommended Margin on Interest Rate Variable			879,572
(6) Calculated Provision for Adverse Deviation			<u>\$ 5,780,647</u>
(7) Discounted Net Outstanding Liabilities plus Calculated Provision for Adverse Deviation			<u><u>\$ 32,320,944</u></u>

- (1) From Exhibit X - Page 6, column (2).
- (2) From Exhibit X - Page 6, column (5).
- (3) Equals (2) times 10% margin.
- (4) From Exhibit X - Page 6, column (7) times 5% margin.
- (5) From Exhibit X - Page 6, column (6) minus column (5).
- (6) Equals the sum of (2), (3) and (4).
- (7) Equals (2) plus (6).

**CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY
PREMIUM LIABILITIES
As at December 31, 2007**

	<u>\$ 000's</u>
GROSS	
(1) Gross Unearned Premiums Reported in Annual Return	13,446
(2) Expected Loss and ALAE Ratio /1	95%
(3) Expected Losses and ALAE, [(1) * (2)]	12,774
(4) Expected ULAE, (3) x 2.0% /2	319
(5) Undiscounted Expected Losses and Loss Adjustment Expenses, [(3) + (4)]	13,093
(6) Discounted Claims Liabilities in Connection with Unearned Premium plus Provision for Adverse Deviation, (Exhibit XI page 2)	11,673
(7) Policyholder Service Costs, (1) x 3.0% /3	403
(8) Due to Reinsurer	0
(9) Investment Income on Unearned Premiums @ 4.0%, (23)	50
(10) Gross Liabilities in Connection with Unearned Premium, [(6) + (7) + (8) - (9)]	12,027
RECOVERABLE FROM REINSURERS	
(11) Ceded Unearned Premiums, [(1) - (15)]	8,413
(12) Expected Claims Ceded, [(6) - (20)]	7,458
(13) Doubtful Account	0
(14) Recoverable [(12) - (13)]	7,458
NET	
(15) Net unearned premiums reported in Annual Return	5,033
(16) Expected Loss and ALAE Ratio /1	80%
(17) Expected Losses and ALAE [(15) * (16)]	4,027
(18) Expected ULAE, (4)	319
(19) Undiscounted Expected Losses and Loss Adjustment Expenses [(17) + (18)]	4,346
(20) Discounted Claims Liabilities in Connection with Unearned Premium plus Provision for Adverse Deviation (Exhibit XI page 3)	4,215
(21) Policyholder Service Costs, (7)	403
(22) Due to Reinsurer, (8)	0
(23) Investment Income on Net Unearned Premiums @ 4.0%, [(15) * (1.04 ^{1/4} - 1)]	50
(24) Change in Reinsurance Costs	0
(25) Net liabilities in Connection with Unearned Premium, [(20) + (21) + (22) - (23) + (24)]	4,569
(26) Deferred Policy Acquisition Expense (DPAE) Reported in Annual Return	406
(27) Unearned Commissions Reported in Annual Return	0
(28) Other Net Liabilities Reported in Annual Return	0
(29) Net liabilities in Connection with Unearned Premium Reported in Annual Return, [(15) - (26) + (27) + (28)]	4,628
(30) Maximum Allowable DPAE Based on Claims Experience, Max[(15) - (25) + (27) + (28), 0]	464
(31) Excess of Maximum Allowable DPAE over Reported DPAE, Max[(30) - (26), 0]	59
(32) Premium Deficiency, Max[(25) + (26) - (15) - (27) - (28), 0]	0

/1 From Selected 2008 Loss Ratio trended to April 1, 2008 from Exhibit IX page 2

/2 ULAE Percentage Selected in Exhibit IV

/3 Selected from the ratio of Paid General Expenses to Earned Premiums * 1/3 subject to a maximum of 5% and minimum of 3%

CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY

PROVISION FOR ADVERSE DEVIATION
Gross Liabilities in Connection with Unearned Premium
Calculation of Provision For Adverse Deviation

	<u>Discounted</u> <u>Liabilities</u>	<u>Recommended Margin</u> <u>Percentage</u>	<u>Amount</u>
(1) Expected Gross Liabilities in Connection with Unearned Premium			\$ 13,093,183
(2) Discounted Gross Expected Losses			
(a) Discounted at 4.00%			10,188,186
(b) Discounted at 3.25%			10,654,462
(3) Loss Development	\$10,188,186	10.0%	1,018,819
Recommended Margin			1,018,819
(4) Reinsurance Recovery	-	5.0%	-
Recommended Margin			-
(5) Recommended Margin on Interest Rate Variable			466,276
(6) Calculated Provision for Adverse Deviation			<u>\$ 1,485,095</u>
(7) Discounted Gross Claims Liabilities in Connection with Unearned Premium plus Calculated Provision for Adverse Deviation			<u><u>\$ 11,673,281</u></u>

- (1) Gross Undiscounted Expected Losses and Loss Adjustment Expenses, (Page 1 - (5))
(2) (1) discounted based on selected payout pattern.
(3) Equals (2)(a) times 10% margin.
(4) Nil, as liabilities are selected on a gross basis.
(5) (2)(b) - (2)(a)
(6) Equals the sum of (3), (4) and (5).
(7) Equals (2)(a) plus (6).

CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY

PROVISION FOR ADVERSE DEVIATION
Net Liabilities in Connection with Unearned Premium
Calculation of Provision For Adverse Deviation

	<u>Discounted</u> <u>Liabilities</u>		<u>Recommended Margin</u> <u>Percentage</u>	<u>Amount</u>
(1) Expected Net Liabilities in Connection with Unearned Premium				\$ 4,345,902
(2) Discounted Net Expected Losses				
(a) Discounted at 4.00%				3,381,672
(b) Discounted at 3.25%				3,536,439
(3) Loss Development	\$ 3,381,672		10.0%	338,167
Recommended Margin				338,167
(4) Reinsurance Recovery	6,806,513		5.0%	340,326
Recommended Margin				340,326
(5) Recommended Margin on Interest Rate Variable				154,767
(6) Calculated Provision for Adverse Deviation				\$ 833,260
(7) Discounted Net Claims Liabilities in Connection with Unearned Premium plus Calculated Provision for Adverse Deviation				\$ 4,214,932

- (1) Net Undiscounted Expected Losses and Loss Adjustment Expenses, (Page 1 - (19))
(2) (1) discounted based on selected payout pattern.
(3) Equals (2)(a) times 10% margin.
(4) Page-2 - (2)(a) - Page-3 - (2)(a) times 5% margin.
(5) (2)(b) - (2)(a)
(6) Equals the sum of (3), (4) and (5).
(7) Equals (2)(a) plus (6).

Canadian Lawyers Liability Assurance Society
Premium Liability
As at December 31, 2007

Layer	2002/2003			2003/2004			TOTAL
	7.5 X 5	12.5 X 12.5	TOTAL	7.5 X 5	12.5 X 12.5	TOTAL	
Total Deposit Premium	\$ 4,718,790	\$ 3,145,860	\$ 7,864,650	\$ 5,796,672	\$ 4,260,420	\$ 10,057,092	\$ 17,921,742
IBNR							
Reserves to Date	\$ 1,018,680	\$ 833,920	\$ 1,852,600	\$ 1,464,057	\$ 1,232,170	\$ 2,696,228	
Paid to Date	\$ -	\$ -	\$ -	\$ -	\$ 1,057,462	\$ 1,057,462	
Discounting factor (unpaid amounts)	\$ -	\$ -	\$ -	\$ 7,500,000	\$ 11,442,538	\$ 18,942,538	
Total Ultimate Losses	\$ 854,066	\$ 699,162	\$ 1,553,227	\$ 8,725,759	\$ 13,359,496	\$ 22,085,255	
Applicable Minimum	\$ 4,194,480	\$ 2,796,320	\$ 6,990,800	\$ 5,193,129	\$ 3,814,167	\$ 9,007,296	\$ 15,998,096
Applicable Maximum	\$ 6,553,875	\$ 5,570,807	\$ 12,124,682	\$ 7,459,470	\$ 6,477,522	\$ 13,936,992	\$ 26,061,674
Expected Ultimate Premium ⁽¹⁾	\$ 4,194,480	\$ 2,796,320	\$ 6,990,800	\$ 7,459,470	\$ 6,477,522	\$ 13,936,992	\$ 20,927,792
Premium Liability (Asset)	\$ (524,310)	\$ (349,540)	\$ (873,850)	\$ 1,662,798	\$ 2,217,102	\$ 3,879,900	\$ 3,006,050
% Ceded to Reinsurers	80%	82%		80%	82%		
CLLAS Premium Liability (Asset)	\$ (419,448)	\$ (286,623)	\$ (706,071)	\$ 1,330,238	\$ 1,818,024	\$ 3,148,262	\$ 2,442,191
Amount Received (paid) to date by CLLAS							\$ 624,167
Total Premium Liability							\$ 3,066,358

⁽¹⁾ 100/70 times Total Ultimate Losses, subject to Maximum and Minimum Premium, per Reinsurance Agreement

CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY

SUMMARY OF NET OUTSTANDING LIABILITIES
AND PROVISION FOR ADVERSE DEVIATION BY YEAR
As at December 31, 2007
NET (Policy Year)

<i>Policy Period*</i>	<i>CASE</i>	<i>UNDISCOUNTED IBNR</i>	<i>TOTAL</i>	<i>CASE</i>	<i>DISCOUNTED + PFAD IBNR</i>	<i>TOTAL</i>
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	21,641	21,641	0	25,000	25,000
1997/1998	0	40,781	40,781	0	47,000	47,000
1998/1999	0	7,111	7,111	0	22,000	22,000
1999/2000	568,537	40,246	608,783	569,000	77,000	646,000
2000/2001	500,000	449,748	949,748	500,000	481,000	981,000
2001/2002	0	76,996	76,996	0	232,000	232,000
2002/2003	5,157,533	184,716	5,342,249	5,158,000	82,000	5,240,000
2003/2004	0	748,733	748,733	0	1,066,000	1,066,000
2004/2005	905,288	3,304,205	4,209,493	905,000	3,402,000	4,307,000
2005/2006	0	4,152,315	4,152,315	0	4,395,000	4,395,000
2006/2007	1,550,000	9,799,286	11,349,286	1,550,000	9,591,000	11,141,000
2007/2008	0	4,402,609	4,402,609	0	4,219,000	4,219,000
Total	\$ 8,681,358	\$ 23,228,387	\$ 31,909,745	\$ 8,682,000	\$ 23,639,000	\$ 32,321,000

* The Policy Period runs from July 1 to June 30.

CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY

**SUMMARY OF NET OUTSTANDING LIABILITIES
AND PROVISION FOR ADVERSE DEVIATION BY YEAR**
As at December 31, 2007
NET (Calendar Year)

<i>Calendar Year*</i>	<i>CASE</i>	<i>UNDISCOUNTED IBNR</i>	<i>TOTAL</i>	<i>CASE</i>	<i>DISCOUNTED + PFAD IBNR</i>	<i>TOTAL</i>
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	10,820	10,820	0	13,000	13,000
1998	0	31,211	31,211	0	36,000	36,000
1999	284,269	23,946	23,946	0	35,000	35,000
2000	534,269	23,679	307,947	284,000	50,000	334,000
2001	250,000	244,997	779,266	534,000	280,000	814,000
2002	2,578,767	263,372	513,372	250,000	357,000	607,000
2003	2,578,767	130,856	2,709,622	2,579,000	157,000	2,736,000
2004	452,644	466,725	3,045,491	2,579,000	574,000	3,153,000
2005	452,644	2,026,469	2,479,113	453,000	2,233,000	2,686,000
2006	775,000	3,728,260	4,180,904	453,000	3,898,000	4,351,000
2007	775,000	6,975,800	7,750,800	775,000	6,993,000	7,768,000
		9,302,252	10,077,252	775,000	9,013,000	9,788,000
Total	\$ 8,681,358	\$ 23,228,387	\$ 31,909,745	\$ 8,682,000	\$ 23,639,000	\$ 32,321,000

* January 1 to December 31.

** IBNR Includes the full impact of discounting and PFAD.

CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY
SUMMARY OF GROSS OUTSTANDING LIABILITIES
AND PROVISION FOR ADVERSE DEVIATION BY YEAR
As at December 31, 2007
GROSS (Policy Year)

<i>Policy Period*</i>	<i>CASE</i>	<i>UNDISCOUNTED IBNR</i>	<i>TOTAL</i>	<i>CASE</i>	<i>DISCOUNTED + PFAD IBNR</i>	<i>TOTAL</i>
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	100,782	100,782	0	0	0
1997/1998	0	195,514	195,514	0	0	0
1998/1999	0	362,678	362,678	0	0	0
1999/2000	1,250,000	802,539	2,052,539	1,250,000	722,000	1,972,000
2000/2001	1,000,000	1,925,418	2,925,418	1,000,000	1,768,000	2,768,000
2001/2002	1,195,898	2,730,888	3,926,786	1,196,000	2,497,000	3,693,000
2002/2003	5,555,192	3,865,317	9,420,509	5,555,000	3,384,000	8,939,000
2003/2004	3,607,097	5,649,266	9,256,363	3,607,000	5,165,000	8,772,000
2004/2005	905,288	9,614,875	10,520,164	905,000	9,188,000	10,093,000
2005/2006	0	14,164,992	14,164,992	0	13,548,000	13,548,000
2006/2007	1,550,000	21,985,592	23,535,592	1,550,000	20,510,000	22,060,000
2007/2008	0	9,275,171	9,275,171	0	8,474,000	8,474,000
Total	\$ 15,063,475	\$ 70,673,032	\$ 85,736,507	\$ 15,063,000	\$ 65,905,000	\$ 80,968,000

* The Policy Period runs from July 1 to June 30.

** IBNR Includes the full impact of discounting and PFAD.

CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY
COMPARISON OF NET ACTUAL EXPERIENCE WITH NET EXPECTED EXPERIENCE
FROM THE DECEMBER 31, 2002, DECEMBER 31, 2003, DECEMBER 31, 2004, DECEMBER 31, 2005, DECEMBER 31, 2006
AND DECEMBER 31, 2007 VALUATIONS

Policy Period ⁽¹⁾	Selected Ultimate as at Dec. 31, 2002	Selected Ultimate as at Dec. 31, 2003	Selected Ultimate as at Dec. 31, 2004	Selected Ultimate as at Dec. 31, 2005	Selected Ultimate as at Dec. 31, 2006	Selected Ultimate as at Dec. 31, 2007	Changes in Ultimate From 2002 to 2007	Changes in Ultimate From 2003 to 2007	Changes in Ultimate From 2004 to 2007	Changes in Ultimate From 2005 to 2007	Changes in Ultimate From 2006 to 2007
1987/1988	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
1988/1989	0	0	0	0	0	0	0	0	0	0	0
1989/1990	0	0	0	0	0	0	0	0	0	0	0
1990/1991	897,000	897,000	897,000	897,000	897,000	897,000	0	0	0	0	0
1991/1992	2,481,000	2,470,000	2,470,000	2,470,000	2,470,000	2,470,000	(11,000)	0	0	0	0
1992/1993	2,000	0	0	0	0	0	(2,000)	0	0	0	0
1993/1994	6,274,000	6,237,000	6,542,000	6,521,000	5,638,000	5,638,000	(636,000)	(599,000)	(904,000)	(883,000)	0
1994/1995	1,922,000	1,901,000	1,935,000	1,899,000	1,883,000	1,883,000	(39,000)	(18,000)	(52,000)	(16,000)	0
1995/1996	1,926,000	1,904,000	1,944,000	1,915,000	1,891,000	1,871,000	(55,000)	(33,000)	(73,000)	(44,000)	(20,000)
1996/1997	106,000	63,000	109,000	82,000	41,000	22,000	(84,000)	(41,000)	(87,000)	(60,000)	(19,000)
1997/1998	191,000	108,000	151,000	110,000	66,000	41,000	(150,000)	(67,000)	(110,000)	(69,000)	(25,000)
1998/1999	3,364,000	3,331,000	3,329,000	3,320,000	3,316,000	3,307,000	(57,000)	(24,000)	(22,000)	(13,000)	(9,000)
1999/2000	790,000	404,000	3,398,000	3,267,000	3,362,000	3,340,000	2,550,000	2,936,000	(58,000)	73,000	(22,000)
2000/2001	1,691,000	1,042,000	841,000	986,000	852,000	950,000	(741,000)	(92,000)	109,000	(36,000)	98,000
2001/2002	2,832,000	3,688,000	3,612,000	3,830,000	3,421,000	3,377,000	545,000	(311,000)	(235,000)	(453,000)	(44,000)
2002/2003	6,069,000 ⁽²⁾	5,920,000	4,430,000	3,206,000	5,742,000	5,685,000	(384,000)	(235,000)	1,255,000	2,479,000	(57,000)
2003/2004	n/a	6,744,000 ⁽²⁾	5,969,000	10,520,000	8,247,000	6,249,000	n/a	(495,000)	280,000	(4,271,000)	(1,998,000)
2004/2005	n/a	n/a	9,390,000 ⁽²⁾	6,039,000	5,872,000	5,154,000	n/a	n/a	(4,236,000)	(885,000)	(718,000)
2005/2006	n/a	n/a	n/a	6,902,000 ⁽²⁾	6,027,000	4,155,000	n/a	n/a	n/a	(2,747,000)	(1,872,000)
2006/2007	n/a	n/a	n/a	n/a	11,529,000 ⁽²⁾	11,349,000	n/a	n/a	n/a	n/a	(180,000)
2007/2008	n/a	n/a	n/a	n/a	n/a	8,805,000 ⁽²⁾	n/a	n/a	n/a	n/a	n/a
TOTAL	\$ 28,545,000	\$ 34,709,000	\$ 45,017,000	\$ 51,964,000	\$ 61,254,000	\$ 65,193,000	\$ 936,000	\$ 1,021,000	\$ (4,133,000)	\$ (6,925,000)	\$ (4,866,000)

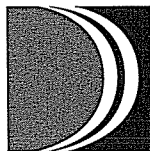
(1) July 1 to June 30.

(2) Annualized figure based on six months result.

Exhibit XVI
CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY
Unpaid Claims and Loss Ratio Analysis Exhibit
As at December 31, 2007
(All amounts are on a Net basis and in 000\$)

Actuary's Category : Professional Liability - Total
Exhibit Category : Liability

Line	Accident Year	Paid Losses		Unpaid Claim Analysis										Loss Ratio Analysis							
		Current Year (2007)	Cumulative (2007 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	(13)	(14)	(15)	(16)	(17)
	(001)	(002)	(003)	(004)	(005)	(006)	(007)	(008)	(009)	(010)	(011)	(012)	(13)	(14)	(15)	(16)	(17)				
1	1997 and Prior	-	12,760	-	38	38	34	4	10%	7	1	46									
2	1998	-	1,650	-	18	18	16	2	10%	11	-	29									
3	1999	-	3,016	284	-	284	242	24	10%	38	7	311									
4	2000	-	1,366	534	196	730	614	61	10%	72	20	767									
5	2001	-	1,650	250	196	446	373	37	0	121	12	543									
6	2002	166	1,821	2,579	-	2,579	2,162	216	0	165	69	2,612	5,276	44	547	83.40%	73.05%				
7	2003	166	2,921	2,579	284	2,863	2,400	240	0	264	76	2,980	5,626	99	616	102.81%	92.31%				
8	2004	16	3,222	453	1,833	2,286	1,938	194	0	312	57	2,501	6,726	110	549	81.89%	75.69%				
9	2005	17	474	453	3,486	3,939	3,341	334	0	346	98	4,119	6,546	157	400	67.42%	62.55%				
10	2006	-	1	775	6,606	7,381	6,139	614	0	464	203	7,420	9,293	171	329	79.44%	74.94%				
11	2007	-	-	775	8,890	9,665	7,880	788	0	447	290	9,405	11,252	184	130	85.90%	81.10%				
12	Total	365	28,881	8,682	21,547	30,229	25,139	2,514	0	2,247	833	30,733	44,719	765	2,571	73.24%	72.74%				
13	ULAE - Total											1,588									
14	"Facility Association" and "Plan"											-									
15	Other reserves											-									
16	Grand Total											-									



DION DURRELL
Actuaries and Consultants

February 19, 2008

Private & Confidential

Mr. Nicholas Leblovic
Davies, Ward, Philips & Vineberg LLP
44TH Floor
1 First Canadian Place
Toronto, Ontario
M5X 1B1

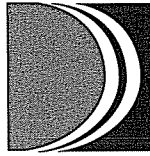
Dear Nick,

The purpose of this letter is to set out the proposed fixed fee/budget for the provision of Management and Professional Services to CLLAS for 2008. All amounts are exclusive of GST.

TOTAL OPERATING BUDGET FOR 2008

The draft total operating budget for 2008 is presented in Attachment A to this letter. The more noteworthy items in the "Other Expenses" section, as compared with 2007, include:

- The Audit Expenses line shows the accrual of the \$50,000 estimate for 2007 audit fees and also the "overage" for 2006 (which was paid in 2007) for additional work done in relation to the financial instruments accounting rule changes and the AuG-43 audit scope changes relating to the actuarial work). The budgeted amount for FY08 has been adjusted to include an additional provision for increased audit scope related to further impending changes to audit rules which will be in effect for the 2008 audit.
- The actual 2007 Premium Tax expense in FY07 was lower than the budgeted amount due to the reduction in the CLLAS premium at July 1, 2007. Premium taxes are a factor of the CLLAS premium. The FY08 budget amount has been adjusted to reflect the current level of premiums.
- The Special Services line was significantly over budget in FY07. There were three issues on which CLLAS retained outside counsel in FY07. In round numbers, the fees associated with each of these items were: reinsurance arbitration - \$85,000; QST - \$57,000; restructuring - \$10,000. This budget has been adjusted for FY08 to reflect our best estimate of the level of activity, but this line is by its nature difficult to predict.



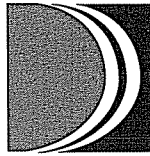
- The budget for Miller fees has been set at \$278,000, an increase from the \$265,000 amount that has been in place for two years. This number has been proposed by Miller, but not yet confirmed by CLLAS.
- The budgets for investment counsel fees and custodial fees have been adjusted to reflect our best estimate of these fees, which are driven by the size the portfolio under management.
- The Risk Management/Loss Prevention line was adjusted upwards significantly for FY07 to reflect anticipated activity, including risk management audits and additional outsourcing of risk management initiatives. Some of these initiatives have been changed or deferred and as a result the FY07 expenses were well under the budgeted amount. Given the various initiatives underway (as discussed at recent Board meetings) it is suggested that the budget remain unchanged for FY08.
- There is an unbudgeted expense of \$36,170.80. This relates to an interest adjustment on payments made under CLLAS' swing premium arrangement which were made in 2007. We had held off on making those payments due to the outstanding reinsurer dispute but ultimately concluded that those reinsurers who had met their obligations under the reinsurance arrangements should receive the swing premium adjustment that resulted from the payment of the claim. With the concurrence of the Chair, we paid interest based on our actual investment return over the period of the delay in payment. It is noted that this expense item is offset by investment income earned on the funds during the relevant period and results in no net cost to CLLAS.

No other significant variances are expected in the areas of "Other Expenses".

PROFESSIONAL AND MANAGEMENT SERVICES OVERVIEW OF 2007

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. Management Services finished the year \$3,343 over its budget of \$355,000, with the details by line as follows:



Activity	2007	2007	Variance
	Budget	Actual	
Financial	\$ 80,000	\$ 80,000	\$ 0
General Admin.	\$ 47,000	\$ 47,000	\$ 0
Claims Admin.	\$180,000	\$180,000	\$ 0
Claims Analysis*	\$ 48,000	\$ 56,343	\$ 8,343
Claims Database	\$ 0	-\$ 5,000	-\$ 5,000
Total	\$355,000	\$358,343	\$ 3,343

* Variable

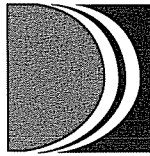
- Activity on the Claims Analysis line was \$8,343 over budget. This overage was due to mainly to increased claims management activity in the final quarter of the year, including mediation attendance.
- The \$5,000 negative adjustment on the Claims Database line relates to the correction of an over-billed amount in the prior year. This discrepancy came to light during last year's year-end/budget process and was set-off against management fees in February 2007.

With the exception of the Financial Reporting line, activities on most other budget lines were within expectations. Over the past few years, there has been an increase in the demands on the Financial Reporting activities, related to regulatory requirements (e.g. annual business plan, monthly "money laundering" reporting requirements) and to audit/accounting requirements (e.g. accounting for financial instruments) which, taken cumulatively, have resulted in a higher level of activity in this area. Further details on this issue are provided in the section addressing the proposed budget for 2007.

Attached as Attachment C to this letter is a brief summary of the activity associated with each of the above areas.

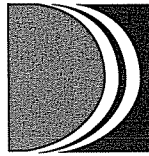
2. Professional Services

Notwithstanding that CLLAS experienced some unusual events in FY07 (some of which were anticipated, e.g. the commitment for the fifth underwriting period, and some of which were not, e.g. the Goodman and Carr dissolution) overall, the level of activity on Professional Services was generally within expectations. Actual fees for Professional Services finished the year slightly over-budget on an aggregate basis, driven by activity on the Reinsurance Services line. Details by line are as follows:



Activity	2007	2007	Variance
	Budget	Actual	
Actuarial	\$ 90,000	\$ 80,258	-\$ 9,742
Reinsurance	\$250,000	\$271,282	\$ 21,282
Strategic Matters	\$ 95,000	\$ 94,490	-\$ 510
Non-recurring	\$ 0	\$ 0	\$ 0
Total	\$435,000	\$446,030	\$ 11,030

- (a) **Actuarial Services.** Actuarial Services finished the year under budget, with costs consistent with the prior year (i.e. FY06).
- (b) **Reinsurance Services.** The level of activity on the Reinsurance Services line in FY07 was lower than in FY06, but above the FY07 budget by about \$20,000. The outcome of reinsurance negotiations this year were generally successful with rate reductions of 13% to 15% achieved on all layers except the first where the rate was unchanged. Although there were informational meetings with potential new markets, there were virtually no changes in CLLAS' reinsurers from the previous year and this stability is beneficial from the perspective of the cost of reinsurance negotiations. There were some unusual items, most notably activity related to the Goodman and Carr dissolution (extended reporting period, prior acts cover for lateral hires) and the ongoing management of the reinsurance recovery dispute. Overall, activity on this line was generally within expectations.
- (c) **Strategic Services.** The Strategic Services line ended the year essentially on budget. This is the most volatile line for CLLAS and is typically somewhat over or under the budgeted amount. Activity tracked to this line in FY07 included:
- FY07 Business Plan
 - Communications with firms re Fifth Underwriting Period
 - Goodman and Carr dissolution issues
 - QST issue
 - Support for Peer Review Committee
- (d) **Non-recurring Services.** There was no budget figure under this line for 2006, nor was there any activity.

**PROPOSED BUDGET FOR 2008**

The proposed budget for 2008 for Management Services and Professional Services is presented in Attachment B, together with 2007 figures for ease of comparison. Further details relating to the two components follow:

1. Management Services

For 2008, we are proposing an increase to \$382,000 from \$355,000 for 2007. This increase (\$27,000, or 7.5%) is in part the result of wage inflation but also primarily attributable to the increased level of activity on financial reporting line. As noted in the review of FY07 above, there has been an increase over the past few years in the demands in the Financial Reporting area, related to regulatory requirements (e.g. annual business plan, monthly "money laundering" reporting requirements) and to audit/accounting requirements (e.g. accounting for financial instruments). These demands are likely to continue to increase over the next few years as Canadian GAAP converges with International Financial Reporting Standards (IFRS). These standards will be phased in over a period of years, but "qualitative" disclosure of the impact of the changes is required for the 2008 year-end. These issues have resulted in a higher level of activity and also the requirement for more senior level oversight in this area.

Details by line are presented below:

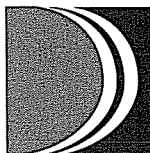
Activity	2007	2008	Change
	Budget	Budget	
Financial	\$ 80,000	\$ 98,000	\$ 18,000
General Admin.	\$ 47,000	\$ 49,000	\$ 2,000
Claims Admin.	\$180,000	\$187,000	\$ 7,000
Claims Analysis*	\$ 48,000	\$ 48,000	\$ 0
Total	\$355,000	\$382,000	\$ 27,000

* Variable

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.

2. Professional Services

The proposed budget for Professional Services is as set out below, with an overall \$20,000 increase:

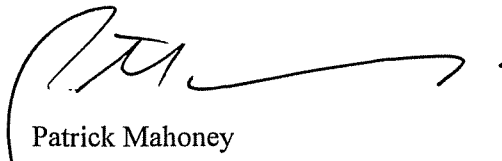


	2007 Budget	2007 Actual	2008 Proposed
Actuarial	\$ 90,000	\$ 80,258	\$ 94,000
Reinsurance	\$250,000	\$271,282	\$260,000
Strategic	\$ 95,000	\$ 94,490	\$ 98,000
Non-recurring	\$ 0	\$ 0	\$ 0
Total	\$435,000	\$446,030	\$452,000

Last year was a busy year for CLLAS, but overall the level of activity associated with the Professional Services lines proved to be within expectations. We are proposing minor adjustments to each line, primarily to reflect wage inflation. As always, we believe that it is appropriate to budget conservatively. 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 of course not be fully expended.

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 us to discuss this matter in the meantime.

Yours truly,



Patrick Mahoney

PMM/nji

i:\insadmin\internal\cllasbudget\FY08\leblovic08

CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY (CLLAS)
OPERATING BUDGET - EXPENSES
January 1, 2008 - December 31, 2008

Attachment A
DRAFT

	FY 07 Budget	FY 07 Actual	Fav/ (Unfav) Variance	Proposed FY 2008 Budget	% Change from FY07Bdgt
MANAGEMENT SERVICES					
Financial	80,000	80,000	0	98,000	22.50%
General Administration	47,000	47,000	0	49,000	4.26%
Claims Administration	180,000	180,000	0	187,000	3.89%
Claims Analysis	48,000	56,343	(8,343)	48,000	0.00%
Claims Database	0	(5,000)	5,000	0	0.00%
Sub-Total Management Services	355,000	358,343	(3,343)	382,000	7.61%
PROFESSIONAL SERVICES					
Actuarial Services	90,000	80,258	9,742	94,000	4.44%
Reinsurance Matters	250,000	271,282	(21,282)	260,000	4.00%
Strategic Matters	95,000	94,490	510	98,000	3.16%
Special, non-recurring	0	0	0	0	0.00%
Sub-Total Professional Services	435,000	446,030	(11,030)	452,000	3.91%
Total Management & Professional Services	790,000	804,373	(14,373)	834,000	5.57%
GST on Consulting Fees FY07 at 6% & FY08 5%	47,400	46,948	452	41,700	-12.03%
Total Consulting Services	837,400	851,321	(13,921)	875,700	4.87%
OTHER EXPENSES					
Audit Expenses	50,000	67,880	(17,880)	60,000	20.00%
Annual Dinner	5,000	5,040	(40)	5,000	0.00%
Premium Taxes	1,000,684	905,943	94,741	811,201	-18.94%
Chairman's Expenses	1,500	709	791	1,500	0.00%
Chairman's Honourium	60,000	60,000	0	60,000	0.00%
Reinsurance Expense	10,000	7,799	2,201	10,000	0.00%
Office Expenses	15,000	8,778	6,222	15,000	0.00%
Interest on Premium Liabilities	0	36,171	(36,171)	-	0.00%
Claims: Borderaux (LSUC)	13,850	13,550	300	13,850	0.00%
Special Services	40,000	152,602	(112,602)	100,000	150.00%
Miller Insurance Fees (Reins. Comm.) (See Note 2)	265,000	265,000	0	278,000	4.91%
I.B.C Statistical Plan Fees	12,000	10,204	1,796	12,000	0.00%
FSCO Assessment Fees	7,700	6,259	1,441	7,700	0.00%
Investment counsel fees	82,150	85,151	(3,001)	87,450	6.45%
Investment - Custodial	20,000	24,369	(4,369)	20,000	0.00%
Risk Management/Loss Prevention	80,000	23,586	56,414	80,000	0.00%
Sub-total	1,662,884	1,673,040	(10,156)	1,561,701	-6.08%
TOTAL	\$2,500,284	\$2,524,361	(\$24,077)	\$2,437,401	-2.52%

DRAFT

CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY

**2008 Fiscal Year Operating Budget
for Professional and Management Services
(net of GST)**

	2007 Budget	2007 Actual	Proposed 2008 Budget
MANAGEMENT SERVICES			
Financial	\$ 80,000	\$ 80,000	\$ 98,000
General Administration	\$ 47,000	\$ 47,000	\$ 49,000
Claims Administration	\$180,000	\$180,000	\$187,000
Claims Analysis*	\$ 48,000	\$ 56,343	\$ 48,000
Database Update	\$ 0	-\$ 5,000	\$ 0
Total Management Services	\$355,000	\$358,343	\$382,000
PROFESSIONAL SERVICES			
Actuarial	\$ 90,000	\$ 80,258	\$ 94,000
Reinsurance	\$250,000	\$271,282	\$260,000
Strategic	\$ 95,000	\$ 94,490	\$ 98,000
Special Non-recurring	\$ 0	\$ 0	\$ 0
Total Professional Services	\$435,000	\$446,030	\$452,000
TOTAL	\$790,000	\$804,373	\$834,000

* Variable.

CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY

Management Services - Overview of Activity by Budget Line

Presented below 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)
- preparation of financial statements (quarterly and annual)
- facilitating FSCO audit and managing relationship with FSCO Examiner
- managing year-end audit (Deloitte's) 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

3. Claims Administration

The claims administration line covers all claims activity except for senior consultant time spent on the few claims that meet the criteria set out in Section 4 below. It 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
- attendance at LawPRO to review files
- co-ordination of instructions to counsel

4. Claims Analysis

Pursuant to the agreement between CLLAS and Dion Durrell, routine and recurring claims management/analysis work are provided by Dion Durrell for a fixed fee to be agreed upon by the parties. Certain files require significant additional claims management work by Dion Durrell 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) has tendered the defence of the matter to CLLAS;
2. Settlement involving a potential contribution from CLLAS is being actively pursued; or
3. The Chair of the CLLAS Claims Committee agrees that (due to, for example, the potential of the claim) the Office of the General Manager has become very active in the management of the claim.



DION DURRELL
Actuaries and Consultants

**Canadian Lawyers' Liability Assurance Society
Business Plan Projected for Calendar Year 2008**

February 20, 2008

DION, DURRELL + ASSOCIATES INC.

250 Yonge Street, Suite 2900, Toronto, Ontario, Canada, M5B 2L7 Tel: 416-408-2626 Fax: 416-408-3721

Introduction

This report summarizes the methodology and assumptions underlying the business plan for the Canadian Lawyers Liability Assurance Society ("CLLAS") for calendar year 2008, a copy of which is to be submitted to the Financial Services Commission of Ontario ("FSCO"), the regulatory authority responsible for the supervision of CLLAS under the Ontario Insurance Act.

The report and the plan was prepared by Dion Durrell + Associates Inc. ("DDA"), a non-affiliated company of CLLAS providing actuarial and general management services to CLLAS under a general management service level agreement in effect since 1995.

CLLAS was formed on December 22nd 1986 under the Reciprocal Insurance Exchange Agreement for Select Canadian Law Firms (the "Subscription Agreement"). CLLAS is licensed by FSCO to provide professional liability insurance to its subscribers and started its insurance underwriting operations in June 1987.

In the fiscal year ending December 31st, 2007, CLLAS underwrote 43 insurance policies issued to 13 Canadian law firms providing a combined maximum limit of liability insurance per occurrence of \$104.75MM to cover the cost of damages that an insured is legally obligated to pay as a result of single or related act, error, omission or negligent act in the performance of or failure to perform professional services by the insured or by any person for whose acts, errors, or omissions the insured is legally responsible.

The insurance provided by CLLAS to each of the firms is provided on a claims made basis meaning that a claim first made during the policy period is covered provided that the act, error or omission resulting in a claim happened during the policy period or prior to the policy period (as long as the insured had not given notice to any prior insurer or under any prior insurance, had no prior insurance for the liability arising from such claim and had no reasonable expectation that such act, error or omission was a breach of professional duty or might be the basis for a claim).

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

- A \$5MM limit inclusive of a minimum \$250,000 retention over the basic liability coverage available to each practicing lawyer of the firm under the basic professional liability coverage provided by the law society governing the professional activities of such lawyer;
- A \$30MM limit in excess of the first \$5MM of excess coverage provided by CLLAS;
- A \$20MM limit in excess of \$140MM of professional liability limit purchased by any firm;
- A \$20MM limit in excess of \$160MM of professional liability limit purchased by any firm; and
- A \$30MM umbrella limit provided on the overall exposure of all subscribers.

To provide such limit to any insured, CLLAS purchases reinsurance coverage from registered and unregistered insurance companies to reduce its net maximum loss exposure for any one loss occurrence to \$10.50MM. In addition, for its treaty underwriting year from July 1st, 2007 to June 30th, 2008 CLLAS also purchased an annual stop-loss coverage that provides \$5MM of coverage in excess of \$15MM and \$20MM in excess of \$20MM. Annual stop-loss coverage limiting CLLAS' overall annual net retained losses in any one treaty year was also purchased in prior treaty years.



The reinsurance purchased for the maximum occurrence limit provided by CLLAS is purchased on a proportional basis with the following net exposure retained by CLLAS:

Table 1.0
CLLAS exposure by layer

Coverage limit issued by CLLAS	Reinsurance purchased	Net retained % exposure by CLLAS	Net retained CLLAS exposure
\$5MM Xs underlying coverage	None	100.0%	\$4.75MM
\$30MM Xs \$5MM and underlying	\$7.5 Xs \$5MM	30.0%	\$2.25MM
	\$12.5MM Xs \$12.5MM	18.0%	\$2.25MM
	\$10MM Xs \$25MM	12.5%	\$1.25MM
\$20MM Xs \$140MM	\$20MM	0.0%	\$0.00MM
\$20MM Xs \$160MM	\$20MM	0.0%	\$0.00MM
\$30MM Xs Umbrella	\$30MM	0.0%	\$0.00MM
Total			\$10.50MM

In 2007, CLLAS generated written premium volumes of \$27.0MM and \$10.1MM on gross and net bases respectively, with \$16.9MM ceded to proportional and aggregate stop loss reinsurers. As a result of its underwriting activities in 2007 CLLAS had a net operating profit of \$4.6MM and closed the year with net subscribers' equity of \$15.5MM. From a balance sheet standpoint, its main liability is for unpaid claims where it has estimated a net provision of \$32.3MM at December 31st, 2007. At December 31st, 2007 it held \$41.8MM in cash and invested securities, which are held in fixed income securities.

Any questions regarding this report should be addressed to Mr. Patrick M. Mahoney, General Manager for CLLAS at the following address and phone number:

Mr. Patrick M. Mahoney
General Manager
Canadian Lawyers Liability Assurance Society
250 Yonge Street – Suite 2900
Toronto, Ontario
Phone: 416-408-5293
Fax: 416-408-3721

Scope

This report provides a financial estimate of the expected financial performance of CLLAS for the 2008 fiscal year ending December 31st, 2008. The estimated experience was developed on a gross and net of reinsurance bases per generally accepted accounting and actuarial practice.

The expected financial performance is presented in the proforma Statements of Assets and Liabilities, Statement of Income and Minimum Capital Test ("MCT") included in Exhibit I and presented on a basis consistent with the completion of such statements in accordance with the directives of FSCO issued for the completion of the 2007 P&C-1 Annual Return filed by CLLAS with FSCO. The MCT is not applicable to reciprocal insurance exchanges which are able to rely on the creditworthiness of their subscribers as opposed to capital, but the MCT provides a meaningful information tool for management and the Board.



DION DURRELL
Actuaries and Consultants

Methodology and assumptions

To develop the expected financial performance we relied on the following information developed by CLLAS at December 31st, 2007:

- The 2007 P&C-1 Annual Return filed by CLLAS with FSCO;
- The 2007 Auditor's Report issued by Deloitte & Touche LLP; and
- The Report on the Valuation of the Policy Liabilities as at December 31st, 2007 issued by Mr. Liam McFarlane, the Appointed Actuary for CLLAS.

To estimate the gross and net incurred losses projected for 2008 we divided our approach between:

- First, the settlement of claims liabilities incurred on or prior to December 31st, 2007; and
- Second, the projected claims incurred after December 31st, 2007 on policies in-force at December 31st, 2007 and on policies expected to be renewed on July 1st, 2008 under the new 2008/2009 treaty year.

These projections, assume, to a large extent, that the current reinsurance structure in effect at December 31st, 2007 is maintained on renewal.

Based on this approach we made the following assumptions:

Settlement of Claims incurred on or prior December 31st, 2007

The methodology focused first on the expected settlement of the claims liabilities estimated at December 31st, 2007 during calendar year 2008 where we essentially projected paid claims during 2008 gross of reinsurance based on the estimates established at December 31st, 2007. At December 31st, 2007, CLLAS held \$85.7MM for the nominal outstanding value of claims liabilities, gross of reinsurance, incurred on or prior December 31st, 2007. Based on the historical claims settlement history of this portfolio, we estimated that \$13.8MM would be paid in 2008, thus reducing the gross nominal value of those liabilities to \$71.9MM at December 31st, 2008. Under accepted actuarial practice and using the same assumptions as the ones used at year-end 2007, this gross nominal value of liabilities would be recorded on a discounted value basis at December 31st, 2008, which discounted value must include an explicit provision for adverse deviation.

Based on this approach the estimated residual provision, gross of reinsurance, for claims liabilities to be carried at December 31st, 2008 is \$68.4MM on a discounted value basis.

To determine the paid claims net of reinsurance, a similar approach was used on the estimated nominal value of claims liabilities established at December 31st, 2007. At that time, the net of all applicable reinsurance claims liabilities was \$31.9MM of which \$4.9MM is expected to be paid in 2008. The residual claims liabilities at December 31st, 2008 are \$27.6MM to be carried on a discounted value basis in the financial statements at December 31st, 2008.

Expected claims incurred for the in-force policies at December 31st, 2007 and renewed business at July 1st, 2008

To estimate ultimate gross and net incurred claims for those policies, we relied on the projected loss cost per layer estimated by the Appointed Actuary at December 31st, 2007 and applied those



DION DURRELL
Actuaries and Consultants

loss costs to the estimated in-force lawyers of 4,712 estimated at year-end 2007. At renewal, we did not assume any growth in the underlying number of insured lawyers.

The expected projected loss costs per layer for the first and second half of 2008 being as follows:

Table 2.0
Projected Loss Costs by Reinsured Layer for Calendar Year 2008

Reinsurance Layers	Estimated loss cost for 1 st Half of 2008	Estimated loss cost for 2 nd Half of 2008
\$4MM Xs \$1MM	\$1,792	\$1,935
\$7.5MM Xs \$5MM	1,262	1,363
\$12.5MM Xs \$12.5MM	946	1,021
\$10MM Xs \$25MM	380	410
\$30 Xs Umbrella	28	30
\$20MM Xs \$140MM	13	14
\$20MM Xs \$160MM	9	10

Based on those assumptions we estimated gross outstanding incurred losses on a nominal value of respectively \$8.2MM for the first 6 months of 2008 and \$9.8MM for the last 6 months of 2008, at December 31, 2008. Those estimated losses gross of reinsurance on a discounted basis total \$17.0MM and are expected to be held in liabilities at December 31st, 2008.

From this estimate, we then applied the recoverable reinsurance per layer as well as the applicable annual stop loss to obtain the net liabilities. The estimated liabilities on a nominal value are respectively \$4.4MM and \$5.3MM after recoveries for the applicable proportional reinsurance and \$4.0MM and \$4.8MM after additional recoveries under the annual aggregate stop-loss with a \$15MM attachment point applicable for claims made in 2008.

From those estimates the net liabilities estimated at nominal value at December 31st, 2008 are \$8.8MM and the same liabilities estimated on a discounted value basis are \$8.5MM, which is the basis used to record the financial performance in 2008.

Based on this approach, we projected an increase in net claims liabilities of \$3.8MM, combined with paid losses on occurrences prior to December 31, 2007 of \$4.9MM, for total net incurred losses of \$8.7MM in 2008.

The results of this analysis can be summarized as follows:

Table 3.0
Summary of Outstanding Claims Liability Projections for December 31, 2008

Amounts in Millions	Occurrences on or prior to December 31, 2007		Occurrences after December 31, 2007		Total	
	Gross	Net	Gross	Net	Gross	Net
Liabilities as at December 31, 2007	\$85.7	\$31.9	\$0.0	\$0.0	\$85.7	\$31.9
Payments during 2008	(13.8)	(4.9)	0.0	0.0	(13.8)	(4.9)
Liabilities as at December 31, 2008	71.9	27.0	18.4	8.8	90.3	35.8
Discounted liabilities reported in financials	\$68.4	\$27.6	\$17.0	\$8.5	\$85.4	\$36.1



DION DURRELL
Actuaries and Consultants

Other assumptions used in the projection of the 2008 balance sheet and income statement

With respect to premium revenues, we assumed that renewal premiums would increase by \$1.0MM based on a trending of retained premiums and flat ceded premiums, based on expected renewal terms with CLLAS' reinsurers.

For operating expenses, we assumed an increase of approximately \$50,000 in general management fees to \$1.4MM and premium taxes are expected to be 3% of direct written premiums.

The investment income is expected to increase from \$1.7MM to \$1.9MM for 2008 based on an investment yield of 4.0%.



CANADIAN LAWYERS' LIABILITY ASSURANCE SOCIETY
PROFORMA BALANCE SHEET
As at December 31, 2008

Exhibit I
Sheet 1

	As at December 31, 2008 PROJECTED	As at December 31, 2007 ACTUAL
ASSETS		
Cash	\$4,000,000	\$3,880,114
Investments		
Short Term	13,666,720	13,015,785
Bonds	38,295,608	24,874,410
Interest income due and accrued	260,000	215,873
Premiums receivable	11,139,914	10,668,627
Unearned reinsurance premium ceded	8,412,949	8,412,949
Prepaid Expenses	278,498	323,764
Deferred policy acquisition costs	417,747	405,601
Reinsurance recoverable	0	9,678,364
Other receivable	0	0
Provision for unpaid claims and adjustment expenses recoverable from reinsurers	49,320,000	48,647,000
Total Assets	\$125,791,435	\$120,122,486
LIABILITIES		
Provision for unpaid claims and adjustment expenses	\$85,417,000	\$80,968,000
Provision for unpaid premium liabilities	0	3,066,358
Unearned premium	13,848,800	13,446,144
Due to reinsurers	8,412,949	6,576,431
Accounts payable & accrued charges	512,502	498,537
Premium taxes payable	0	0
Total Liabilities	108,191,251	104,555,470
SUBSCRIBERS' EQUITY		
Surplus	17,500,184	15,474,952
Accumulated Other Comprehensive Income (Loss),	100,000	92,064
	17,600,184	15,567,016
	17,600,184	15,567,016
TOTAL LIABILITIES AND SUBSCRIBERS' EQUITY	\$125,791,435	\$120,122,486

CANADIAN LAWYERS' LIABILITY ASSURANCE SOCIETY
PROFORMA STATEMENT OF INCOME
For the period ended December 31, 2008

Exhibit I
Sheet 2

	Year to date Jan. 2008 to <u>Dec. 2008</u> PROJECTED	Previous year Jan. 2007 to <u>Dec. 2007</u> ACTUAL
Direct written premiums *	\$27,849,784	\$27,040,048
Gross Written Premiums	27,849,784	27,040,048
Less: Reinsurance Ceded **	16,918,348	16,918,348
Net Written Premiums	10,931,436	10,121,700
Change in Unearned Premiums	(402,656)	1,079,625
Earned Premiums	10,528,780	11,201,325
Claims Paid	4,882,818	361,879
Change in Reserves	3,776,286	4,533,000
Paid on Premium liability	(3,066,358)	0
Change in provision for Unpaid Premium liability	3,066,358	0
Incurred Claims	8,659,104	4,894,879
Management and Operating Expenses	1,400,000	1,353,418
Reinsurance Fees	265,000	265,000
Premium Taxes	835,494	905,943
Total Operating Expenses	2,500,494	2,524,361
Underwriting Gain (Loss)	(630,817)	3,782,086
Investment Income	1,909,049	1,709,437
Net Income (Loss) for the year	\$1,278,232	\$5,491,522
Subscribers' Equity - Beginning of Period	\$16,321,952	\$10,830,429
Less: Prior period adjustment	\$0	\$0
Subscribers' Equity - End of Period	\$17,600,184	\$16,321,952

Notes:

* Assumes rate increase introduced on renewal on July 1st, 2008

** Based on current reinsurance structure

CANADIAN LAWYERS' LIABILITY ASSURANCE SOCIETY
PROFORMA CALCULATION OF THE MINIMUM CAPITAL TEST MARGIN (NEW FORMAT)
As at December 31st, 2008

Exhibit I
Sheet 3

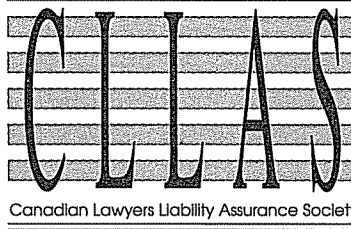
(\$'000)

MINIMUM CAPITAL TEST (per P&C-1)

		Projected Year 2008	Prior Year 2007	Prior Year 2006
Capital Available				
Total Equity less Accumulated Other Comprehensive Income	02	17,500	15,474	10,829
Add:				
Subordinated Indebtedness and Redeemable Preferred Shares	03	-	-	-
Accumulated Other Comprehensive Income (Loss) on:				
Available for Sale Equity Securities	04	-	-	-
Available for Sale Debt Securities	06	92	92	-
Foreign Currency (Net of Hedging Activities)	08	-	-	-
 Included in Capital Available of Regulated FI Subsidiaries	10	-	-	-
	30	-	-	-
 Capital Available reported by Regulated FI Subsidiaries	11	-	-	-
Less:				
Accumulated net after-tax fair value gains (losses) arising from				
changes in the company's own credit risk	12	-	-	-
	13	-	-	-
 Balance Sheet Value of Investments in Regulated FI Subsidiaries	14	-	-	-
Assets with a Capital Requirement of 100% *	17	2,682	2,682	-
Total Capital Available	19	14,910	12,884	10,829
Capital Required				
Balance Sheet Assets	20	1,003	958	845
Unearned Premiums/Unpaid Claims/Premium Deficiencies	22	5,852	5,253	4,534
Catastrophes	24	-	-	-
Reinsurance Ceded to Unregistered Insurers *	26	304	304	3,168
 Capital Required reported by Regulated FI Subsidiaries	27	-	-	-
Structured Settlements, Letters of Credit, Derivatives and				
Other Exposures	28	-	-	-
Minimum Capital Required	29	7,159	6,515	8,547
Excess of Capital Available over Capital Required				
(line 19 minus line 29)	89	7,751	6,369	2,282
Line 19 as a % of line 29	90	208.3%	197.8%	126.7%

Notes:

* assumes similar level of short fall in vested assets held in trust



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

To: CLLAS Advisory Board

From: Joe Tontini

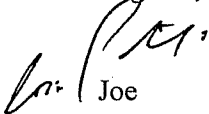
Re: Reinsurance Ratings

Date: February 20, 2008

We recently updated the rating information for all reinsurers involved with CLLAS since July 1, 1999 and thought you would be interested in the attached exhibit. As you can see, only one company (Unionamerica) is not currently rated by either or both of AM Best and S&P and additional information on that company, which is in run-off, is attached.

Please free feel to contact me if you have any questions.

Regards,



Joe

Encl.

STANDARD &POOR'S	ClassicDirect
---------------------------------	----------------------

Company Narrative Unionamerica Insurance Co. Ltd.

FSR: NR/-/- FSR Last Reviewed: 30-Jan-01 United Kingdom
CCR: NR/-/- CCR Last Reviewed: 30-Jan-01 Sector: Property/Casualty Insurance
Publication date: 29-Aug-2007
Credit Analyst: Claire Latchford, London (44) 207-176-7078; claire_latchford@standardandpoors.com

Incorporated 1 Sep 1971

Profile The company was placed into run-off on 1 Jan 2001.

Paid-Up Capital £22.1 m (US\$ 44.9 m) (2005 £25.0 m (US\$ 47.0 m), 2004 £23.5 m (US\$ 43.4 m), 2003 £26.0 m (US\$ 46.2 m), 2002 £28.0 m (US\$ 41.8 m)). On 4 Dec 1987 the company changed its capital from sterling to dollars since 87% of its business then emanated from North America. On 28 Dec 1988 the company issued 8 million US\$ 1 shares at par thus raising the paid-up capital to US\$ 40.7 m. On 22 Dec 1995 paid-up capital was raised by a further US\$ 2.8 m via a share issue.

Ownership The St Paul Travelers Cos Inc (USA) (now The Travelers Companies Inc.) through Unionamerica Holdings Ltd. On 18 Apr 2000 the former ultimate parent, MMI Companies Inc, was purchased by St Paul Cos Inc. Previously, on 11 Dec 1997 the company's holding company, Unionamerica Holdings Plc, was taken over by MMI Companies Inc, the US health care risk management company. On 10 Sep 1993 an investor group led by International Insurance Investors LP, Keystone Inc and Acadia Partners LP purchased the company from The Continental Corp, USA. This company became listed on the New York stock exchange on 6 Dec 1995 and raised US\$ 65m in the process.

Lines Of Business The company wrote mainly North American casualty business. Approximately 8% of gross premium in 1998 emanated from Polis Direct, a joint venture concentrating on Dutch motor telemarketing, established in 1997. The company also received a minimal amount of business from ATD Specialities, established in 1998 as a joint venture to concentrate on UK speciality programmes.

Subsidiaries/Associates During 1998, the group acquired a 49% interest in Marketform, a dedicated medical malpractice underwriter in London, which it now no longer manages. During 1997, the company completed its acquisition of a significant share in Jago Managing Agency. This was combined with an increase in the involvement of its corporate capital vehicle in Lloyd's syndicate 205.

Reinsurers The following companies have been listed in the 2006 UK regulatory return as major treaty reinsurers during any of the last five financial years: St Paul Travelers F&M (USA), Home Insurance Co Ltd (USA), Equitas Ltd (UK), Continental Ins Co (UK), PXRE Re (Bermuda), Home & Overseas INSCE Co Ltd (USA), Ins Co of North America (USA), Argonaut Insko (USA), Community Re Corp (USA). Major facultative reinsurers included: Lloyds, Munich Reinsurance Co (Germany), Dominion Insurance Co Ltd (UK), SCPIE (USA) and Pinetop Insurance Co Ltd

(UK).

In Jul 2000, the company entered into a stop-loss reinsurance contract with St Paul Travelers Fire & Marine Ins Co, a fellow subsidiary of The St Paul Travelers Companies Inc, USA, under which the company could recover any loss on the General Business Technical Account excluding investment income arising subsequent to 1 Jul 2000. With effect from 1 Jan 2001, the stop-loss reinsurance contract was modified to allow the inclusion of investment income, excluding unrealised gains and losses, related to technical provisions to be included in the balance on the General Business Technical Account in calculating recoveries.

■ Valuation Of Assets

Market Value.

■ Other

For the 2005 year-end the regulations applying to UK Regulatory Returns changed significantly. We have reconstructed the data we hold back to 1985 under the new regulations and this has changed the format of this report. The most changes will be viewed in the Business lines section of the report where there may be a difference in the figures reported in this section between 2005/2006 and previous years. For the Balance Sheet and Income statement the changes are covered by our data reconstruction and the figures for all years are comparable.

For 2006, total admissible assets were £0.7 m (2005 £0.8 m) less than total assets determined in accordance with UK GAAP. Due to the change in FSA regulations for 2005 we do not have equivalent information for prior years.

"Other Income" for 2006 includes foreign exchange gains of £0.4 m (2005 losses of £4.2 m), management fees of £0.3 m (2005 £0.4 m) and for 2005 inter-company loan forgiven of £7.4 (2006 nil).

"Pretax Profit" for 2006 excludes unrealised losses of £0.07 m (2005 £2.7 m).

"Insurance Debts" for 2006 include £32.8 m (2005 £21.7 m) debtors arising out of reinsurance operations.

Investments amounting to £16.6 m (US\$ 33.7 m) (2005 £19.9 m (US\$ 34.6 m)) have been deposited with a third party to secure certain overseas liabilities, while £61.2 m (US\$ 124.2 m) (2005 £70.9 m (US\$ 123.4 m)) is held in a US trust fund required by virtue of the company's accredited reinsurer status.

The company states in the 2004 accounts that approximately £0.7 m (2003 £0.7 m) of gross claims outstanding is for the World Trade Center loss. This amount is fully reinsured under a Stop Loss Reinsurance Policy, which the company has with St Paul Travelers Fire & Marine Insurance Company. We do not have equivalent information for subsequent years.

The company states that there is uncertainties surrounding the settlement of potential asbestos and environmental claims.

■ Authorizations

1-17

The McGraw-Hill Companies

Copyright © 2008. The McGraw-Hill Companies Inc. All Rights Reserved.

STANDARD &POOR'S	ClassicDirect
---------------------------------	----------------------

Company FSR Ratings
Unionamerica Insurance Co. Ltd.

FSR: NR/-/-

FSR Last Reviewed: 30-Jan-01

United Kingdom

CCR: NR/-/-

CCR Last Reviewed: 30-Jan-01

Sector: Property/Casualty Insurance

■ Ratings History

Date	Local FSR
30-Jan-01	NR/-/-
30-Jan-01	BB+/Watch Neg/-
19-Sep-00	BBB/Watch Neg/-
20-Dec-99	A/Watch Dev/-
02-Nov-99	A/Watch Neg/-
22-Jul-99	A/-/-
15-Dec-98	A/-/-
23-Jun-98	A/-/-
26-Jun-97	A/-/-
13-May-97	A/-/-
30-May-96	A/-/-
04-Nov-94	A/-/-
20-Jun-94	BBBpi/-/-
10-Sep-93	Api/-/-
10-Jul-92	Api/-/-

The McGraw-Hill Companies

Copyright © 2008. The McGraw-Hill Companies Inc. All Rights Reserved.

Financial statements of

**Canadian Lawyers Liability
Assurance Society**

December 31, 2007

Canadian Lawyers Liability Assurance Society

December 31, 2007

Table of contents

Auditors' Report.....	1
Balance sheet.....	2
Statements of comprehensive income and of accumulated other comprehensive income.....	3
Statement of operations and subscribers' equity	4
Statement of cash flows.....	5
Notes to the financial statements	6-15



Deloitte & Touche LLP
Brookfield Place
181 Bay Street
Suite 1400
Toronto ON M5J 2V1
Canada

Tel: 416-601-6150
Fax: 416-601-6151
www.deloitte.ca

Auditors' Report

To the Advisory Board of the
Canadian Lawyers Liability Assurance Society

We have audited the balance sheet of the Canadian Lawyers Liability Assurance Society (the "Society") as at December 31, 2007 and the statements of operations and subscribers' equity, comprehensive income, accumulated other comprehensive income, and cash flows for the year then ended. These financial statements are the responsibility of the Society's management. 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 plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Society as at December 31, 2007 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

A handwritten signature in cursive script that reads "Deloitte & Touche LLP".

Chartered Accountants
Licensed Public Accountants
February 21, 2008

Canadian Lawyers Liability Assurance Society

Balance sheet

as at December 31, 2007

	2007	2006
	\$	\$
Assets		
Cash at Bank	3,880,117	14,414,414
Short-term investments (Note 3)	13,015,785	6,223,642
Bonds (Note 3)	24,874,410	17,312,595
Interest income due and accrued	215,873	157,325
Premiums receivable (Note 5)	10,668,627	6,683,003
Unearned reinsurance premiums ceded	8,412,949	10,428,169
Prepaid expenses	323,764	132,500
Deferred policy acquisition costs	405,601	500,342
Reinsurance recoverable (Note 10)	9,678,364	10,361,948
Provision for unpaid claims and adjustment expenses recoverable from reinsurers (Note 4)	48,647,000	50,584,000
	120,122,490	116,797,938
Liabilities		
Provision for unpaid claims and adjustment expenses (Note 4)	80,968,000	77,525,000
Unearned premium	13,446,144	16,540,989
Due to reinsurers	9,642,789	10,959,024
Accounts payable and accrued charges	498,544	683,891
Premium taxes payable	-	258,607
	104,555,477	105,967,511
Subscribers' equity		
Minimum surplus	50,000	50,000
Additional surplus	15,424,949	10,780,427
Accumulated other comprehensive income	92,064	-
	15,567,013	10,830,427
Total liabilities and subscribers' equity	120,122,490	116,797,938

Canadian Lawyers Liability Assurance Society

Statements of comprehensive income and of
accumulated other comprehensive income
year ended December 31, 2007

	2007	2006
	\$	\$
Comprehensive income		-
Unrealized gains and losses on available-for-sale financial assets arising during the year	(175,918)	-
Reclassification adjustment for realized gain/loss included in income	-	-
Other comprehensive income (Loss)	(175,918)	-
Net income	5,491,522	-
Comprehensive income	5,315,604	-
Accumulated other comprehensive income		
Balance at beginning of year	-	-
Transitional adjustment (Note 2)	267,982	-
Other comprehensive income (loss)	(175,918)	-
Balance at end of year	92,064	-

Canadian Lawyers Liability Assurance Society

Statement of operations and subscribers' equity

year ended December 31, 2007

	2007	2006
	\$	\$
Premiums		
Written premium	27,040,048	33,356,137
Reinsurance ceded	16,918,348	21,029,180
Net written premiums	10,121,700	12,326,957
Change in unearned premiums	1,079,625	(3,009,014)
Earned premium	11,201,325	9,317,943
Expenses		
Claims (Note 4)	4,894,879	5,489,684
Operating Expenses	1,618,418	1,446,343
Premium taxes	905,943	641,717
	7,419,240	7,577,744
Underwriting gain for the year	3,782,085	1,740,199
Investment income (Note 3)	1,709,437	1,334,874
Net income for the year	5,491,522	3,075,073
Subscribers' equity, beginning of the year	10,830,427	7,755,354
Transitional adjustments (Note 2)	(847,000)	-
Accumulated other comprehensive income	92,064	-
Subscribers' equity, end of the year	15,567,013	10,830,427

Canadian Lawyers Liability Assurance Society

Statement of cash flows

year ended December 31, 2007

	2007	2006
	\$	\$
Operating		
Net income for the year	5,491,522	3,075,073
Changes in non-cash working capital components		
Amortization of bond discount	(33,082)	-
Loss on disposal of bonds	-	(149,314)
Interest income due and accrued	(58,548)	33,460
Premiums receivable	(3,985,624)	1,639,728
Unearned reinsurance premiums ceded	2,015,220	(1,122,304)
Prepaid expenses	(191,264)	(15,000)
Deferred policy acquisition costs	94,741	(358,967)
Reinsurance recoverable	683,584	1,288,862
Provision for unpaid claims and adjustment expenses recoverable from reinsurers	3,558,000	24,909,000
Provision for unpaid claims and adjustment expenses	975,000	(27,864,000)
Unearned premiums	(3,094,845)	4,131,318
Due to reinsurers	(1,316,235)	610,168
Accounts payable and accrued charges	(185,347)	218,114
Premium taxes payable	(258,607)	231,126
	3,694,515	6,627,264
Investing		
Purchase of bonds	(8,872,691)	(5,901,291)
Maturities and disposal of bonds	1,350,000	8,913,716
Purchase of short-term investments	(41,019,829)	(31,641,205)
Disposal of short-term investments	34,260,058	26,215,125
Amortization of bond premium	53,650	33,658
	(14,228,812)	(2,379,997)
Net (decrease) increase in cash	(10,534,297)	4,247,267
Cash balance, beginning of year	14,414,414	10,167,147
Cash balance, end of year	3,880,117	14,414,414
Cash balance comprises		
Cash at Bank	3,880,117	14,414,414

Canadian Lawyers Liability Assurance Society

Notes to the financial statements

December 31, 2007

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 Financial Services Commission of Ontario to provide lawyers professional liability insurance to its subscribers in accordance with Part XIII of the Insurance Act of Ontario, R.S.O. 1990. The Society commenced operations on June 30, 1987.

2. Significant accounting policies

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles and reflect the following policies:

Investments

Investments are accounted for on the following bases:

i) Short-term investments

Short-term investments are carried at market value.

ii) Bonds and debentures

Bonds and debentures are carried at market value.

Revenue recognition

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. A corresponding portion of reinsurance premiums are deferred as unearned reinsurance premiums ceded. 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. Premium taxes are only deferred to the extent that unearned premiums exceed anticipated future claims and expenses less investment income on funds backing unearned premiums.

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 balance sheet 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. 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 balance sheet.

Canadian Lawyers Liability Assurance Society

Notes to the financial statements

December 31, 2007

2. Significant accounting policies (continued)

Changes in accounting policies

Effective January 1, 2007, the Society adopted the provisions of the CICA Handbook Sections 1530 "Comprehensive Income", 3855 "Financial Instruments – Recognitions and Measurement" and 3865 "Hedges". The adoption of these new standards resulted in changes in the accounting and presentation for financial instruments and in the recognition of certain transition adjustments that have been recorded in opening surplus or opening accumulated other comprehensive income ("AOCI"). These accounting policy changes were adopted on a retrospective basis with no restatement of prior period financial statements. The new standards and accounting policy changes are as follows:

Comprehensive income

Comprehensive income includes all changes in subscriber's equity during a period from non-owner sources. In accordance with this standard, the Society reports and discloses other comprehensive income (OCI) in a new category, accumulated other comprehensive income, which is included in subscriber's equity on the balance sheet. Included in accumulated other comprehensive income are any unrealized gains and losses on financial assets classified as available-for-sale. The Society had no opening balance for accumulated other comprehensive income.

Financial instruments – recognition and measurement

This standard prescribes the recognition and measurement of financial assets and liabilities except for insurance policy liabilities (including derivatives). Under the new standard, financial instruments must be classified into one of five categories: held-for-trading, held-to-maturity, loans and receivables, available-for sale or other financial liabilities. Financial instruments classified as held-for-trading are measured at fair value with unrealized gains and losses recognized in operating results. Financial instruments classified as available-for-sale are measured at fair value with unrealized gains and losses recognized in other comprehensive income. Financial instruments classified as held-to-maturity, loans and receivables or other financial liabilities are measured at amortized cost.

Upon adoption of these new standards, the Society has designated all investments in the portfolio as available-for-sale, which are measured at fair value. Accumulated other comprehensive income includes a transitional adjustment which reflects the conversion of investments at the start of the year at fair value while OCI reflects the adjustment to fair value at the end of the year.

Hedges

This standard sets out the criteria of when hedge accounting is applied and how it is applied. It provides the option of qualifying transactions as hedges for accounting purposes. The qualifying hedging relationships include fair value hedges, cash flow hedges and hedges of foreign currency exposures of net investments of self-sustaining foreign operations. The changes in the fair value of the hedging derivatives will be recognized in net earnings or other comprehensive income depending on the nature of the hedging relationships. Any gains and losses resulting from any ineffectiveness in hedging relationships are recognized in net income immediately. The Society does not currently have any hedges in effect and as a result this section does not apply to the Society at this time.

Canadian Lawyers Liability Assurance Society

Notes to the financial statements

December 31, 2007

2. Significant accounting policies (continued)

Transition adjustments

Revaluation of certain of the assets and liabilities at their fair value under the new standards are determined based on the bid or ask price, respectively. The differences between the book values at December 31, 2006 and the fair values at January 1, 2007 were recorded either in opening additional surplus or in opening AOCI, according to the classification or designation of the specific asset or liability.

As a consequential effect of the changes above, the following transitional adjustments were recorded as of January 1, 2007.

	Balance as at January 1, 2007 pre S3855	S 3855 effect on unpaid claims (1)	S 3855 effect on investments (2)	Balance as at January 1, 2007 post S3855
	\$	\$	\$	\$
Assets				
Investments	17,312,595	-	267,982	17,580,577
Provision for unpaid claims and adjustment expenses recoverable from reinsurers	50,584,000	1,621,000	-	52,205,000
Other	48,901,343	-	-	48,901,343
	116,797,938	1,621,000	267,982	118,686,920
Liabilities				
Provision for unpaid claims and adjustment expenses	77,525,000	2,468,000	-	79,993,000
Other	28,442,511	-	-	28,442,511
	105,967,511	2,468,000	-	108,435,511
Subscriber's equity				
Accumulated other comprehensive Income	-	-	267,982	267,982
Surplus	10,830,427	(847,000)	-	9,983,427
	10,830,427	(847,000)	267,982	10,251,409
	116,797,938	1,621,000	267,982	118,686,920

(1) Discount rate change as a result of the new standard

(2) Assets classified as Available for Sale (AFS)

Future accounting changes

Capital Disclosures

On December 1, 2006, the CICA issued Handbook Section 1535, "Capital Disclosures" (Section 1535). This standard becomes effective for the Society on January 1, 2008.

Section 1535 specifies the disclosure of (i) an entity's objectives, policies and processes for managing capital; (ii) quantitative data about what the entity regards as capital; (iii) whether the entity has complied with any capital requirements; and (iv) if it has not complied, the consequences of such non-compliance.

Canadian Lawyers Liability Assurance Society

Notes to the financial statements

December 31, 2007

2. Significant accounting policies (continued)

Future accounting changes (continued)

Financial Instrument Disclosure and Presentation

The CICA has issued two new accounting standards: section 3862 Financial Instruments – Disclosures and section 3863 Financial Instruments – Presentation which require disclosure of information with regards to the significance of financial instruments to the Society's financial position and performance and the nature and extent of risks arising from financial instruments and how those risks are managed. These new standards will be effective for the Society on January 1, 2008 and disclosures related to these new standards will be reflected in the December 31, 2008 financial statements.

3. Investments

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

	2007		2006	
	Fair value and carrying value	Amortized cost	Fair value	Amortized cost and carrying value
	\$	\$	\$	\$
Bonds	24,874,410	24,782,346	17,577,292	17,312,595
Short term investments	13,015,785	13,015,785	6,223,642	6,223,642
	37,890,195	37,798,131	23,800,934	23,536,237

The investment portfolio, bonds and short term investments, are classified as available-for-sale 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.

Available-for-sale 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. Realized gains and losses on sale, as well as losses from other than a temporary decline in value, are reclassified from accumulated other comprehensive income and recorded in net investment income in the income statement.

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.

Available-for-sale bonds are assessed for impairment at least on a quarterly basis. When there is objective evidence that an available-for-sale bond is impaired and the decline in value is considered other than temporary, the loss accumulated in OCI is reclassified to other net investment income. Once an impairment loss is recorded to income, it is not reversed. Following 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. Objective evidence of impairment includes financial difficulty of the issuer, bankruptcy or defaults and delinquency in payments of interest or principal.

Canadian Lawyers Liability Assurance Society

Notes to the financial statements

December 31, 2007

3. Investments (continued)

a) (continued)

For 2006 Bonds are carried at amortized cost, net of any allowance for losses. Discounts or premiums on the purchase of bonds are deferred and amortized, using the straight line method, over the remaining term of the bonds. Write downs of the carrying values are recorded where declines in the value of the bonds are considered to be other than temporary. When a bond is other than temporarily impaired, an allowance for loss is established, adjusting the carrying value of the bond to its net recoverable value. Realized gains and losses on the sale of bonds are included in net investment income.

Details of significant terms and conditions, exposures to interest rate and credit risks on investments are as follows:

i) Short-term investments

These investments must be invested in short-term 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.

ii) Bonds and debentures

These investments have an average effective interest market yield of 4.39% (2006 - 4.60% book yield). The Society limits its long-term investments to securities issued or guaranteed by the Government of Canada, any province of Canada or Canadian corporations.

b) Portfolio risk

Interest rate and liquidity risk is in respect of fluctuations in interest rates, which could have a significant impact on the market value of the bond portfolio. This could result in realized gains or losses if actual claims payment patterns differed significantly from those expected requiring earlier than expected liquidation of assets to meet policy obligations.

The portfolio structure maintained by the society is designed to minimize the interest rate risk under the going concern scenario. The investment portfolio is structured to take into account the payout pattern and liquidity requirements of the liabilities. The majority of the society's unpaid claims and adjustment expenses have duration of less than five years. However, the nature of the business is ongoing, and current cash flows are used to settle claims, which allow the society to increase investment durations to maximize yields.

Credit risk in the portfolio is mitigated by maintaining a diversified portfolio. As part of the investment policy, all corporate investments must have a credit rating of a or greater when they are purchased. There were no impairments in value other than temporary declines in 2007 or 2006.

Society does not have any *foreign exchange* risk exposure as at December 31, 2007.

Canadian Lawyers Liability Assurance Society

Notes to the financial statements

December 31, 2007

3. Investments (continued)

b) Portfolio risk (continued)

Maturity profile of bonds as at December 31:

	2007	2006
	Fair	Amortized
	value	cost
	\$	\$
Under 1 year	2,213,822	1,333,070
1 to 5 years	12,611,326	10,456,807
Over 5 years	10,049,262	5,522,718
	24,874,410	17,312,595

The maturity profile of short term investments is 100% under 1 year for both 2007 and 2006.

The difference between amortized cost and market value of the AFS investments in Bonds consists of gross unrealized gains of \$243,198 and losses of (\$151,134) as at December 31, 2007.

c) Net investment income has the following components:

	2007	2006
	\$	\$
Interest income		
Bonds	1,077,187	790,627
Cash, cash equivalent and short-term investments	649,753	427,092
	1,726,940	1,217,719
Amortization of discount/(premium) on investments	(20,568)	(33,658)
Realized capital gain (loss)	-	149,313
	1,706,372	1,333,374
Miscellaneous investment income	3,065	1,500
Total net investment income	1,709,437	1,334,874

4. 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.

Canadian Lawyers Liability Assurance Society

Notes to the financial statements

December 31, 2007

4. Unpaid claims and adjustment expenses (continued)

a) Nature of unpaid claims and adjustments expenses (continued)

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:

	2007	2006
	\$	\$
Provision for unpaid claims and adjustments expense, beginning of year		
Gross	77,525,000	105,389,000
Reinsurance ceded	50,584,000	75,493,000
Net provisions, beginning of year	26,941,000	29,896,000
Net incurred claims and claim adjustment expenses		
Provision for current year claims made	9,788,000	8,380,000
Increase (decrease) in provision for prior year claims made	(4,893,121)	(2,890,316)
Total net incurred	4,894,879	5,489,684
Adjustment to opening policy liabilities	847,000	-
Net payment attributable to		
Current year claims made	-	-
Prior years' claims made	361,879	8,444,684
Total net payments	361,879	8,444,684
Net provision for unpaid claims and adjustments expenses, end of year	32,321,000	26,941,000
Reinsurance ceded, end of year	48,647,000	50,584,000
Gross provision for unpaid claims and adjustments expenses, end of year	80,968,000	77,525,000

Canadian Lawyers Liability Assurance Society

Notes to the financial statements

December 31, 2007

4. Unpaid claims and adjustment expenses (continued)

c) Provision for unpaid claims and adjustment expenses

The fair value of unpaid claims and adjustment expenses, gross and recoverable from reinsurers, is not practicable to determine with sufficient reliability. 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, 2007

	<u>Undiscounted</u>	<u>Discounted at 4.0%</u>	<u>Provisions for Adverse Deviation</u>	<u>Value per Accepted Actuarial Practice</u>
Provision for unpaid claims and adjustment expenses				
Gross	85,736,000	71,481,000	9,487,000	80,968,000
Recoverable from reinsurers	53,826,000	44,941,000	3,706,000	48,647,000
Net	31,910,000	26,540,000	5,781,000	32,321,000

December 31, 2006

	<u>Undiscounted</u>	<u>Discounted at 4.5%</u>	<u>Provisions for Adverse Deviation</u>	<u>Value per Accepted Actuarial Practice</u>
Provision for unpaid claims and adjustment expenses				
Gross	84,775,000	69,137,000	8,388,000	77,525,000
Recoverable from reinsurers	57,801,000	47,225,000	3,359,000	50,584,000
Net	26,974,000	21,912,000	5,029,000	26,941,000

5. Premiums receivable

All subscribers are large reputable Canadian law firms, and no significant credit risk is expected. All amounts are currently due or are due on January 1, 2008.

Canadian Lawyers Liability Assurance Society

Notes to the financial statements

December 31, 2007

6. Reinsurance program

- a) The Society has obtained proportional reinsurance coverage which limits its net liability to a maximum amount of \$10,500,000 effective July 1, 2007 (2006 - \$9,750,000) on any one loss.
- b) Colchester Reinsurance Limited 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 certain of the Society's subscribers. Colchester received from the Society ceded written premiums of \$2,600,748 (2006 - \$4,041,792).

Colchester has provided aggregate stop-loss reinsurance protection for a portion of the Society's retained risk on the following policy year basis:

- i) Effective July 1, 2007 100% of the Society's net liability which is in excess of \$15,000,000 (June 30, 2006 and prior - \$5,500,000) to a maximum annual aggregate amount equal to \$5,000,000 (June 30, 2006 and prior - \$9,500,000); and
 - ii) 100% of the Society's net liability (inclusive of the amount referred to in 6(b)(i) above) which is in excess of \$20,000,000 (2006 - \$20,000,000) to a maximum annual aggregate amount of \$20,000,000 (2006 - \$20,000,000).
- c) Reinsurance does not discharge the primary liability of the Society. 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 made appropriate provision for any such losses, and therefore, no material credit risk exists.

7. Income taxes

The Society is a reciprocal as defined under Part XIII of the Insurance Act of Ontario. Accordingly, no provision for income taxes is made in these financial statements.

8. Subscribers' 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.

9. 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) Reinsurance recoverable
- e) Due to reinsurers
- f) Accounts payable and accrued charges
- g) Premium taxes payable

Canadian Lawyers Liability Assurance Society

Notes to the financial statements

December 31, 2007

10. Contingencies

Certain of the Society's reinsurers have disputed their obligation to reimburse the Society for their share of a large claim settled in late 2005. The dispute is proceeding to binding arbitration with resolution expected in 2008. Management of the Society is confident that the amount reflected as a reinsurance recoverable in the financial statements will ultimately be collected. It is possible that changes in future conditions could require a change in the recognized amount.



Canadian Lawyers Liability Assurance Society

Report to the Audit Committee of the Advisory Board
Results of the 2007 Audit

February 21, 2008



Deloitte & Touche LLP
Brookfield Place
181 Bay Street
Suite 1400
Toronto, ON M5J 2V1

Tel: (416) 601-6150
Fax: (416) 601-6151
www.deloitte.ca

February 21, 2008

The Members of the Audit Committee of the Board of Directors
Canadian Lawyers Liability Assurance Society

Dear Committee Members:

We are pleased to present this report to you on the completion of the 2007 external audit of Canadian Lawyers Liability Assurance Society.

This report summarizes the results of our audit and includes representations and comments designed to assist you in discharging your responsibilities as audit committee members. We look forward to discussing our report with you and responding to your questions.

This report has been provided to the Audit Committee of CLLAS on a confidential basis. It is intended solely for the use of the Audit Committee to assist it in discharging its responsibilities with respect to the financial statements and is not intended for any other purpose. We disclaim any responsibility or obligation to any third party who may rely on this report. The matters addressed in this report are a byproduct of the financial statement audit and the audit would not necessarily identify all matters that may be of interest to the Audit Committee in fulfilling its responsibilities.

Yours sincerely,

A handwritten signature in cursive script that reads "Deloitte & Touche LLP".

Graham M. Segger
Partner, FCA, Licensed Public Accountant

Member of
Deloitte Touche Tohmatsu

Contents of Our Report

• Status of the Audit, Its Scope and Related Representations	1
• Management's and Directors' Responsibilities for Financial Information	3
• Our Audit Opinion and Related Assurances	4
• Matters to be Communicated to the Audit Committee	5
• Key Areas of Audit Focus	7
• Reporting and Control Matters	12
• Outstanding Items	13
• In Conclusion	14
• Appendix A – Confirmation of Independence	
• Appendix B – Management Representations Letter	

Status of the Audit, Its Scope and Related Representations

- The 2007 audit of the financial statements is substantially complete, pending receipt of the management representation letter (draft wording included as Appendix C) and completion of a few remaining audit procedures and reviews.
- We anticipate that our audit opinion will be unqualified.
- The net effect of unadjusted differences was not material.
- We continue to be independent of CLLAS and provide formal confirmation of this in Appendix A.
- The audit approach was consistent with our plan and complies with Canadian generally accepted auditing standards and our firm's standards for the audit of insurance entities.
- We considered the work of the Appointed Actuary in formulating an opinion on the financial statements. Our audit incorporated additional work by our consulting actuaries, Ms. Barb Addie and Ms. Mandy Seto, in accordance with the CICA assurance and related services guideline ("AuG-43"). We complied with the joint policy statement of the CICA and the Canadian Institute of Actuaries.

Status of the Audit, Its Scope and Related Representations, Cont'd

- No limitations were placed on the scope of our audit. We had complete access during the year to officers and employees, and to all books and records required to perform our audit. We received full cooperation and appropriate representations from management.

Management's and Directors' Responsibilities for Financial Information

- As you are aware, management is responsible for the preparation and presentation of the financial statements. We have requested a letter from management acknowledging this responsibility which includes representations on outstanding litigation and other contingent exposures. A copy of this letter has been included in Appendix C.
- Our understanding is that, as Directors, you recognize your responsibility for reviewing and approving financial statements and overseeing management responsibility for:
 - the preparation and presentation of financial statements;
 - maintenance of appropriate internal controls; and
 - assessment of significant related party transactions.

Our Audit Opinion and Related Assurances

- Our opinion on the 2007 financial statements will:
 - be signed following approval by the Audit Committee; and
 - state that the financial position, results of operations and cash flows are fairly stated in all material respects.
- Regulatory Reporting
 - Financial statements in the P&C-1 annual return are, in substance, the same as these financial statements. Our report will be unqualified.

Matters to be Communicated to the Audit Committee

- Overleaf, we provide a list of matters that are required to be reported to the Audit Committee by our professional standards and our findings on such matters. Our findings are based on the audit work considered necessary by us to render our opinion on the Society's financial statements.

Matters to be Communicated to the Audit Committee

Reportable Matter	Comments
1. Significant weaknesses in internal controls relating to the preparation of financial statements.	None noted.
2. Illegal acts.	None noted.
3. Significant transactions inconsistent with the ordinary course of business, including fraud or possible fraud.	None noted.
4. Unusual related party transactions.	None Noted
5. New significant accounting principles or policies.	None.
6. Disagreements with management.	None
7. Management consultation with other accountants about any significant auditing or accounting matters.	None noted.
8. Unusual transactions that significantly increase the risk of loss.	See discussion of Hollinger claim reinsurance recoveries
9. Actions that, if they became public, might cause embarrassment.	None noted.
10. Non-compliance with regulatory requirements.	None noted.
11. Major issues discussed with management that influence audit appointment.	None.
12. Management's judgments and accounting estimates.	See key areas of audit focus.
13. Misstatements, including unadjusted audit differences.	None
14. Difficulties encountered during the audit.	None.
15. Limitations placed on the scope of our audit.	None.

Key Areas of Audit Focus

Our audit covered all significant financial areas of the CLLAS operations. Particular audit focus was placed upon actuarial liabilities and reinsurance.

Actuarial & Claims

- As per our Audit Plan and in accordance with the requirements of CICA AuG-43, our actuaries reviewed and tested the work of the Appointed Actuary.
- The work has been successfully completed and we are able to report:
 - The assumptions used to calculate the policy liabilities are reasonable and appropriate to the circumstances;
 - Our recalculation of the policy liabilities did not produce materially different results on a net basis and our results are within the range of accepted actuarial practice on a gross basis;
 - A review of the premium liabilities leads to the conclusion that the estimate of the equity in the UPR and the maximum allowable deferred policy acquisition expenses are within acceptable actuarial practice; and
 - We have reviewed the transitional adjustment to actuarial liabilities calculated in connection with the introduction of fair value accounting on January 1, 2007.

Key Areas of Audit Focus (cont'd)

Unpaid Claims and Adjustment Expenses

- No unusual matters were noted in our review of claim files. There are a couple of developing claims that may have a material impact on CLLAS.

Premiums

- There were no retro-assessments in 2007.
- Accounts receivable also includes outstanding balances relating to the January 1, 2007 semi-annual premium installment. Fewer accounts were outstanding this year end.
- There was no merger activity during 2007; the insured lawyer count has increased marginally.
- Consistent with the soft market trend the premium rate has declined.

Key Areas of Audit Focus (cont'd)

Reinsurance

- CLLAS' continues to retain 100% of the first \$5M of claims before adjustment for self-insured retention and available law society coverage.
- The Society's maximum exposure after reinsurance is \$10,500,000 on losses up to \$210M
- Colchester provides coverage of \$5,000,000 excess of \$15,000,000 net liability. There is another layer of coverage of \$20,000,000 excess of \$20,000,000 of the net liability layer provided by Colchester.
- The financial condition of Colchester, as evidenced by its June 30, 2007 financial statements, is stable.

Key Areas of Audit Focus (cont'd)

Reinsurance Cont'd

- We have reviewed the calculations of adjustable premiums associated with the variable rate contracts initiated in prior years.
- We have discussed with the General Manager the dispute with the lead reinsurer on the Hollinger claim and the related outstanding reinsurance recoveries. The matter is currently proceeding towards binding arbitration. It is our view that this represents a material contingency which should be disclosed in the financial statements in a manner consistent with CICA 3290.15 and .22.

Premium Deficiency

- Based upon analyses prepared by the actuary, the Society has concluded that no premium deficiency exists in the current year.

Key Areas of Audit Focus (cont'd)

Tax Status

- As disclosed in Note 7 of the financial statements, the Society does not pay tax on its investment or operating income. It does pay 3% premium tax to the Province of Ontario and the Ontario subscribers also pay 8% provincial sales tax.
- The tax filing position adopted by the Society is consistent with that adopted by all other reciprocal insurance exchanges regulated by FSCO.
- We have recommended in prior years that with the significant turnover of executive committee members since the inception of the Society, it may be prudent to have the documentation of the Society and its member's tax position updated periodically. We understand that this process has commenced but has not been completed.

Reporting and Control Matters

- We have not encountered any accounting or control issues that we believe could involve material exposure relative to the 2007 financial statements.
- We do not have any misstatements or unadjusted errors to report

Outstanding Items

- As of February 19, the following items are outstanding:
 - Bank confirmation from TD Bank related to money market funds as of December 31, 2007. Follow up has taken place both from our side as well as by CLLAS.
 - We have not yet seen the P&C-1 return.
 - Management representations letter.

In Conclusion

- We thank Dion Durrell + Associates, Inc. for their contribution towards ensuring that our respective duties and responsibilities are discharged in a comprehensive and efficient manner.
- We would also be pleased to receive comments and suggestions from Audit Committee members. This is particularly important because you, and the firms you represent, are our primary client.
- We would be pleased to address any questions you might have.

Appendix A

Confirmation of Independence

Confirmation of Independence

February 21, 2008

The Audit Committee of
Canadian Lawyers Liability Assurance Society

Dear Audit Committee Members:

We have been engaged to audit the financial statements of Canadian Lawyers Liability Assurance Society (the Society) for the year ending December 31, 2007.

Canadian generally accepted auditing standards (GAAS) require that we communicate at least annually with you regarding all relationships between the Society and our Firm that, in our professional judgment, may reasonably be thought to bear on our independence.

In determining which relationships to report, these standards require us to consider relevant rules and related interpretations prescribed by the appropriate provincial institute and applicable legislation, covering such matters as:

- (a) holding a financial interest, either directly or indirectly, in a client;
- (b) holding a position, either directly or indirectly, that gives the right or responsibility to exert significant influence over the financial or accounting policies of a client;
- (c) personal or business relationships of immediate family, close relatives, partners or retired partners, either directly or indirectly, with a client;
- (d) economic dependence on a client; and
- (e) provision of services in addition to the audit engagement.

Confirmation of Independence (cont'd)

We have prepared the following comments to facilitate our discussion with you regarding independence matters arising since February 21, 2007, the date of our last letter.

We are not aware of any relationships between the Society and our Firm that, in our professional judgment, may reasonably be thought to bear on independence, that have occurred from February 21, 2007 to February 21, 2008.

The total fees charged to the Society for audit services were \$50,850 for the December 31, 2007 audit.

GAAS requires that we confirm our independence to the audit committee in the context of the Rules of Professional Conduct of the Institute of Chartered Accountants of Ontario. Accordingly, we hereby confirm that we are independent with respect to the Society within the meaning of the Rules of Professional Conduct of the Institute of Chartered Accountants of Ontario as of February 21, 2008.

This report is intended solely for the use of the audit committee, the board of directors, management, and others within the Society and should not be used for any other purposes.

We look forward to discussing with you the matters addressed in this letter at our upcoming meeting on February 21, 2008.

Yours truly,

Deloitte & Touche LLP

Chartered Accountants

Licensed Public Accountants

Appendix B

Management Representations Letter

[Client letterhead]

February 21, 2007

Deloitte & Touche LLP
Brookfield Place
181 Bay Street, Suite 1400
Toronto, ON M5J 2V1

Dear Sirs:

This representations letter is provided in connection with your audit of the financial statements of Canadian Lawyers Liability Assurance Society for the year ended December 31, 2007 (the "financial statements") for the purpose of expressing an opinion as to whether the financial statements present fairly, in all material respects, the financial position, results of operations, and cash flows of Canadian Lawyers Liability Assurance Society (the "Society") in accordance with Canadian generally accepted accounting principles. We acknowledge that we are responsible for the following:

1. The fair presentation of the financial statements in conformity with Canadian generally accepted accounting principles.
2. The design and implementation of internal controls to prevent and detect fraud and error.
3. Establishing and maintaining effective controls over financial reporting and informing Deloitte & Touche
4. The assessment of risk that the financial statements may be materially misstated as a result of fraud, and have determined such risk to be acceptably low.

Certain representations in this letter are described as being limited to matters that are material. An item is considered material, regardless of its monetary value, if it is probable that its omission from or misstatement in the financial statements would influence the decision of a reasonable person relying on the financial statements.

We confirm, to the best of our knowledge and belief, as of February 21, 2007 the following representations:

5. The financial statements referred to above present fairly, in all material respects, the financial position of the Society as at December 31, 2007 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.
6. The financial statements are free of material errors and omissions. All transactions have been properly recorded in the accounting records underlying the financial statements.
7. We understand that your audit was conducted in accordance with Canadian generally accepted auditing standards. These standards require that you plan and perform an audit to obtain reasonable assurance that the financial statements are free of material misstatement. However, such an audit is based on selective tests. Because you do not perform a detailed examination of all transactions, there is a risk that material fraud, error, violation or possible violation of law or regulation may exist, but not be detected.

8. We have reviewed and approved the year-end adjusting entries, including all related supporting schedules, and the financial statements and acknowledge our responsibility for their accuracy. While discharging our responsibility we may have requested your assistance or input in certain areas such as:
 - a. Recording of transactions for which we have determined or approved the appropriate account classification,
 - b. Posting transactions to the general ledger,
 - c. Preparing financial statements,
 - d. Posting journal entries to the trial balance, andwe acknowledge our responsibility for the above listed items and confirm that we have authorized, reviewed and approved all of the above items.
9. There have been no events subsequent to the balance sheet date up to the date hereof which require adjustment of or disclosure in the financial statements and related notes.
10. We have no knowledge of any fraud or suspected fraud affecting the Society involving (a) management, (b) employees who have significant roles in the Society's internal control, or (c) others where the fraud could have a non-trivial effect on the financial statements.
11. We have no knowledge of allegations of fraud or suspected fraud, affecting the financial statements, communicated by employees, former employees, analysts, regulators or others.
12. We are unaware of any illegal or possible illegal acts or violations or possible violations of laws or regulations that could have an effect on the financial statements.
13. We have disclosed to you all claims and possible claims, whether or not they have been discussed with our lawyers.
14. We have disclosed to you any change in the Society's internal control over financial reporting that occurred during the Society's most recent fiscal year ended December 31, 2007 that has materially affected, or is reasonably likely to materially affect, the Society's internal control over financial reporting.
15. We have not received any communications from taxation authorities concerning assessments or reassessments that could have a material effect on the financial statements.
16. There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
17. The Society has complied with all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance.
18. We have made available to you all:
 - a. Financial records and related data.
 - b. Minutes of the meetings of subscribers, directors, and committees of directors, or summaries of actions of recent meetings for which minutes have not yet been prepared. All significant board and committee actions are included in the summaries.
19. We have disclosed to you all known related parties and related party transactions, including guarantees and transactions for no consideration. Related party transactions have been measured and disclosed in the financial statements in accordance with Canadian generally accepted accounting principles.

20. The following have been properly recorded and, when appropriate, adequately disclosed and presented in the financial statements:
 - a. economic dependence on another party;
 - b. financial instruments with significant individual or group concentration of credit risk, and related maximum credit risk exposure;
 - c. arrangements with financial institutions involving compensating balances or other arrangements involving restriction on cash balances and line-of-credit or similar arrangements;
 - d. all liabilities, both actual and contingent, and all guarantees given to third parties, both written and oral;
 - e. loans that have been restructured to provide a reduction or deferral of interest or principal payments because of borrower financial difficulties;
 - f. fair value of financial instruments; and
 - g. other than temporary impairment of financial assets classified as available-for-sale.
21. Prior to the Society having any substantive employment conversations with a former or current D&T engagement team member the Society has held discussions with D&T and obtained approval from the Audit Committee.
22. We have no plans or intentions that may materially affect the carrying value or classification of assets and liabilities reflected in the financial statements.
23. The Society has satisfactory title to all assets, and there are no liens or encumbrances on such assets. All assets that have been pledged as collateral have been disclosed in the financial statements.
24. In preparing the financial statements in accordance with Canadian generally accepted accounting principles, management uses estimates. The Society has disclosed in the financial statements the nature of measurement uncertainties that are material. It has also disclosed all estimates where it is reasonably possible that the estimate will change in the near term and the effect of the change could be material to the financial statements.
25. We agree with the work of specialists in evaluating the (1) assumptions and methodologies used to estimate the claim liabilities; (2) a sample of the claim liabilities to determine if they fall within the range of accepted actuarial practice in Canada; and (3) the calculation of the equity in the unearned premium reserve and the maximum allowable deferred acquisition expenses. We have adequately considered the qualifications of the specialist in determining amounts and disclosures used in the financial statements and underlying accounting records. We did not give any, nor cause any, instructions to be given to specialists with respect to values or amounts derived in an attempt to bias their work, and we are not aware of any matters that have impacted the independence or objectivity of the specialists.
26. The Society is responsible for determining and maintaining the adequacy of the allowance for doubtful notes, loans, and accounts receivable, as well as estimates used to determine such amounts. Management believes the allowance is adequate to absorb currently estimated bad debts in the account balance.

27. We believe that all expenditures that have been deferred to future periods are recoverable.
28. The Society has adopted CICA Handbook Sections 1530, *Comprehensive Income* ("Section 1530"), 3855, *Financial Instruments—Recognition and Measurement* ("Section 3855"), and 3865, *Hedges* ("Section 3865"), as of January 1, 2007. All applicable accounting policy choices under these new rules have been made, appropriately documented and approved. The transitional opening adjustments, including the related income tax effects, to retained earnings and/or accumulated other comprehensive income have been determined in accordance with the transitional provisions of Section 3855 and Section 3865.
29. The Society has properly classified all financial instruments in accordance with Section 3855. Specifically, all financial assets are classified as either "loans and receivables", "held-for-trading", "held-to-maturity" or "available-for-sale".
30. The Society has properly identified all financial and non-financial contracts that meet the definition of a derivative in Section 3855. The Society has also properly identified all embedded derivatives included in other non-derivative contracts and determined whether these embedded derivatives need to be separately accounted for as described in Section 3855.
31. For all derivatives and any other financial instruments measured at fair value at December 31, 2007, fair value has been estimated using quoted market prices if the instrument trades in an active market, as set out in Section 3855. Where the instrument is not traded in an active market, the Society has used valuation techniques that it believes are most appropriate for valuing such instruments. We believe our valuation techniques make maximum use of inputs observed from markets. We have identified and disclosed in the notes to the financial statements all significant assumptions used in determining fair value.
32. The Society has provided in its financial statements the disclosures in accordance with Section 3861, *Financial Instruments—Presentation and Disclosure*.
33. With regard to the fair value measurements and disclosures of certain assets, liabilities, and specific components of equity, we believe that:
 - a. The measurement methods, including the related assumptions, used in determining fair value were appropriate and were consistently applied.
 - b. The completeness and adequacy of the disclosures related to fair values are in accordance with Canadian generally accepted accounting principles.
 - c. No events have occurred subsequent to December 31, 2007 that require adjustment to the fair value measurements and disclosures included in the financial statements.
 - d. They appropriately reflect management's intent and ability to carry out specific courses of action on behalf of the Society when relevant to the use of fair value measurements or disclosures.

34. The Society has determined that it is not required to consolidate or disclose information about any variable interest entities.
35. The Society classifies all short-term investments, including those with a term to maturity at inception of less than three months, as part of investments rather than as cash equivalents. This classification reflects management's view that these short-term investments represent a material component of the invested assets of the Society and management's intent to reinvest the funds at maturity.

Yours truly,

Canadian Lawyers Liability Assurance Society

Signature

Title

Signature

Title

CLLAS
CANADIAN LAWYERS LIABILITY
ASSURANCE SOCIETY

INVESTMENT REPORT
FOR QUARTER ENDING DECEMBER 31, 2007

MARTIN, LUCAS & SEAGRAM LTD.
INDEPENDENT INVESTMENT COUNSEL

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

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

CLLAS
CANADIAN LAWYERS LIABILITY
ASSURANCE SOCIETY

COMMENTARY FOR THE QUARTER ENDING DECEMBER 31, 2007

Review of Market Yields

The yield curve continued to shift lower during the fourth quarter as North American central banks reduced administered interest rates and investors sought refuge in government issues from the turmoil in the corporate credit and equity markets. Yields in the 5 to 10-year maturity range declined 33 to 35 basis points, respectively, while the reduction in short term yields was a more muted 14 basis points.

	Jan. 1/95	June 30/07	Sept. 30/07	Dec. 31/07
3-Month Treasury Bills	6.80%	4.43%	3.96%	3.82%
5-year Canadas	8.99%	4.55%	4.20%	3.87%
10-year Canadas	9.09%	4.55%	4.34%	3.99%

After allowing for capital added of \$302,991 less \$2,301 accrued bond interest debited on the purchase, the Long Term Investment Fund rose \$190,218 during the fourth quarter.

At December 31, 2007, the average term to maturity of the Long Term Investment Fund stood at 4.5 years, compared to 4.7 years three months earlier.

During the quarter, some \$300,000 was transferred to the Long Term Investment Fund to purchase a high grade financial issue.

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

<i>Distribution as at December 31, 2007</i>	<i>Valuation</i>	<i>%</i>
Short Term Investment Fund	\$ 7,967,265	24.3%
Long Term Investment Fund	24,874,598	75.7%
TOTAL COMBINED VALUATION	\$32,841,863	100.0%

CLLAS
CANADIAN LAWYERS LIABILITY
ASSURANCE SOCIETY

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

- Investment Performance and Total Return for the Long Term Investment Fund
(Returns Exclude Investment Counsel Fees)
- Distribution of Securities in the Long Term Investment Fund
by Credit Risk and by Maturity
- Compliance Statement
- Bond Market Commentary
- Policy for the Long Term Investment Fund
- Security Holdings in the Short and Long Term Investment Funds
Listed and Valued Separately as at December 31, 2007
- Security Purchases and Sales
- Cash Reconciliations

CLLAS
LONG TERM INVESTMENT FUND

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

	Jan. 1/95	June 30/07	Sept. 30/07	Dec. 31/07
Valuation of Long Term Fund	\$3,466,369	\$24,117,243	\$24,383,690	\$24,874,598
Capital Added (Net) since January 1, 1995		\$20,058,418	\$20,130,358	\$20,431,048
Balance: Net Capital Appreciation since January 1, 1995		\$ 592,456	\$ 786,963	\$ 977,181
Cumulative % Increase since January 1, 1995 (Time-weighted Basis)		15.4%	16.4%	17.3%
Cumulative % Increase in DEX Short Bond Index *		0.7%	0.2%	0.6%

TIME-WEIGHTED RATES OF TOTAL RETURN
FOR PERIODS ENDING DECEMBER 31, 2007
(ANNUALIZED)

	Five Years	Four Years	Three Years	Two Years	One Year	Last 3 Months
<i>Long Term Investment Fund</i>	<i>4.2</i>	<i>4.0</i>	<i>3.6</i>	<i>3.8</i>	<i>3.7</i>	<i>1.9</i>
DEX Canada Short Bond Index*	4.0	3.9	3.6	4.2	4.6	1.8
DEX Provincial Short Bond Index*	4.0	3.9	3.5	4.1	4.3	1.6

* Formerly Scotia Capital Markets

CLLAS
LONG TERM INVESTMENT FUND

DISTRIBUTION OF SECURITIES BY CREDIT RISK
(Based on Market Values)
SINCE THE JANUARY 1, 1995, STARTING DATE

	Jan. 1/95	June 30/07	Sept. 30/07	Dec. 31/07
Bonds, Treasury Bills & Cash Less than 1 year term	29.0%	6.5%	6.0%	8.9%
Canadas Greater than 1 year term	54.7%	39.4%	39.4%	39.0%
Provincials Greater than 1 year term	16.3%	37.4%	39.1%	36.7%
Corporates Greater than 1 year term	-	16.7%	15.5%	15.4%
TOTAL PORTFOLIO	100.0%	100.0%	100.0%	100.0%

DISTRIBUTION OF SECURITIES BY MATURITY
(Based on Market Values)
SINCE THE JANUARY 1, 1995, STARTING DATE

	Jan. 1/95	June 30/07	Sept. 30/07	Dec. 31/07
Under 1 year	29.0%	6.5%	6.0%	8.9%
1 - 3 years	19.8%	16.5%	19.6%	19.5%
3 - 5 years	29.3%	36.4%	32.2%	31.2%
5 - 7 years	11.4%	17.2%	17.4%	20.7%
7 - 10 years	10.5%	23.4%	24.8%	19.7%
TOTAL	100.0%	100.0%	100.0%	100.0%

CLLAS

COMPLIANCE WITH INVESTMENT POLICY STATEMENT

COMPLIANCE REPORT AT DECEMBER 31, 2007

	Investment Limits	Investment Funds	Compliance
<i>Short Term Investment Fund</i>			
Maximum Term of Any Issue	1 year	0.22 years	Yes
Minimum Size	20% of Total	24.3%	Yes
Minimum Canada & Provincial Percentage	50%	100.0%	Yes
Minimum Provincial Quality	A	None held	Yes
Minimum Bank CD & BA Quality	R1	R1	Yes
<i>Long Term Investment Fund</i>			
Maximum Term of Any Issue	10 years	8.4 years	Yes
Minimum Cda and Cda Guarantee Percentage	40%	43.9%	Yes
Maximum Provincial Percentage	40%	38.7%	Yes
Minimum Provincial Quality *	A	A	Yes
Maximum Corporate Percentage	20%	17.4%	Yes
Minimum Corporate Quality *	A	AA	Yes

* At time of purchase

This will confirm that during the quarter the portfolio and its components were managed in compliance with the Investment Policy Statement.

At December 31, the Short Term Fund represented 24.3% of the two Funds combined, which is above the 20% minimum required.

BOND MARKET COMMENTARY

Economic conditions deteriorated during the fourth quarter of last year. Problems that first surfaced in the U.S. subprime mortgage market back in the summer quickly spread throughout the domestic and international credit markets. This led to rising default rates, substantial loan losses coupled with massive asset write-downs in the financial sector, and a significant tightening in the availability of credit.

While North American economic growth remained buoyant during the early stages of the credit crunch, leading indicators suggested economic activity would slow. The most recent data has now confirmed that disruptions in the credit markets have spilled throughout the broader economy. In the U.S., there has been a marked deceleration in consumer spending, manufacturing activity has started to contract, and employment growth has stalled. While the negative fallout has been more muted in Canada, the domestic economy is not immune to weakness in our largest trading partner and a high Canadian dollar.

The central banks' have responded to these developments through a series of interest rate cuts and coordinated injections of short term funding. These moves have helped ease some blockages in the credit markets as inter-bank lending rates have declined. However, private sector interest costs remain elevated and a spate of weak economic numbers has raised expectations that more aggressive rate cuts are imminent. While steep rate cuts could exacerbate simmering inflationary pressures, we believe the monetary authorities will continue to lower rates in view of the headwinds facing the economy.

Meanwhile, there has been an ongoing flight to safety in the credit markets and government bond yields have continued to trend lower while corporate yields across all credits have climbed higher. As a result, corporate spreads have reached their widest levels in several years as investors become increasingly concerned with credit quality. Adding to the downward pressure on non-government issues are credit downgrades and possible defaults among bond insurers.

Looking ahead, an uneasy consensus places the odds of a U.S. recession at close to 50%. Historically, economic turning points have been extremely difficult to predict and the forecast is complicated by conflicting crosscurrents facing Canada, U.S. and foreign economies. However, we believe a U.S. contraction appears most likely given the growing list of challenges. The economic repercussions from the credit crunch are now coming to the forefront and this will only aggravate the ongoing malaise in the credit markets. While buoyant growth among emerging economies will help counterbalance U.S. weakness, this is not expected to fully offset the heavy impact of a slowing U.S. economy on domestic and international prospects.

As discussed in our previous report, easier monetary policies and the deflationary impact of the U.S. housing slump, coupled with slower economic growth, will help keep inflation in check and provide support to the bond market. However, lower quality bond prices could come under renewed downward pressure due to increased credit concerns if economic conditions continue to deteriorate.

POLICY FOR THE LONG TERM INVESTMENT FUND

Over the near term, returns are expected to remain mixed in the bond market. Given the economic and monetary backdrop, we believe government bond prices still have some modest upside potential left. However, in the corporate sector, we think prices remain vulnerable, particularly among the weaker credits, given the market fragilities and the specter of rising defaults. While yield spreads across all credit classes have widened, we believe it is too early to be reaching for higher yields given the uncertainty surrounding the duration and magnitude of the downturn. In the portfolio, we believe the emphasis on government issues and the above average quality of the corporate section is appropriate and provides a prudent balance between risk and expected returns.

RWB: sc

January 21, 2008

Please let us know if the Portfolio's investment objectives should be reviewed due to a change in financial circumstances, income needs, or risk tolerance.

Martin, Lucas & Seagram Ltd.

CLLAS - SHORT TERM INVESTMENT FUND

Portfolio Holdings at December 31, 2007

<u>Quantity</u>	<u>Security</u>	<u>Unit Cost</u>	<u>Price</u>	<u>Market Value</u>	<u>Annual Income</u>
CASH					
	Cash Account			2,970	0
MONEY MARKET ISSUES					
2,030,000	Canada Treasury Bill 3.81% due January 10, 2008	99.13	99.90	2,027,970	76,671
645,000	CIBC BA 4.45% due January 29, 2008	98.93	99.64	642,697	28,394
1,215,000	Canada Treasury Bill 3.85% due February 7, 2008	99.12	99.60	1,210,140	46,366
535,000	Bank of Nova Scotia BA 4.40% due February 21, 2008	99.26	99.35	531,508	23,365
150,000	Canada Treasury Bill 3.55% due February 21, 2008	99.38	99.43	149,145	5,292
675,000	Canada Treasury Bill 3.65% due February 21, 2008	99.17	99.43	671,153	24,432
630,000	FirstBank BA 4.45% due March 3, 2008	99.09	99.20	624,978	27,781
1,525,000	Canada Treasury Bill 3.55% due March 20, 2008	99.17	99.20	1,512,800	53,687
600,000	Royal Bank BA 4.45% due March 20, 2008	98.91	98.98	593,905	26,410
				<hr/> 7,964,295	<hr/> 312,399
TOTAL PORTFOLIO				7,967,265	312,399

Martin, Lucas & Seagram Ltd.
PURCHASE AND SALE
CLLAS - SHORT TERM INVESTMENT FUND
From 10-01-07 To 12-31-07

Trade Date	Settle Date	Quantity	Security	Unit Price	Amount
PURCHASES					
10-17-07	10-18-07	650,000	Canada Treasury Bill 3.78% due December 27, 2007	99.28	645,320.00
10-17-07	10-18-07	2,030,000	Canada Treasury Bill 3.81% due January 10, 2008	99.13	2,012,359.30
10-31-07	11-01-07	645,000	CIBC BA 4.45% due January 29, 2008	98.93	638,076.57
10-31-07	11-01-07	640,000	FirstBank BA 4.35% due November 29, 2007	99.67	637,871.36
11-14-07	11-15-07	450,000	Bank of Nova Scotia BA 4.4% due December 21, 2007	99.57	448,056.00
11-14-07	11-15-07	1,215,000	Canada Treasury Bill 3.85% due February 7, 2008	99.12	1,204,320.15
11-14-07	11-15-07	675,000	Royal Bank BA 4.40% due December 21, 2007	99.57	672,084.00
11-28-07	11-29-07	675,000	Canada Treasury Bill 3.65% due February 21, 2008	99.17	669,377.25
12-18-07	12-19-07	630,000	FirstBank BA 4.45% due March 3, 2008	99.09	624,291.57
12-19-07	12-19-07	150,000	Canada Treasury Bill 3.55% due February 21, 2008	99.38	149,072.10
12-20-07	12-21-07	535,000	Bank of Nova Scotia BA 4.40% due February 21, 2008	99.26	531,030.84
12-20-07	12-21-07	600,000	Royal Bank BA 4.45% due March 20, 2008	98.91	593,487.60
12-21-07	12-27-07	1,525,000	Canada Treasury Bill 3.55% due March 20, 2008	99.17	1,512,296.75
					10,337,643.49
SALES					
10-18-07	10-18-07	1,625,000	Canada Treasury Bill 4.29% due October 18, 2007	100.00	1,625,000.00
10-18-07	10-18-07	1,010,000	Canada Treasury Bill 4.37% due October 18, 2007	100.00	1,010,000.00
11-01-07	11-01-07	1,590,000	Canada Treasury Bill 3.42% due November 1, 2007	100.00	1,590,000.00
11-15-07	11-15-07	1,430,000	Canada Treasury Bill 3.80% due November 15, 2007	100.00	1,430,000.00
11-15-07	11-15-07	890,000	Canada Treasury Bill 4.49% due November 15, 2007	100.00	890,000.00
11-29-07	11-29-07	640,000	FirstBank BA 4.35% due November 29, 2007	100.00	640,000.00
12-19-07	12-19-07	500,000	CIBC BA 4.85% due December 19, 2007	100.00	500,000.00

Martin, Lucas & Seagram Ltd.
PURCHASE AND SALE
CLLAS - SHORT TERM INVESTMENT FUND
From 10-01-07 To 12-31-07

Trade Date	Settle Date	Quantity	Security	Unit Price	Amount
12-21-07	12-21-07	450,000	Bank of Nova Scotia BA 4.4% due December 21, 2007	100.00	450,000.00
12-21-07	12-21-07	675,000	Royal Bank BA 4.40% due December 21, 2007	100.00	675,000.00
12-27-07	12-27-07	650,000	Canada Treasury Bill 3.78% due December 27, 2007	100.00	650,000.00
12-27-07	12-27-07	850,000	Canada Treasury Bill 3.96% due December 27, 2007	100.00	850,000.00
					10,310,000.00

Martin, Lucas & Seagram Ltd.
CASH RECONCILIATION
CLLAS - SHORT TERM INVESTMENT FUND
From 10-01-07 To 12-31-07

Cash Balance at October 1, 2007			6,050.64
ADD:	Proceeds from Sales	10,310,000.00	
	Bond Interest Credited	355,150.00	
	Interest Credited	<u>179.37</u>	<u>10,665,329.37</u>
			10,671,380.01
LESS:	Cost of Purchases	10,337,643.49	
	Transfer to Long Term Investment Fund	302,991.37	
	Investment Counsel Fees	21,364.67	
	Trust Company Charges	<u>6,410.30</u>	<u>10,668,409.83</u>
Cash Balance at December 31, 2007			2,970.18

CLLAS - LONG TERM INVESTMENT FUND**Portfolio Holdings at December 31, 2007**

<u>Quantity</u>	<u>Security</u>	<u>Unit Cost</u>	<u>Price</u>	<u>Market Value</u>	<u>Annual Income</u>
GOVERNMENT BONDS					
700,000	Canada Housing Trust Sr. 4 4.40% due March 15, 2008	101.34	100.05	700,350	30,800
500,000	Canada 6% due June 1, 2008	104.22	100.80	503,975	30,000
1,000,000	Canada 5-1/2% due June 1, 2009	99.83	102.34	1,023,350	55,000
500,000	Canada Housing Trust Sr. 9 3.75% due March 15, 2010	99.30	99.36	496,805	18,750
450,000	Canada 5-1/2% due June 1, 2010	99.77	103.90	467,550	24,750
500,000	Canada 4% due September 1, 2010	100.30	100.44	502,190	20,000
1,000,000	Canada Housing Trust 4.05% due March 15, 2011	99.02	99.84	998,360	40,500
1,000,000	Canada 6% due June 1, 2011	103.73	106.84	1,068,350	60,000
1,500,000	Canada Housing Trust Sr. 14 4.60% due September 15, 2011	101.74	101.58	1,523,625	69,000
1,500,000	Canada Housing Trust Sr. 16 4.00% due June 15, 2012	99.59	99.37	1,490,535	60,000
600,000	Canada Mtge & Housing 4.30% due April 1, 2015	100.95	100.60	603,618	25,800
550,000	Canada Mtge & Housing Corp. 4.10% due October 1, 2015	97.16	99.26	545,952	22,550
1,000,000	Canada 4% due June 1, 2016	99.58	100.19	1,001,910	40,000
				<hr/> 10,926,570	<hr/> 497,150
PROVINCIAL BONDS					
500,000	Ontario 5.70% due December 1, 2008	97.60	101.47	507,350	28,500
500,000	Ontario 6.20% due November 19, 2009	100.77	103.74	518,715	31,000
500,000	British Columbia 6.375% due August 23, 2010	104.22	105.54	527,700	31,875
500,000	Ontario 6.10% due November 19, 2010	102.12	105.20	525,990	30,500
1,200,000	Ontario 4.4% due December 2, 2011	101.02	100.64	1,207,704	52,800
1,275,000	Ontario 4-3/4% due June 2, 2013	102.35	102.19	1,302,859	60,563

CLLAS - LONG TERM INVESTMENT FUND

Portfolio Holdings at December 31, 2007

Quantity	Security	Unit Cost	Price	Market Value	Annual Income
1,000,000	Manitoba 5.05% due December 3, 2013	101.61	103.64	1,036,360	50,500
750,000	Ontario 5% due March 8, 2014	102.63	103.52	776,423	37,500
750,000	Manitoba 4.80% due December 3, 2014	104.46	102.40	767,993	36,000
1,350,000	Ontario 4.5% due March 8, 2015	101.62	100.70	1,359,450	60,750
1,100,000	Ontario 4.4% due March 8, 2016	100.45	99.83	1,098,174	48,400
				<hr/> 9,628,717	<hr/> 468,388
CORPORATE BONDS					
250,000	Bank of Nova Scotia Dep. Note 4.295% due August 22, 2008	99.90	99.79	249,468	10,738
250,000	Golden Credit Card Trust Sr. Notes 4.159% due October 15, 2008	100.00	99.45	248,618	10,398
250,000	GE Capital Cda Fndg 5.65% due October 23, 2009	99.55	101.54	253,843	14,125
250,000	Citigroup Finance Canada 4.29% due November 2, 2009	101.20	98.44	246,090	10,725
300,000	Bank of Nova Scotia 4.25% Sen. Dep. Note due November 23, 2010	100.45	98.42	295,245	12,750
300,000	Royal Bank 4.17% Sen. Dep. Note due January 11, 2011	100.10	98.05	294,135	12,510
500,000	Bank of Montreal 4.69% due January 31, 2011	104.21	99.06	495,285	23,450
300,000	CIBC 5.00% Senior Dep Nts due September 10, 2012	100.23	98.68	296,028	15,000
400,000	Wells Fargo Financial Canada MTN 4.40% due December 12, 2012	99.78	96.68	386,728	17,600
300,000	Wells Fargo Financial Canada MTN 4.33% due December 6, 2013	99.97	95.55	286,653	12,990
500,000	Royal Bank 3.96% due January 27, 2014	99.49	99.11	495,565	19,800
500,000	CIBC 4.75% due December 22, 2014	101.80	95.91	479,530	23,750
300,000	GE Capital Cda Fndg 4.65% due February 11, 2015	102.20	97.38	292,125	13,950
				<hr/> 4,319,312	<hr/> 197,785
TOTAL PORTFOLIO				24,874,598	1,163,323

Martin, Lucas & Seagram Ltd.
PURCHASE AND SALE
CLLAS - LONG TERM INVESTMENT FUND
From 10-01-07 To 12-31-07

<u>Trade Date</u>	<u>Settle Date</u>	<u>Quantity</u>	<u>Security</u>	<u>Unit Price</u>	<u>Amount</u>
PURCHASES					
10-31-07	11-05-07	300,000	CIBC 5.00% Senior Dep Nts due September 10, 2012	100.23	300,690.00
					300,690.00

Martin, Lucas & Seagram Ltd.
CASH RECONCILIATION
CLLAS - LONG TERM INVESTMENT FUND
From 10-01-07 To 12-31-07

Cash Balance at October 1, 2007		0.00
ADD: Proceeds from Sales	0.00	
Transfer from Short Term Investment Fund	<u>302,991.37</u>	<u>302,991.37</u>
		302,991.37
LESS: Cost of Purchases	300,690.00	
Accrued Bond Interest on Purchases	<u>2,301.37</u>	<u>302,991.37</u>
Cash Balance at December 31, 2007		0.00

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

COMMITTEES FOR 2008

- A. Executive Committee**
- Nicholas Leblovic (**Chair**)
Chris Woodbury (**Vice-Chair**)
Barry Bresner
Donald Milner
Gale Rubenstein
William Scott
- B. Sub-Committees**
- 1. Audit**
- Donald Milner (**Chair**)
Carol Lyons
Chris Woodbury
- 2. Claims**
- Barry Bresner (**Chair**)
Dan McDonald
Glenn Leslie
Les O'Connor
- 3. Policy**
- Gale Rubenstein (**Chair**)
Glenn Leslie
Gordon Goodman
- 4. Risk Management**
- William Scott (**Chair**)
Julia Holland
David Morritt

January 2008