

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

Minutes of a Meeting of the Advisory Board

8:30 a.m.

Davies Ward Phillips & Vineberg LLP
40th Floor, RBC Centre
155 Wellington Street West
Toronto, Ontario

Wednesday, December 11, 2013

Present:

Nicholas Leblovic (Chair)
Barry Bresner
Gordon Goodman
John Esvelt
Jenelle Ambrose
Donald Milner
Ken Crofoot
Bill Scott
Dan McDonald
Julia Holland
Mike Swartz

Davies Ward Phillips & Vineberg LLP
Borden Ladner Gervais LLP
Cassels Brock & Blackwell LLP
Dentons LLP
Dentons LLP
Fasken Martineau DuMoulin LLP
Goodmans LLP
McCarthy Tétrault LLP
McMillan LLP
Torys LLP
WeirFoulds LLP

Patrick Mahoney
Norma Ibbetson
Joe Tontini

Office of the General Manager, CLLAS
Office of the General Manager, CLLAS
Axxima Group

Not Present:

David Morritt

Osler Hoskins & Harcourt LLP

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 11, 2013 Meeting of the Advisory Board

It was moved by Dan McDonald and seconded by Barry Bresner that the minutes of the September 11, 2013 meeting of the Advisory Board be approved. The motion was carried unanimously.

4. **Comments of the Chair**

New Membership

CLLAS continues to be interested in attracting new firms. A memorandum outlining the benefits of CLLAS has been compiled. The goal is to introduce CLLAS to new firms over the course of 2014. The Chair cautioned that it will be a difficult process because market rates are so low. He invited anyone who wanted to help reach out to new firms to let him know.

5. **Report of the General Manager's Office**

Management Report at September 30, 2013

Mr. Mahoney reviewed the financial statements with the Board.

Mr. Mahoney reported that CLLAS' surplus as at September 30, 2013 remains fairly consistent over the last year - \$11.6 million vs. \$10.6 million. The Loss Portfolio Transfer is reflected in the comparative numbers as it took place June 30, 2012. On the Statement of Comprehensive Income, the Incurred Claims figure is significantly different from the prior year as a result of the Loss Portfolio Transfer.

On the Budget Variance Analysis, management and professional service fees are expected to finish the year at or under budget.

There were some discussions on the Quebec Barreau with regards to possible change in limits. The General Manager's office will follow up with the Barreau and will provide an update in due course.

Report of the Reinsurance Security Report

Patrick Mahoney reviewed the Reinsurance Security Report. The Audit Committee will review the report in detail as part of their year-end work. The purpose of the report is to facilitate CLLAS' review of its current reinsurance arrangements and to assist in planning the strategy for the reinsurance renewal. If there are any issues, they will be brought to the Board's attention at the February 26, 2014 meeting in advance of the reinsurance renewals.

Mr. Mahoney drew the Board's attention to the table on page 4 of the Report, which contains a summary of the reinsurers flagged for Level II monitoring". Argo and RSA have both been affected by downgrades. Argo's parent company received an outlook downgrade and the reason given was poor operating results and the need to improve operations. Argo reinsures approximately 30% of CLLAS' limits and discussions will be taking place with Argo coming out of the review. RSA attaches in the upper layer of CLLAS and the commercial placement.

Financial statements for Colchester Reinsurance Limited as at June 30, 2013 were reviewed as part of the Report.

CLLAS Board – D&O Quote Update

A quote from Encon was presented at the September meeting. Other markets are being approached, and additional information will be available for discussion at the February meeting.

Joe Tontini gave an overview of the CBIA-ODL program. CLLAS firms make up approximately 60% of the premium for that program. The CBIA-ODL coverage would protect individual board members, not CLLAS. The Encon quote included coverage for both Board members and their designated alternates, and includes Committee, in addition to Board, coverage. The Subscribers agreement has an indemnity provision for Board members.

There will be a further reporting at the February meeting.

6. Report of the Claims Committee

Barry Bresner reported to the Board. Things remain relatively quiet on the claims front but the Committee is keeping close watch on a small number of serious and complicated claims, mainly class actions

(The Board members returned the summary handout.)

7. Report of the Risk Management Committee

Bill Scott reported to the Board

Bluedrop – Mr. Scott reported that there are six firms actively using the e-learning on-line program with an additional firm using the program in a generic format along with their own in-house program.

Re-audits – Mr. Scott reported that John Walker expected to begin the re-audits in 2014.

Risk Management Seminar –Mr. Scott reported that the program was well attended both locally and on-line. The polling tool was a success and he had had requests from attendees for printouts of the results of the polling. Mark Popple and Graeme Lynch from Miller, CLLAS' London broker, were in town and attended the seminar. Feedback from all was very positive. An LSUC CPD credit was available to participants.

Risk Management Meeting - There will be a meeting of the Committee today to review the class action tax claims to determine whether any risk management lessons can be learned and communicated from these types of claims.

8. Report of the Audit Committee

Gordon Goodman reported on behalf of the Committee. The Committee held a planning meeting on December 9, 2013 with respect to the year-end work about to be under way. This included meeting with the Auditors and the General Manager's office. No significant changes to audit process are anticipated this year. The Committee requested that the audit include a review of internal controls in light of the recent changes at the General Manager's office.

The Superintendent of Alberta has recently completed an audit of CLLAS' operation, and a formal report is expected around the end of the year. The General Manager has met with the regulator and discussed the audit at a high level.

9. Report of the Policy Committee

There was no report from the Policy Committee.

10. Investment Report for Quarter Ending September 30, 2012

Investment report was provided as an information item.

Mr. Mahoney discussed the November 20, 2013 memo from Julie-Linda Laforce recommending amendments to CLLAS' Investment Policy to reflect CLLAS' financial profile in light of the Loss Portfolio Transfer. The Board discussed the recommendations.

It was moved by Donald Milner and seconded by Gord Goodman that the recommendations contained in the November 20, 2013 memorandum from Julie-Linda Laforce of Axxima with respect to CLLAS' investment policy be adopted and implemented prior to December 31, 2013. The motion was carried unanimously.

11. 2014 Meeting Dates

February 26, 2014
June 25, 2014
September 10, 2014
December 10, 2014

12. Annual Dinner

The date will be a Friday, mid to late April, 2014 with the location likely to be the Toronto Club. Confirmation of date and location to follow.

13. Other Business

There being no other business, the meeting was adjourned.

Chairman

Secretary

CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY

FINANCIAL MANAGEMENT REPORT

CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY

FINANCIAL MANAGEMENT REPORT

December 31, 2013

CONTENTS

Exhibit I Statement of Financial Position

Exhibit II Statement of Comprehensive Income

Exhibit III Statement of Changes in Equity

Exhibit IV Operating Budget Variance Analysis

CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY
STATEMENT OF FINANCIAL POSITION
December 31, 2013

	As at December 31, 2013	As at December 31, 2012
ASSETS		
Cash	4,349,462	1,680,722
Short term investments	10,535,050	13,253,831
Bonds	2,778,853	-
Interest income due and accrued	14,914	0
Premium receivable	4,522,408	6,359,506
Other receivable	-	-
Prepaid expenses	139,500	136,500
Deferred policy acquisition costs	192,969	147,759
Unearned reinsurance premium ceded	5,292,272	5,398,507
Reinsurance recoverable	120,021	1,869,508
Provision for unpaid claims and adjustment expenses recoverable from reinsurers	67,092,000	68,609,000
	<u>95,037,449</u>	<u>97,455,332</u>
LIABILITIES		
Accounts payable & accrued charges	351,814	459,268
Premium taxes payable	60,924	11,917
Unearned premium	6,834,148	7,055,890
Due to reinsurers	1,524,104	3,338,523
Provision for unpaid claims and adjustment expenses	73,081,000	74,790,000
Premium deficiency liability	-	-
	<u>81,851,990</u>	<u>85,655,598</u>
SUBSCRIBERS' EQUITY		
Surplus	13,211,685	11,809,747
Accumulated Other Comprehensive Income (Loss)	(26,227)	(10,012)
	<u>13,185,458</u>	<u>11,799,734</u>
	<u>95,037,449</u>	<u>97,455,332</u>

CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY
STATEMENT OF COMPREHENSIVE INCOME
For the Period Ending December 31, 2013

	Current Year		Prior Year	
	Quarter December 31, 2013	Year to Date December 31, 2013	Quarter December 31, 2012	Year to Date December 31, 2012
Written Premium	-	13,769,929	-	14,228,728
Gross Written Premiums	-	13,769,929	-	14,228,728
Less: Reinsurance Ceded	-	10,660,620	-	55,146,493
Net Written Premiums	-	3,109,309	-	(40,917,765)
Change in Unearned Premiums	1,212,158	115,506	842,426	879,185
Earned Premiums	1,212,158	3,224,815	842,426	(40,038,580)
Claims Paid	-	-	-	6,294,394
Change in IBNR	(931,000)	(192,000)	831,000	(25,268,000)
Change in Case Reserve	-	-	-	(14,063,000)
Premium Deficiency Expense	-	-	-	(586,000)
Incurred Claims	(931,000)	(192,000)	831,000	(33,622,606)
Management and operating expenses	280,551	1,528,399	368,066	2,054,796
Reinsurance fees	69,750	282,000	68,250	273,000
Premium taxes	96,786	340,728	151,879	251,759
Total Operating Expenses	447,087	2,151,126	588,196	2,579,555
Underwriting Gain (Loss)	1,696,071	1,265,688	(576,769)	(8,995,529)
Investment Income	34,956	136,250	1,716,007	2,899,388
Income on Claim Related Matters	-	-	-	-
Interest Income on Premium Tax	-	-	-	82,438
NET GAIN/(LOSS)	<u>1,731,026</u>	<u>1,401,939</u>	<u>1,139,237</u>	<u>(6,013,703)</u>
Other comprehensive income (loss)				
Unrealized gains (losses) on available for sale financial assets arising during the year	(25,016)	(16,214)	(4,001,294)	(4,292,276)
Recognition of realized (gain) loss included in income	-	-	1,973,948	1,979,832
Other comprehensive income (loss) for the year	(25,016)	(16,214)	(2,027,347)	(2,312,444)
Total comprehensive income (loss)	<u>1,706,010</u>	<u>1,385,724</u>	<u>(888,109)</u>	<u>(8,326,147)</u>

CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY
STATEMENT OF CHANGES IN EQUITY
December 31, 2013

	Minimum Surplus	Additional Surplus	Unrealized gains and losses on AFS financial assets	Total Equity
Balance, beginning of year	50,000	11,759,747	(10,012)	11,799,734
Prior year adjustment		-		-
Comprehensive income (loss) for the year				
Net gain (loss) for the year		1,401,939		1,401,939
Other comprehensive income (loss)				
Change in unrealized gain on available-for-sale assets			(16,214)	(16,214)
Recognition of realized (gain) loss on available-for-sale assets			-	-
Total comprehensive income (loss) for the year		1,401,939	(16,214)	1,385,724
Balance at December 31, 2013	50,000	13,161,685	(26,227)	13,185,458

**CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY
STATEMENT OF OPERATIONS AND SURPLUS - VARIANCE ANALYSIS
FOR THE PERIOD ENDED December 31, 2013**

	Annual Budget	Year to Date Budget % Accrued to Date	Year to Date Budget \$	Year to Date Actual \$	Fav/(Unfav) Variance \$
MANAGEMENT SERVICES	611,000	100%	611,000	595,633	15,367
PROFESSIONAL SERVICES					
Actuarial Services	102,000	100%	102,000	86,693	15,307
Reinsurance Matters	350,000	100%	350,000	302,019	47,981
Strategic Matters	120,000	100%	120,000	57,868	62,132
Sub-Total Professional Services	572,000		572,000	446,580	125,420
GST/HST on Consulting Fees	153,790		153,790	135,488	18,302
Total Management & Professional Services * (See Note 1)	1,336,790		1,336,790	1,177,701	159,089
OTHER EXPENSES					
Audit Expenses	115,000	100%	115,000	116,971	(1,971)
Annual Dinner	7,000	100%	7,000	5,268	1,732
Premium Taxes	348,000	100%	348,000	340,728	7,272
Chairman's Expenses	2,000	100%	2,000	434	1,566
Chairman's Honourarium	75,000	100%	75,000	75,000	-
Reinsurance Expense	8,000	100%	8,000	10,817	(2,817)
Office Expenses	25,000	100%	25,000	21,594	3,406
Office Expenses - Website management software license	1,100	100%	1,100	6,585	(5,485)
Office Expenses - Translation	-		-	2,383	(2,383)
Claims: Borderaux (LSUC)	16,000	100%	16,000	14,940	1,060
Special Services	100,000	100%	100,000	14,783	85,217
Miller Insurance Fees (Reins. Comm.) (See Note 2)	282,000	100%	282,000	282,000	-
I.B.C Statistical Plan Fees	16,000	100%	16,000	4,458	11,542
FSCO Assessment Fees	5,000	100%	5,000	(31)	5,031
Investment counsel fees	21,000	100%	21,000	15,756	5,244
Investment - Custodial	18,000	100%	18,000	15,175	2,825
Risk Management/Loss Prevention	100,000	100%	100,000	42,255	57,745
License Fee	5,000	100%	5,000	4,298	702
Insurance: Sundry	-		-	13	(13)
Sub-total	1,144,100		1,144,100	973,426	170,674
TOTAL	2,480,890		2,480,890	2,151,126	329,764

*** 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	26%
Second Quarter, ending June 30th	41%
Third Quarter, ending September 30th	16%
Fourth Quarter, ending December 31st	17%
	<u>100%</u>

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

The annual budget is based upon the annual fee estimated for the policy period 2013/2014.

CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY

Report on the Valuation of Policy Liabilities as at December 31, 2013

Draft Report
February 10, 2014

Prepared by Julie-Linda Laforce, FCIA FCAS MAAA

TABLE OF CONTENTS

PART 1—EXECUTIVE SUMMARY.....	1
PART 2—INTRODUCTION AND SCOPE	4
Introduction	4
Scope.....	4
Operations	5
Standard of Materiality.....	8
Limitations	8
Specific Disclosure Requirements	9
PART 3—EXPRESSION OF OPINION	11
PART 4—COMPARISON OF ACTUAL AND EXPECTED EXPERIENCE	12
PART 5—CLAIM LIABILITIES	13
General.....	13
Methodology and Assumptions – Gross and Net Losses and Loss Adjustment Expenses	14
Methodology and Assumptions – Unallocated Loss Adjustment Expenses	15
Summary of Undiscounted Liabilities	16
Discounting and Provision for Adverse Deviation	16
Summary of Discounted Liabilities and Provisions for Adverse Deviation	18
Impact of Changes in Methodology and Assumptions on Reserve Estimates.....	18
Subsequent Events	18
PART 6—PREMIUM LIABILITIES AND OTHER LIABILITIES.....	19
Liabilities in Connection with Unearned Premium.....	19
Other Policy Liabilities	20
PART 7—REINSURANCE	21
Proportional Reinsurance	21
Aggregate Reinsurance.....	21
Loss Portfolio Transfer	24
Recoverable Amounts from Reinsurers	24
Unusual Problems or Delays.....	24
Colchester Reinsurance Limited	25
PART 8—DATA RELIABILITY AND CONSISTENCY	26
Data	26
Reliance and Verification.....	26
Reconciliation.....	26
PART 9—LIST OF SCHEDULES AND EXHIBITS	27
SCHEDULES	
EXHIBITS	

PART 1—EXECUTIVE SUMMARY

The purpose of this section is to summarize the key findings of our actuarial valuation of the Canadian Lawyers Liability Assurance Society (“CLLAS”) policy liabilities as at December 31, 2013. This valuation includes all policy liabilities, namely:

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

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

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

Valuation of Claim Liabilities

Undiscounted Claim Liabilities

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

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

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

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



The provision for unallocated loss adjustment expenses (“ULAE”) represents the estimated cost of CLLAS’s future claims management expenses expected to arise on claims incurred as of December 31, 2013. The provision was derived using an aggregate approach based on the estimated internal claim management expenses for 2014, the annual indexing of such expenses by 3% and the portion of such future annual expenses related to the outstanding claim liabilities. The provision for ULAE is entirely retained by CLLAS.

Based on the above, the undiscounted claim liabilities were estimated at \$72,271,000 on a gross basis and \$2,836,000 on a net basis. Claim liabilities include the provision for IBNR, the provision for ULAE and the case reserves recorded by CLLAS.

Discounting and Provision for Adverse Deviation

Accepted actuarial practice requires the valuation of policy liabilities on a discounted basis (i.e. reflecting the time value of money) and the addition of a Provision for Adverse Deviation (“PFAD”) to these discounted liabilities. Liabilities were discounted using a 2.40% rate of return assumption.

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

	Gross Basis	Net Basis
Undiscounted Claim Liabilities		
Case Reserves	\$ 19,421,000	\$ 0
Provision for IBNR	50,643,000	629,000
Provision for ULAE	2,207,000	2,207,000
Total	\$ 72,271,000	\$ 2,836,000
Discounted Claim Liabilities	65,196,000	2,546,000
Provision for Adverse Deviation (“PFAD”)	7,885,000	3,443,000
Discounted Claim Liabilities plus PFAD	\$ 73,081,000	\$ 5,989,000
Carried in Financial Statements	\$ 73,081,000	\$ 5,989,000

Comparison of Actual and Expected Experience

The net claim development on prior policy years during 2013 was favorable by \$40,000. There is no development on policy periods prior to June 30, 2012 due to the loss portfolio transfer with Colchester.



Valuation of Liabilities in Connection with Unearned Premium

CLLAS's net liabilities in connection with unearned premiums at December 31, 2013 were estimated per accepted actuarial practice at \$1,158,000 (i.e. on a discounted basis including PFAD). As CLLAS has net unearned premiums of \$1,542,000, the maximum deferrable policy acquisition expense is estimated at \$384,000 and there is no premium deficiency. CLLAS' recorded deferrable policy acquisition expense is \$193,000.

Valuation of Other Policy Liabilities

CLLAS has no other policy liabilities at December 31, 2013.

PART 2—INTRODUCTION AND SCOPE

Introduction

Company:	Canadian Lawyers Liability Assurance Society (also referred to as “CLLAS” in this report)
Date of Valuation:	December 31, 2013
Purpose:	Actuarial opinion and valuation report as required under section 407 of the Alberta Insurance Act
Author:	Julie-Linda Laforce, FCIA FCAS MAAA Axxima Inc. 192 St-Jean, Suite 202 Longueuil, Québec J4H 2X5 Phone : 450.646.2500 ext. 200 Fax : 1.855.529.9462 Email : julielindalaforce@axxima.ca
Authority:	Actuary to CLLAS
Distribution:	<p>This report is strictly for the use of CLLAS, its external auditors and its advisors in the context of their work in connection with the financial statements and the Annual Return. Any other use or disclosure should be discussed first with Axxima Inc. If this report is distributed further, it must be distributed in its entirety. All recipients of this report should be aware that the person signing it is available to answer questions about it.</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 Actuarial Standards Board.

Scope

Actuarial valuation of all policy liabilities, including:

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

Operations

General

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

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

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

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

CLLAS HISTORICAL COVERAGE SUMMARY	
Coverage Period	Coverage Provided (in million \$)
July 1, 2006 to June 30, 2007 to July 1, 2007 to June 30, 2008 ***	\$34.0 excess of \$1.0* plus \$30.0 excess of a minimum of \$50.0 \$20.0 excess of \$140.0 (optional layer 1) \$20.0 excess of \$160.0 (optional layer 2)
July 1, 2008 to June 30, 2009 to July 1, 2009 to June 30, 2010 ***	\$34.0 excess of \$1.0* plus \$30.0 excess of a minimum of \$50.0 \$20.0 excess of \$140.0 (optional layer 1) \$10.0/20.0/30.0 excess of \$160.0 (optional layer 2)
July 1, 2010 to June 30, 2011 ***	\$34.0 excess of \$1.0* plus \$30.0 excess of a minimum of \$50.0 \$20.0 excess of \$140.0 (optional layer 1) \$20.0/30.0/40.0 excess of \$160.0 (optional layer 2)
July 1, 2011 to June 30, 2012 to July 1, 2013 to June 30, 2014 ****	\$49.0 excess of \$1.0* plus \$30.0 excess of a minimum of \$65.0 \$10.0/20.0/30.0/40.0/50.0/60.0 excess of \$160.0 (optional layer)

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

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

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

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

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

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



Reinsurance

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

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

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

Membership and Management Changes

The number of insured lawyers increased from approximately 1,450 to 4,313 (including 41 patent and trademark agents) from 1987 to 2013. Included in the 4,313 lawyers are 244 lawyers practicing in the US or the UK which are covered by the optional layers and the shared umbrella layer. The firm Blake, Cassels & Graydon LLP withdrew from CLLAS at June 30, 2012.

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

There have not been any major changes in management policies and philosophy in recent years. There have been no management changes in 2013.

Claims Administration and Reserving

Based on discussions with CLLAS management, claims administration and reserving practices are generally consistent with prior years. CLLAS establishes its own claims reserves with consideration for the reserves set by the Law Society of Upper Canada (LSUC) and other law societies which offer the underlying compulsory program, as well as the circumstances of individual claims. CLLAS reserves are monitored on an ongoing basis and are reviewed and modified on a quarterly basis by CLLAS Claims Committee as deemed appropriate.

Standard of Materiality

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 claim liabilities;
- The potential impact of errors on future premium levels and retro-assessments;
- The potential users of CLLAS'S financial statements; and
- The overall level of materiality selected by the auditor.

The potential users of the CLLAS'S financial statements include regulators, auditors, management and 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 represents 0.3% of gross claim liabilities and 4.2% of net claim liabilities at December 31, 2013.

Limitations

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

1. To employ appropriate tests and sampling of CLLAS's individual records to ensure accurate and proper recording of premium, claim and asset information;
2. To employ appropriate tests and sampling to ascertain that proper management controls are in place to ensure the completeness of premium, claim and asset data;

3. To employ appropriate tests to ensure that our premium and claim data sets correspond in aggregate to internal CLLAS reports; and
4. Subsequent events which could have a significant effect on the valuation.

I have received a satisfactory report from the auditors for the year ended December 31, 2013.

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

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

It must be recognized that the future emergence of loss and loss adjustment expenses may deviate from our estimates by a significant margin. In estimating these liabilities, I have used procedures and assumptions which, in my opinion, are reasonable and appropriate and I believe the resulting estimates are reasonable given the information available.

Specific Disclosure Requirements

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

This report has been provided to Mr. Patrick Mahoney, General Manager of CLLAS. Further, I will meet with CLLAS'S audit committee on February 19, 2014 to present the results of this valuation.

I met with CLLAS'S audit committee on February 20, 2013, February 15, 2012 and February 16, 2011 to present the results of the 2012, 2011 and 2010 valuations respectively.

Continuing Professional Development Requirements

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

Dynamic Capital Adequacy Testing

No Dynamic Capital Adequacy Testing analysis was requested by the regulator in 2013.

External Peer Review

No external peer review was requested by the regulator in 2013.



Disclosure of Compensation

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

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

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

PART 3—EXPRESSION OF OPINION

I have valued the policy liabilities and reinsurance recoverables of the Canadian Lawyers Liability Assurance Society for its statement of financial position at December 31, 2013 and their changes in the statement of comprehensive income for the year then ended in accordance with accepted actuarial practice in Canada, including selection of appropriate assumptions and methods.

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

Claim Liabilities	Carried in Annual Return	Actuary's Estimate
(1) Direct unpaid claims and adjustment expenses	\$ 73,081,000	\$ 73,081,000
(2) Assumed unpaid claims and adjustment expenses	0	0
(3) Gross unpaid claims and adjustment expenses	73,081,000	73,081,000
(4) Ceded unpaid claims and adjustment expenses	67,092,000	67,092,000
(5) Other amounts to recover	0	0
(6) Other net liabilities	0	0
(7) Net unpaid claims and adjustment expenses [(3)-(4)-(5)+(6)]	\$ 5,989,000	\$ 5,989,000

Premium Liabilities	Carried in Annual Return	Actuary's Estimate
(1) Gross policy liabilities in connection with unearned premiums		\$ 7,609,000
(2) Net policy liabilities in connection with unearned premiums		1,158,000
(3) Gross unearned premiums	\$ 6,834,000	
(4) Net unearned premiums	1,542,000	
(5) Premium deficiency	0	\$ 0
(6) Other net liabilities	0	0
(7) Deferred policy acquisition expenses	193,000	
(8) Maximum policy acquisition expenses deferrable [(4)+(5)+(9)-(2)]		\$ 384,000
(9) Unearned Commissions	\$ 0	

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

Julie-Linda Laforce
Fellow, Canadian Institute of Actuaries

Longueuil, Québec
February 10, 2014

PART 4—COMPARISON OF ACTUAL AND EXPECTED EXPERIENCE

The expected experience represents the net ultimate loss projections as of December 31, 2004, through December 31, 2012, and the actual experience represents the net ultimate loss projections as of December 31, 2013. Exhibit XIV shows both actual and expected experience net of proportional reinsurance, stop loss reinsurance and loss portfolio transfer with Colchester.

Net development on prior years was favorable by \$40,000 for all policy periods combined. There is no development on policy periods prior to June 30, 2012 due to the loss portfolio transfer with Colchester.

PART 5—CLAIM LIABILITIES

General

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

Considerations

Homogeneity/Credibility:	The same coverage is offered to all subscribers. The risk exposures of the CLLAS subscribers are considered to be homogeneous for estimating claim liabilities. Given the excess nature of the coverage provided by CLLAS, claims experience is very limited. For that reason, provisions for IBNR were estimated based upon anticipated future development of expected losses.
Mix of Business:	There have been no material changes in the mix of business since CLLAS’S inception.
Case Reserving Practices:	CLLAS utilizes case reserves set by the law societies and reviews large claims. However it may, if deemed appropriate, set reserves higher than the law societies for claims which have the potential of piercing into CLLAS’S coverage layers. The case reserving practices have been consistent over time.
Claims Recording/Settlement:	Claims recording and claims settlement practices during 2013 were consistent with historical practices. The year-end cut-off date was December 31, 2013.
Frequency/Severity:	Given the excess nature of the coverage provided by CLLAS, claims experience has been very volatile from year to year.
Reopened Claim Potential:	Our analysis indicates that in the past, no material reopening claim activity has taken place. I am not aware of any precedent-setting judicial opinions, liberalizing legislation or company procedures which might affect the claims reopening potential.
Claims Runoff:	The gross and net one-year claims runoff was favorable in 2013.

Coverage Changes:	There have been no coverage changes since CLLAS's last valuation. The current and historical coverage limits provided by CLLAS are presented in Part 2 – Operations.
Retention/Reinsurance:	Details of the current and historical reinsurance arrangements are provided in Part 7 and Schedule 1 of this report.
Aggregate Limits:	The aggregate limits of CLLAS'S reinsurance with Colchester have changed at July 1, 1998 and subsequently at July 1, 2002, July 1, 2005, July 1, 2006, July 1, 2011, July 1, 2012 and July 1, 2013 as described in detail in Part 7.
Collateral Sources:	Case reserves used in this valuation are assumed to be net of salvage and subrogation. We are not aware of any other collateral sources which might reduce the claim liabilities.
Marketing Strategy:	There have been no changes in marketing strategy since CLLAS'S inception. The number of insured lawyers decreased in the 2012/2013 policy period due to the withdrawal of one firm.
Regulatory Changes:	Effective July 1, 2012, CLLAS'S lead regulator was changed from Ontario to Alberta. This would affect CLLAS's valuation.
External Influences:	We are not aware of any legal or regulatory changes or any precedents set in case law that would impact our estimates.
Pools and Associations:	CLLAS does not participate in any voluntary or involuntary underwriting pools or associations. Therefore, CLLAS is not subject to any liabilities from participation in any pools or associations.

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

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

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

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

Rating studies have been performed annually since 1995 and expected loss costs assumptions have been revised from time to time. The last such rating study took place in early 2013 which led to revised expected loss costs per lawyer for the period covering from July 1, 2013 through June 30, 2014. These were used in the December 31, 2013 valuation. The revised and prior loss costs per lawyer assumptions for each layer of proportional reinsurance are summarized below:

Reinsurance Layer (in million \$)	Expected Loss Costs Per Lawyer	
	Prior	Revised
\$0.975 xs \$0.025	\$ 121	\$ 109
\$4.0 xs \$1.0	1,178	1,112
\$5.0 xs \$5.0	673	596
\$10.0 xs \$10.0	847	755
\$30.0 xs \$20.0	1,103	919
\$30.0 xs minimum \$65.0	10	10
\$40.0 xs \$160.0	28	17
\$60.0 xs \$160.0	38	21

The selected claim emergence pattern was derived using the observed development for lawyers professional liability excess loss experience from a number of the law societies as a guide as shown in Exhibit III. The loss development patterns were revised based upon the indications from Exhibit III.

The selected claim payment pattern was also derived using the observed payout for lawyers' professional liability excess loss experience from a number of the law societies as a guide. The selected payment pattern is shown in Exhibit 1, pages 1 and 6 on a gross and net basis respectively.

Methodology and Assumptions – Unallocated Loss Adjustment Expenses

The provision for unallocated loss adjusting expenses ("ULAE") were established at 3.15% of the gross indemnity and legal expense liabilities, assuming that all ULAE costs would be retained by CLLAS. It should be noted that ULAE represents solely CLLAS internal claims management expenses.

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

- Estimated internal claims management expenses equal to \$521,000 in 2014;
- Indexing of such expenses at 3% a year in future years; and
- The portion of such annual expenses related to the outstanding claim liabilities as of December 31, 2013 will decrease at an annual rate of 1/7 per year from 2014 to 2020.

The provision for ULAE resulting from the above assumptions represents, as indicated in Exhibit IV, 3.16% of the gross case reserves and provision for IBNR as of December 31, 2013. A 3.15% assumption was selected to determine the provision for ULAE as of December 31, 2013. As shown in

Exhibit VIII, the provision amounts to \$2,207,000 (i.e. \$612,000 based on gross case reserves plus \$1,595,000 based on the gross provision IBNR).

Summary of Undiscounted Liabilities

The unpaid claim liabilities as of December 31, 2013 on an undiscounted basis are as follows:

	Gross	Ceded to Reinsurers	Net
Case Reserves	\$ 19,421,000	\$ 19,421,000	\$ 0
Provision for IBNR	50,643,000	50,014,000	629,000
Provision for ULAE	2,207,000	0	2,207,000
Total	\$ 72,271,000	\$ 69,435,000	\$ 2,836,000

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

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

Discounting and Provision for Adverse Deviation

A discount rate of 2.40% (0.85% at December 31, 2012) was selected based on the yield of CLLAS' investment portfolio as at December 31, 2013. The basis upon which this selection was made can be found on Exhibit X. The yield reflects the market value of bonds since CLLAS has classified its bond portfolio as available-for-sale. The selected discount rate is 0.13% less than the indication to account for investment management expenses.

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

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

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

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

Selected Margin for Claims Development

The liabilities are long-tailed and require a number of years of development before a precise picture of the ultimate liabilities can be obtained. In addition, since the coverage is in excess of \$1,000,000, losses are subject to a high degree of variability. As a result of these considerations, the margin for claim development was selected at 10.0%, which is at the medium to high end of the recommended range. The selected margin is unchanged from the one selected in the December 31, 2012 valuation.

Selected Margin for Reinsurance Recovery

Except for Walbrook, all CLLAS proportional reinsurers are believed to be in sound financial condition. All have an A.M. Best Rating of A- or better except for Unionamerica which has not been rated by rating agencies since January 2001, the 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, the margin for reinsurance recovery was selected at 5.0%. The selected margin is unchanged from the one selected in the December 31, 2012 valuation.

Selected Margin for Interest Rate

The investment portfolio is comprised of money market securities, treasury bills, government bonds and corporate bonds. Due to the high quality of investment holdings, we believe the risk of asset default is low. The margin for interest rate was selected at 50 basis points (0.50%) and reflects the quality of the investment portfolio. The margin was selected at the minimum of 25 basis points (0.25%) in the December 31, 2012 valuation as the investment portfolio consisted solely of treasury bills with durations of less than one month.

Summary of Discounted Liabilities and Provisions for Adverse Deviation

The unpaid claim liabilities as of December 31, 2013 are summarized as follows:

Claim Liabilities	Gross	Ceded to Reinsurers	Net
Undiscounted	\$ 72,271,000	\$ 69,435,000	\$ 2,836,000
Discounted	65,196,000	62,650,000	2,546,000
PFAD	<u>7,885,000</u>	<u>4,442,000</u>	<u>3,443,000</u>
Discounted plus PFAD	\$ 73,081,000	\$ 67,092,000	\$ 5,989,000

Impact of Changes in Methodology and Assumptions on Reserve Estimates

There was no change in methodology from the previous year's valuation. The total impact of changes in assumptions implemented in my December 31, 2013 valuation is a decrease in undiscounted liabilities of \$2,659,000 on a gross basis and \$415,000 on a net basis.

The total impact of the changes in discount rate and margins for adverse deviation is a decrease of \$4,252,000 and \$386,000 in net discounted liabilities plus provision for adverse deviation.

Subsequent Events

We are not aware of any events subsequent to the December 31, 2013 valuation date which are significant to my valuation.

PART 6—PREMIUM LIABILITIES AND OTHER LIABILITIES

Liabilities in Connection with Unearned Premium

Considerations

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

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

Unearned Premium

Unearned premiums are computed using the daily pro rata method. The gross and net unearned premiums as of December 31, 2013 are \$6,834,000 and \$1,542,000 respectively.

Summary of Liabilities in Connection with Unearned Premium

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

- **Expected Ultimate Loss Ratio:** The expected ultimate loss ratio was estimated based on expected losses for 2013/2014 from CLLAS's 2013/2014 rating study, divided by the earned premiums shown in Exhibit IX.
- **Unallocated Loss Adjustment Expenses:** The selected unallocated loss adjusting expenses as a percentage of losses is shown in Exhibit IV. A 3.15% ratio was used for liabilities in connection with unearned premium.
- **Policyholder Servicing Costs:** Policyholder servicing costs were selected at 5.0% of premiums.
- **Investment Income on Unearned Premium:** A 2.40% rate of return was used to calculate expected investment return on unearned premiums.
- **Change in Reinsurance Costs:** Because the policy and reinsurance contract dates are the same, there is no applicable change in reinsurance cost amount.

Premium Deficiency

The maximum allowable deferred expenses are \$384,000. CLLAS has recorded deferred policy acquisition expenses of \$193,000.

Deferred Policy Acquisition Expenses

There is no premium deficiency at December 31, 2013.

Discounting and Provision for Adverse Deviation

Discounting and provision for adverse deviation calculations also apply to claim liabilities in connection with unearned premium. The variables involved and the selected margins are the same as noted in the section on claim liabilities and the calculations can be found in Exhibit XII, page 2.

Other Policy Liabilities

CLLAS has no other policy liabilities at December 31, 2013.

PART 7—REINSURANCE

Proportional Reinsurance

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

Aggregate Reinsurance

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Loss Portfolio Transfer

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

Recoverable Amounts from Reinsurers

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

Claim Liabilities	\$ 67,092,000
Liabilities in Connection with Unearned Premium	6,451,000
Other Policy Liabilities	0
Total	\$ 73,543,000

Unusual Problems or Delays

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

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



All CLLAS proportional reinsurers are believed to be in sound financial condition. All have an A.M. 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 twelve Toronto-based legal firms or their related service corporations. Those twelve shareholders are unrelated to each other. However, each of Colchester's shareholders is, or is related to, one of CLLAS'S twelve subscribers.

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

PART 8—DATA RELIABILITY AND CONSISTENCY

Data

I have relied on the following data provided by CLLAS as at December 31, 2013:

- Historical individual claim information, including paid and case reserve amounts;
- Historical premium information;
- Historical number of lawyers by jurisdiction;
- Estimate of internal management expenses for 2013 and 2014 (budgeted);
- Investment details;
- Reinsurance details; and
- Draft financial statements.

Reliance and Verification

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

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

Reconciliation

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

The details of my reconciliation are as follows:

	Gross Paid At December 31, 2013	Gross Case Reserve at December 31, 2013
Reported in CLLAS'S Financial Records	\$ 169,577,224	\$ 19,420,683
Reported in CLLAS'S Claims Bordereaux	169,577,224	19,420,683
Difference	\$ 0	\$ 0

PART 9—LIST OF SCHEDULES AND EXHIBITS

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
Exhibit IV	Determination of the Provision for Unallocated Loss Adjustment Expenses
Exhibit V	Gross and Net of Proportional Experience
Exhibit VI	Colchester Proportional Reinsurance
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	Investment Portfolio Valuation & Selection of Discount Rate
Exhibit XI	Provision for Adverse Deviation – Claim Liabilities
Exhibit XII, Page 1	Premium Liabilities
Exhibit XII, Page 2	Provision for Adverse Deviation – Gross Liabilities in Connection with Unearned Premium
Exhibit XII, Page 3	Provision for Adverse Deviation – Net Liabilities in Connection with Unearned Premium
Exhibit XIII	Summary of Net Outstanding Liabilities and Provision for Adverse Deviation by Year
Exhibit XIV	Comparison of Net Actual Experience with Net Expected Experience From the December 31, 2004 through December 31, 2013 Valuations
Exhibit XV	Unpaid Claims and Loss Ratio Analysis Exhibit

SCHEDULE I: CLLAS REINSURANCE ARRANGEMENTS

Proportional Basis

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

SCHEDULE I: CLLAS REINSURANCE ARRANGEMENTS

Proportional Basis (Continued)

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

SCHEDULE I: CLLAS REINSURANCE ARRANGEMENTS

Proportional Basis (Continued)

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

SCHEDULE I: CLLAS REINSURANCE ARRANGEMENTS

Proportional Basis (Continued)

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

SCHEDULE I: CLLAS REINSURANCE ARRANGEMENTS

Proportional Basis (Continued)

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

SCHEDULE I: CLLAS REINSURANCE ARRANGEMENTS

Proportional Basis (Continued)

<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>
7/2011 - 6/2012	\$0.975 xs \$0.025	100.00%	0.00%	0.00%
	\$49 xs \$1.0	25.00%	50.00%	25.00%
	\$30 xs min\$65	0.00%	100.00%	0.00%
	\$40/\$60 xs \$160	0.00%	76.00%	24.00%
7/2012 - 6/2013	\$0.975 xs \$0.025	100.00%	0.00%	0.00%
	\$49 xs \$1.0	0.00%	65.00%	35.00%
	\$30 xs min\$65	0.00%	100.00%	0.00%
	\$40/\$60 xs \$160	0.00%	76.00%	24.00%
7/2013 - 6/2014	\$0.975 xs \$0.025	100.00%	0.00%	0.00%
	\$49 xs \$1.0	0.00%	70.00%	30.00%
	\$30 xs min\$65	0.00%	88.00%	12.00%
	\$40/\$60 xs \$160	0.00%	93.00%	7.00%

SCHEDULE I: CLLAS REINSURANCE ARRANGEMENTS

Aggregate Basis Ceded to Unregistered Company

7/1989 - 6/1990	<ul style="list-style-type: none">a) Aggregate of \$750,000 of CLLAS retention after reflection of proportional reinsurance, andb) \$4,250,000 excess \$15,000,000 of CLLAS retention after reflection of proportional reinsurance.
7/1990 - 6/1991	<ul style="list-style-type: none">a) Aggregate of \$900,000 of CLLAS retention after reflection of proportional reinsurance, andb) \$4,250,000 excess of \$15,000,000 of CLLAS retention after reflection of proportional reinsurance.
7/1991 - 6/1992	<ul style="list-style-type: none">a) Aggregate of \$1,000,000 of CLLAS retention after reflection of proportional reinsurance, andb) \$25,000,000 excess of \$12,000,000 of CLLAS retention after reflection of proportional reinsurance.
7/1992 - 6/1993	<ul style="list-style-type: none">a) Aggregate of \$1,000,000 of CLLAS retention after reflection of proportional reinsurance, andb) \$25,000,000 excess of \$12,000,000 of CLLAS retention after reflection of proportional reinsurance.
7/1993 - 6/1994	<ul style="list-style-type: none">a) Aggregate of \$2,750,000 excess of \$250,000 of CLLAS retention after reflection of proportional reinsurance, andb) \$14,000,000 excess of \$14,000,000 of CLLAS retention after reflection of proportional reinsurance.
7/1994 - 6/1995	<ul style="list-style-type: none">a) Aggregate of \$2,750,000 excess of \$250,000 of CLLAS retention after reflection of proportional reinsurance, andb) \$14,000,000 excess of \$14,000,000 of CLLAS retention after reflection of proportional reinsurance.
7/1995 - 6/1996	<ul style="list-style-type: none">a) Aggregate of \$4,700,000 excess of \$3,300,000 of CLLAS retention after reflection of proportional reinsurance, andb) \$14,000,000 excess of \$14,000,000 of CLLAS retention after reflection of proportional reinsurance.
7/1996 - 6/1997	<ul style="list-style-type: none">a) Aggregate of \$4,700,000 excess of \$3,300,000 of CLLAS retention after reflection of proportional reinsurance, andb) \$14,000,000 excess of \$14,000,000 of CLLAS retention after reflection of proportional reinsurance.

SCHEDULE I: CLLAS REINSURANCE ARRANGEMENTS

Aggregate Basis Ceded to Unregistered Company (Continued)

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

SCHEDULE I: CLLAS REINSURANCE ARRANGEMENTS

Aggregate Basis Ceded to Unregistered Company (Continued)

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

CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY

CUMULATIVE PAID LOSSES AND ALAE - GROSS BASIS (in \$000's)
As at December 31, 2013

<i>Year</i>	<i>6</i>	<i>18</i>	<i>30</i>	<i>42</i>	<i>54</i>	<i>66</i>	<i>78</i>	<i>90</i>	<i>102</i>	<i>114</i>	<i>126</i>	<i>138</i>	<i>150</i>	<i>162</i>	<i>174</i>	<i>186</i>	<i>198</i>	<i>210</i>	<i>Ultimate (1)</i>
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
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
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
July 1, 1990 - June 30, 1991	0	0	0	0	0	0	0	1,007	2,773	3,593	3,593	3,593	3,593	3,593	3,593	3,593	3,593	3,593	3,593
July 1, 1991 - June 30, 1992	0	0	0	0	0	1,244	6,061	6,036	6,036	6,036	6,036	7,417	7,417	7,417	7,417	7,417	7,417	7,417	7,417
July 1, 1992 - June 30, 1993	0	0	0	0	0	0	0	0	0	305	326	327	327	327	327	327	327	327	327
July 1, 1993 - June 30, 1994	0	0	0	15,287	15,279	15,279	15,280	15,280	15,280	15,280	16,314	16,832	17,109	30,655	30,655	30,655	30,655	30,655	30,655
July 1, 1994 - June 30, 1995	0	26	58	7,885	7,903	7,903	9,319	9,319	9,319	9,319	9,319	9,319	9,319	9,319	9,319	9,319	9,319	9,319	9,319
July 1, 1995 - June 30, 1996	0	0	1,217	1,375	1,393	1,407	3,752	3,743	3,743	3,743	3,743	3,743	3,743	3,743	3,743	3,743	3,743	3,743	3,743
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
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
July 1, 1998 - June 30, 1999	0	0	0	1,094	20,159	20,297	20,297	20,297	20,297	20,297	20,297	20,297	20,297	20,297	20,297	20,297	20,297	20,297	20,297
July 1, 1999 - June 30, 2000	0	0	0	0	0	421	421	7,026	7,026	8,482	8,493	8,493	8,493	8,493	8,493	8,493	8,493	8,493	8,493
July 1, 2000 - June 30, 2001	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	135
July 1, 2001 - June 30, 2002	0	0	0	3,046	3,144	17,180	17,553	17,554	17,554	17,554	17,554	17,554	17,554	17,554	17,554	17,554	17,554	17,554	17,874
July 1, 2002 - June 30, 2003	0	0	4	5	10	342	868	3,395	3,398	3,416	3,422	3,444	3,444	3,444	3,444	3,444	3,444	3,444	6,921
July 1, 2003 - June 30, 2004	0	0	22,503	24,279	24,447	25,735	28,084	37,302	37,503	38,933	38,933	38,933	38,933	38,933	38,933	38,933	38,933	38,933	39,362
July 1, 2004 - June 30, 2005	0	11	912	945	975	980	987	1,262	1,262	1,262	1,262	1,262	1,262	1,262	1,262	1,262	1,262	1,262	2,622
July 1, 2005 - June 30, 2006	0	3	3	683	712	712	712	712	764	764	764	764	764	764	764	764	764	764	1,647
July 1, 2006 - June 30, 2007	0	0	0	0	0	0	6,389	6,469	6,469	6,469	6,469	6,469	6,469	6,469	6,469	6,469	6,469	6,469	7,699
July 1, 2007 - June 30, 2008	0	0	2,166	2,184	13,439	14,160	14,165	14,165	14,165	14,165	14,165	14,165	14,165	14,165	14,165	14,165	14,165	14,165	17,343
July 1, 2008 - June 30, 2009	0	5	5	5	5	355	355	355	355	355	355	355	355	355	355	355	355	355	2,954
July 1, 2009 - June 30, 2010	0	20	20	523	523	523	523	523	523	523	523	523	523	523	523	523	523	523	12,889
July 1, 2010 - June 30, 2011	0	1,663	2,155	2,160	2,160	2,160	2,160	2,160	2,160	2,160	2,160	2,160	2,160	2,160	2,160	2,160	2,160	2,160	14,974
July 1, 2011 - June 30, 2012	10	107	107	107	107	107	107	107	107	107	107	107	107	107	107	107	107	107	10,852
July 1, 2012 - June 30, 2013	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	13,903
July 1, 2013 - Dec. 31, 2013	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	6,623

(1) From Exhibit V

PAID-TO-ULTIMATE PATTERN

Year	6	18	30	42	54	66	78	90	102	114	126	138	150	162	174	186	198	210
July 1, 1987 - June 30, 1988																		
July 1, 1988 - June 30, 1989																		
July 1, 1989 - June 30, 1990																		
July 1, 1990 - June 30, 1991								28.0%	77.2%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
July 1, 1991 - June 30, 1992						16.8%	81.7%	81.4%	81.4%	81.4%	81.4%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
July 1, 1992 - June 30, 1993										93.3%	99.7%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
July 1, 1993 - June 30, 1994				49.9%	49.8%	49.8%	49.8%	49.8%	49.8%	49.8%	53.2%	54.9%	55.8%	100.0%	100.0%	100.0%	100.0%	100.0%
July 1, 1994 - June 30, 1995		0.3%	0.6%	84.6%	84.8%	84.8%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
July 1, 1995 - June 30, 1996			32.5%	36.7%	37.2%	37.6%	100.2%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
July 1, 1996 - June 30, 1997																		
July 1, 1997 - June 30, 1998																		
July 1, 1998 - June 30, 1999				5.4%	99.3%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
July 1, 1999 - June 30, 2000						5.0%	5.0%	82.7%	82.7%	99.9%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
July 1, 2000 - June 30, 2001																		
July 1, 2001 - June 30, 2002				17.0%	17.6%	96.1%	98.2%	98.2%	98.2%	98.2%	98.2%	98.2%	98.2%	98.2%				
July 1, 2002 - June 30, 2003			0.1%	0.1%	0.1%	4.9%	12.5%	49.1%	49.1%	49.1%	49.4%	49.4%	49.8%					
July 1, 2003 - June 30, 2004			57.2%	61.7%	62.1%	65.4%	71.3%	94.8%	95.3%	98.9%	98.9%							
July 1, 2004 - June 30, 2005		0.4%	34.8%	36.0%	37.2%	37.4%	37.7%	48.1%	48.1%	48.1%								
July 1, 2005 - June 30, 2006		0.2%	0.2%	41.4%	43.2%	43.2%	43.2%	43.2%	46.4%									
July 1, 2006 - June 30, 2007								84.0%										
July 1, 2007 - June 30, 2008			12.5%	12.6%	77.5%	81.6%	81.7%											
July 1, 2008 - June 30, 2009		0.2%	0.2%	0.2%	0.2%	12.0%												
July 1, 2009 - June 30, 2010		0.2%	0.2%	4.1%	4.1%													
July 1, 2010 - June 30, 2011		11.1%	14.4%	14.4%														
July 1, 2011 - June 30, 2012	0.1%	1.0%	1.0%															
July 1, 2012 - June 30, 2013																		
July 1, 2013 - Dec. 31, 2013																		

PAYOUT PATTERN

	6	18	30	42	54	66	78	90	102	114	126	138	150	162	174	186	198	210
Selected at 12/31/2012	1.0%	7.0%	17.0%	27.0%	37.0%	48.5%	60.0%	70.0%	77.0%	80.5%	83.5%	86.5%	89.5%	92.5%	95.0%	97.0%	99.0%	100.0%
Selected at 12/31/2013	1.0%	7.0%	17.0%	27.0%	37.0%	48.5%	60.0%	70.0%	77.0%	80.5%	83.5%	86.5%	89.5%	92.5%	95.0%	97.0%	99.0%	100.0%

[illegible]

CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY

INCURRED LOSSES - GROSS BASIS (in \$000's)
As at December 31, 2013

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

REPORTED AGE-TO-AGE FACTORS

<i>Year</i>	<i>6-18</i>	<i>18-30</i>	<i>30-42</i>	<i>42-54</i>	<i>54-66</i>	<i>66-78</i>	<i>78-90</i>	<i>90-102</i>	<i>102-114</i>	<i>114-126</i>	<i>126-138</i>	<i>138-150</i>	<i>150-162</i>	<i>162-174</i>	<i>174-186</i>	<i>186-198</i>	<i>198-210</i>	<i>To Ult</i>
July 1, 1987 - June 30, 1988																		
July 1, 1988 - June 30, 1989																		
July 1, 1989 - June 30, 1990																		
July 1, 1990 - June 30, 1991				1.200	1.000	0.333	11.158	1.534	1.050	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
July 1, 1991 - June 30, 1992			1.429	1.620	2.282	0.763	1.068	1.000	1.000	0.987	0.997	1.000	1.000	1.000	1.000	1.000	1.000	1.000
July 1, 1992 - June 30, 1993								1.000	0.678	1.000	0.963	1.000	1.000	1.000	1.000	1.000	1.000	1.000
July 1, 1993 - June 30, 1994				1.106	0.998	1.158	1.408	1.000	1.000	1.048	1.000	0.942	1.000	1.000	1.000	1.000	1.000	1.000
July 1, 1994 - June 30, 1995		3.473	3.129	1.052	1.093	0.982	0.949	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
July 1, 1995 - June 30, 1996		1.820	1.022	1.034	2.386	1.090	0.997	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
July 1, 1996 - June 30, 1997																		
July 1, 1997 - June 30, 1998																		
July 1, 1998 - June 30, 1999		19.605	4.294	1.163	0.974	0.990	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
July 1, 1999 - June 30, 2000						1.000	1.116	0.999	1.026	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
July 1, 2000 - June 30, 2001						1.000	2.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
July 1, 2001 - June 30, 2002	1.000	13.400	1.297	2.227	0.969	1.000	1.000	0.974	1.000	0.962	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
July 1, 2002 - June 30, 2003		1.000	1.000	46.000	1.282	1.033	1.070	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
July 1, 2003 - June 30, 2004		54.839	1.023	1.000	1.035	1.088	1.223	1.015	0.992	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
July 1, 2004 - June 30, 2005	1.775	1.042	1.000	1.000	1.000	1.000	1.121	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
July 1, 2005 - June 30, 2006		1.000	251.330	1.000	1.000	1.000	1.000	1.143	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
July 1, 2006 - June 30, 2007	6.200	1.161	1.417	1.392	1.901	1.032	0.943											
July 1, 2007 - June 30, 2008			1.586	2.271	0.993	1.072												
July 1, 2008 - June 30, 2009		1.000	0.202	219.163	0.864													
July 1, 2009 - June 30, 2010	52.000	1.769	1.791	1.947														
July 1, 2010 - June 30, 2011		1.849	1.931															
July 1, 2011 - June 30, 2012	0.542	0.874																
July 1, 2012 - June 30, 2013																		
July 1, 2013 - Dec. 31, 2013																		

REPORTED AVERAGES

	<i>6-18</i>	<i>18-30</i>	<i>30-42</i>	<i>42-54</i>	<i>54-66</i>	<i>66-78</i>	<i>78-90</i>	<i>90-102</i>	<i>102-114</i>	<i>114-126</i>	<i>126-138</i>	<i>138-150</i>	<i>150-162</i>	<i>162-174</i>	<i>174-186</i>	<i>186-198</i>	<i>198-210</i>	<i>To Ult</i>
Simple Average																		
All years	12.303	7.910	19.461	18.878	1.270	0.969	1.861	1.048	0.980	0.997	1.000	1.000	0.993	1.000	1.000	1.000	1.000	1.000
Latest 5	26.271	1.373	1.385	45.155	1.152	1.038	1.071	1.026	0.998	0.992	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Medial Average																		
All years	2.992	4.284	1.743	4.847	1.211	1.004	1.163	1.013	1.002	1.000	0.998	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Latest 5	-	1.385	1.598	1.870	0.998	1.035	1.064	1.005	1.000	1.000	1.000	1.000	-	1.000	1.000	1.000	1.000	1.000
Volume Weighted Average																		
All years	4.834	6.044	1.861	1.362	1.154	1.029	1.147	1.009	0.999	0.995	1.004	1.000	0.978	1.000	1.000	1.000	1.000	1.000
Latest 5	13.897	3.007	1.704	2.032	1.131	1.072	1.155	1.003	0.995	0.990	0.981	1.000	1.000	1.000	1.000	1.000	1.000	1.000

REPORTED FACTOR SELECTIONS

	6-18	18-30	30-42	42-54	54-66	66-78	78-90	90-102	102-114	114-126	126-138	138-150	150-162	162-174	174-186	186-198	198-210	To Ult
Selected at 12/31/2012	1.993	2.439	1.481	1.351	1.267	1.071	1.000	1.000	1.014	1.020	1.007	1.008	1.000	1.000	1.000	1.000	1.000	1.000
Selected at 12/31/2013	2.019	2.524	1.500	1.296	1.200	1.071	1.005	1.010	1.010	1.005	1.000	1.002	1.010	1.008	1.000	1.000	1.000	1.000
Factor to ultimate	13.375	6.625	2.625	1.750	1.350	1.125	1.050	1.045	1.035	1.025	1.020	1.020	1.018	1.008	1.000	1.000	1.000	1.000
Selected % of Ultimate	0.075	0.151	0.381	0.571	0.741	0.889	0.952	0.957	0.966	0.976	0.980	0.980	0.983	0.993	1.000	1.000	1.000	1.000

[illegible]

[illegible]

CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY

CUMULATIVE PAID LOSSES AND ALAE - NET BASIS (1) (in \$000's)
As at December 31, 2013

Year	6	18	30	42	54	66	78	90	102	114	126	138	150	162	174	186	198	210	Ultimate (2)
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
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
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
July 1, 1990 - June 30, 1991	0	0	0	0	0	0	0	503	1,387	1,797	1,797	1,797	1,797	1,797	1,797	1,797	1,797	1,797	1,797
July 1, 1991 - June 30, 1992	0	0	0	0	0	622	2,785	2,780	2,780	2,780	2,780	3,470	3,470	3,470	3,470	3,470	3,470	3,470	3,470
July 1, 1992 - June 30, 1993	0	0	0	0	0	0	0	0	0	152	163	163	163	163	163	163	163	163	163
July 1, 1993 - June 30, 1994	0	0	0	4,182	4,180	4,180	4,191	4,191	4,191	4,191	4,708	4,967	5,105	8,388	8,388	8,388	8,388	8,388	8,388
July 1, 1994 - June 30, 1995	0	13	29	3,916	3,925	3,925	4,633	4,633	4,633	4,633	4,633	4,633	4,633	4,633	4,633	4,633	4,633	4,633	4,633
July 1, 1995 - June 30, 1996	0	0	608	688	696	703	1,876	1,871	1,871	1,871	1,871	1,871	1,871	1,871	1,871	1,871	1,871	1,871	1,871
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
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
July 1, 1998 - June 30, 1999	0	0	0	0	6,185	6,254	6,254	6,254	6,254	6,254	6,254	6,254	6,254	6,254	6,254	6,254	6,254	6,254	6,254
July 1, 1999 - June 30, 2000	0	0	0	0	0	210	210	2,731	2,731	3,459	3,465	3,465	3,465	3,465	3,465	3,465	3,465	3,465	3,465
July 1, 2000 - June 30, 2001	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	40
July 1, 2001 - June 30, 2002	0	0	0	1,523	1,572	5,532	5,602	5,602	5,602	5,602	5,602	5,602	5,602	5,602	5,602	5,602	5,602	5,602	5,698
July 1, 2002 - June 30, 2003	0	0	4	5	10	342	868	3,395	3,398	3,416	3,422	3,444	3,444	3,444	3,444	3,444	3,444	3,444	6,709
July 1, 2003 - June 30, 2004	0	0	7,481	9,033	9,064	10,352	11,009	12,342	12,503	13,933	13,933	13,933	13,933	13,933	13,933	13,933	13,933	13,933	14,137
July 1, 2004 - June 30, 2005	0	11	912	945	975	980	987	1,262	1,262	1,262	1,262	1,262	1,262	1,262	1,262	1,262	1,262	1,262	2,332
July 1, 2005 - June 30, 2006	0	3	3	683	712	712	712	712	764	764	764	764	764	764	764	764	764	764	1,201
July 1, 2006 - June 30, 2007	0	0	0	0	0	0	5,688	5,764	5,764	5,764	5,764	5,764	5,764	5,764	5,764	5,764	5,764	5,764	6,373
July 1, 2007 - June 30, 2008	0	0	2,166	2,184	8,361	8,520	8,521	8,521	8,521	8,521	8,521	8,521	8,521	8,521	8,521	8,521	8,521	8,521	11,213
July 1, 2008 - June 30, 2009	0	5	5	5	5	355	355	355	355	355	355	355	355	355	355	355	355	355	2,077
July 1, 2009 - June 30, 2010	0	20	20	523	523	523	523	523	523	523	523	523	523	523	523	523	523	523	10,957
July 1, 2010 - June 30, 2011	0	1,663	2,155	2,160	2,160	2,160	2,160	2,160	2,160	2,160	2,160	2,160	2,160	2,160	2,160	2,160	2,160	2,160	11,516
July 1, 2011 - June 30, 2012	10	107	107	107	107	107	107	107	107	107	107	107	107	107	107	107	107	107	3,061
July 1, 2012 - June 30, 2013	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	423
July 1, 2013 - Dec. 31, 2013	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	206

(1) Net of proportional reinsurance

(2) From Exhibit V

PAID -TO-ULTIMATE PATTERN

Year	6	18	30	42	54	66	78	90	102	114	126	138	150	162	174	186	198	210
July 1, 1987 - June 30, 1988																		
July 1, 1988 - June 30, 1989																		
July 1, 1989 - June 30, 1990																		
July 1, 1990 - June 30, 1991								28.0%	77.2%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
July 1, 1991 - June 30, 1992						17.9%	80.3%	80.1%	80.1%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
July 1, 1992 - June 30, 1993									93.3%	99.7%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
July 1, 1993 - June 30, 1994				49.9%	49.8%	49.8%	50.0%	50.0%	50.0%	50.0%	56.1%	59.2%	60.9%	100.0%	100.0%	100.0%	100.0%	100.0%
July 1, 1994 - June 30, 1995		0.3%	0.6%	84.5%	84.7%	84.7%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
July 1, 1995 - June 30, 1996			32.5%	36.7%	37.2%	37.6%	100.2%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
July 1, 1996 - June 30, 1997																		
July 1, 1997 - June 30, 1998																		
July 1, 1998 - June 30, 1999					98.9%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
July 1, 1999 - June 30, 2000						6.1%	6.1%	78.8%	78.8%	99.8%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
July 1, 2000 - June 30, 2001																		
July 1, 2001 - June 30, 2002				26.7%	27.6%	97.1%	98.3%	98.3%	98.3%	98.3%	98.3%	98.3%	98.3%	98.3%	98.3%	98.3%	98.3%	98.3%
July 1, 2002 - June 30, 2003			0.1%	0.1%	0.1%	5.1%	12.9%	50.6%	50.6%	50.9%	51.0%	51.3%	51.3%	51.3%	51.3%	51.3%	51.3%	51.3%
July 1, 2003 - June 30, 2004			52.9%	63.9%	64.1%	73.2%	77.9%	87.3%	88.4%	98.6%	98.6%	98.6%	98.6%	98.6%	98.6%	98.6%	98.6%	98.6%
July 1, 2004 - June 30, 2005		0.5%	39.1%	40.5%	41.8%	42.0%	42.3%	54.1%	54.1%	54.1%	54.1%	54.1%	54.1%	54.1%	54.1%	54.1%	54.1%	54.1%
July 1, 2005 - June 30, 2006		0.2%	0.2%	56.8%	59.3%	59.3%	59.3%	59.3%	63.6%	63.6%	63.6%	63.6%	63.6%	63.6%	63.6%	63.6%	63.6%	63.6%
July 1, 2006 - June 30, 2007							89.3%	90.5%	90.5%	90.5%	90.5%	90.5%	90.5%	90.5%	90.5%	90.5%	90.5%	90.5%
July 1, 2007 - June 30, 2008			19.3%	19.5%	74.6%	76.0%	76.0%	76.0%	76.0%	76.0%	76.0%	76.0%	76.0%	76.0%	76.0%	76.0%	76.0%	76.0%
July 1, 2008 - June 30, 2009		0.2%	0.2%	0.2%	0.2%	17.1%	17.1%	17.1%	17.1%	17.1%	17.1%	17.1%	17.1%	17.1%	17.1%	17.1%	17.1%	17.1%
July 1, 2009 - June 30, 2010		0.2%	0.2%	0.2%	4.8%	4.8%	4.8%	4.8%	4.8%	4.8%	4.8%	4.8%	4.8%	4.8%	4.8%	4.8%	4.8%	4.8%
July 1, 2010 - June 30, 2011		14.4%	18.7%	18.8%	18.8%	18.8%	18.8%	18.8%	18.8%	18.8%	18.8%	18.8%	18.8%	18.8%	18.8%	18.8%	18.8%	18.8%
July 1, 2011 - June 30, 2012	0.3%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%
July 1, 2012 - June 30, 2013																		
July 1, 2013 - Dec. 31, 2013	0.3%	2.8%	15.2%	33.5%	45.3%	51.2%	68.7%	75.2%	78.4%	85.4%	89.4%	90.9%	95.5%	100.0%	100.0%	100.0%	100.0%	100.0%

PAYOUT PATTERN

Year	6	18	30	42	54	66	78	90	102	114	126	138	150	162	174	186	198	210
Selected at 12/31/2012	1.0%	7.0%	17.0%	27.0%	37.0%	48.5%	60.0%	70.0%	77.0%	80.5%	83.5%	86.5%	89.5%	92.5%	95.0%	97.0%	99.0%	100.0%
Selected at 12/31/2013	1.0%	7.0%	17.0%	27.0%	37.0%	48.5%	60.0%	70.0%	77.0%	80.5%	83.5%	86.5%	89.5%	92.5%	95.0%	97.0%	99.0%	100.0%

CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY

CASE RESERVES - NET BASIS (1) (in \$000's)
As at December 31, 2013

Year	6	18	30	42	54	66	78	90	102	114	126	138	150	162	174	186	198	210
July 1, 1987 - June 30, 1988	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
July 1, 1989 - June 30, 1990	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	300	300	100	613	325	0	0	0	0	0	0	0	0	0
July 1, 1991 - June 30, 1992	0	0	875	1,250	2,025	3,100	499	750	750	750	750	10	0	0	0	0	0	0
July 1, 1992 - June 30, 1993	0	0	0	0	0	0	0	250	250	17	7	0	0	0	0	0	0	0
July 1, 1993 - June 30, 1994	0	0	0	833	1,882	1,875	2,700	4,425	4,425	4,425	3,908	3,919	3,780	0	0	0	0	0
July 1, 1994 - June 30, 1995	0	388	1,362	409	625	1,050	250	0	0	0	0	0	0	0	0	0	0	0
July 1, 1995 - June 30, 1996	0	375	74	10	25	1,018	1	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
July 1, 1997 - June 30, 1998	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	108	2,108	2,233	385	108	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	2,600	626	625	5	0	0	0	0	0	0	0	0
July 1, 2000 - June 30, 2001	0	0	0	0	0	250	250	500	500	500	500	0	0	0	0	0	0	0
July 1, 2001 - June 30, 2002	250	250	3,350	2,821	4,893	667	598	598	350	350	0	0	0	0	0	0	0	0
July 1, 2002 - June 30, 2003	0	100	96	95	4,590	5,555	5,226	3,126	3,123	3,105	3,099	3,077	0	0	0	0	0	0
July 1, 2003 - June 30, 2004	0	500	3,755	1,939	1,909	744	463	1,325	1,750	0	0	0	0	0	0	0	0	0
July 1, 2004 - June 30, 2005	1,000	1,764	938	905	875	870	863	812	812	812	0	0	0	0	0	0	0	0
July 1, 2005 - June 30, 2006	0	0	0	30	0	0	0	0	50	0	0	0	0	0	0	0	0	0
July 1, 2006 - June 30, 2007	250	1,550	1,800	2,550	3,550	6,150	505	60	0	0	0	0	0	0	0	0	0	0
July 1, 2007 - June 30, 2008	0	0	2,100	4,582	1,263	1,086	2,185	0	0	0	0	0	0	0	0	0	0	0
July 1, 2008 - June 30, 2009	0	20	20	0	0	1,100	600	0	0	0	0	0	0	0	0	0	0	0
July 1, 2009 - June 30, 2010	25	1,280	2,280	3,597	7,500	0	0	0	0	0	0	0	0	0	0	0	0	0
July 1, 2010 - June 30, 2011	0	365	1,594	4,582	0	0	0	0	0	0	0	0	0	0	0	0	0	0
July 1, 2011 - June 30, 2012	215	15	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
July 1, 2012 - June 30, 2013	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
July 1, 2013 - Dec. 31, 2013	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) (in \$000's)
As at December 31, 2013

Year	6	18	30	42	54	66	78	90	102	114	126	138	150	162	174	186	198	210
July 1, 1987 - June 30, 1988	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
July 1, 1989 - June 30, 1990	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	300	300	100	1,116	1,712	1,797	1,797	1,797	1,797	1,797	1,797	1,797	1,797	1,797
July 1, 1991 - June 30, 1992	0	0	875	1,250	2,025	3,722	3,284	3,530	3,530	3,530	3,530	3,480	3,470	3,470	3,470	3,470	3,470	3,470
July 1, 1992 - June 30, 1993	0	0	0	0	0	0	0	250	250	170	170	163	163	163	163	163	163	163
July 1, 1993 - June 30, 1994	0	0	0	5,014	6,063	6,056	6,891	8,616	8,616	8,616	8,616	8,886	8,886	8,886	8,888	8,888	8,888	8,888
July 1, 1994 - June 30, 1995	0	400	1,391	4,326	4,550	4,975	4,883	4,633	4,633	4,633	4,633	4,633	4,633	4,633	4,633	4,633	4,633	4,633
July 1, 1995 - June 30, 1996	0	375	682	698	721	1,721	1,876	1,871	1,871	1,871	1,871	1,871	1,871	1,871	1,871	1,871	1,871	1,871
July 1, 1996 - June 30, 1997	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
July 1, 1998 - June 30, 1999	0	108	2,108	2,233	6,570	6,362	6,254	6,254	6,254	6,254	6,254	6,254	6,254	6,254	6,254	6,254	6,254	6,254
July 1, 1999 - June 30, 2000	0	0	0	0	0	2,810	2,810	3,358	3,356	3,465	3,465	3,465	3,465	3,465	3,465	3,465	3,465	3,465
July 1, 2000 - June 30, 2001	0	0	0	0	0	250	250	500	500	500	500	0	0	0	0	0	0	0
July 1, 2001 - June 30, 2002	250	250	3,350	4,344	6,465	6,200	6,200	6,200	5,952	5,952	5,602	5,602	5,602	5,602	5,602	5,602	5,602	5,602
July 1, 2002 - June 30, 2003	0	100	100	100	4,600	5,898	6,094	6,521	6,521	6,521	6,521	6,521	6,521	6,521	6,521	6,521	6,521	6,521
July 1, 2003 - June 30, 2004	0	500	11,236	10,973	10,973	11,097	11,471	13,666	14,253	13,933	13,933	13,933	13,933	13,933	13,933	13,933	13,933	13,933
July 1, 2004 - June 30, 2005	1,000	1,775	1,850	1,850	1,850	1,850	1,850	2,074	2,074	2,074	2,074	2,074	2,074	2,074	2,074	2,074	2,074	2,074
July 1, 2005 - June 30, 2006	0	3	3	712	712	712	712	712	814	814	814	814	814	814	814	814	814	814
July 1, 2006 - June 30, 2007	250	1,550	1,800	2,550	3,550	6,150	6,193	5,824	5,824	5,824	5,824	5,824	5,824	5,824	5,824	5,824	5,824	5,824
July 1, 2007 - June 30, 2008	0	0	4,266	6,766	9,624	9,606	10,706	10,706	10,706	10,706	10,706	10,706	10,706	10,706	10,706	10,706	10,706	10,706
July 1, 2008 - June 30, 2009	0	25	25	5	1,105	955	955	955	955	955	955	955	955	955	955	955	955	955
July 1, 2009 - June 30, 2010	25	1,300	2,300	4,120	8,023	8,023	8,023	8,023	8,023	8,023	8,023	8,023	8,023	8,023	8,023	8,023	8,023	8,023
July 1, 2010 - June 30, 2011	0	2,027	3,750	6,742	6,742	6,742	6,742	6,742	6,742	6,742	6,742	6,742	6,742	6,742	6,742	6,742	6,742	6,742
July 1, 2011 - June 30, 2012	225	122	107	107	107	107	107	107	107	107	107	107	107	107	107	107	107	107
July 1, 2012 - June 30, 2013	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
July 1, 2013 - Dec. 31, 2013	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

(1) Net of proportional reinsurance

REPORTED AGE-TO-AGE FACTORS

Year	6-18	18-30	30-42	42-54	54-66	66-78	78-90	90-102	102-114	114-126	126-138	138-150	150-162	162-174	174-186	186-198	198-210	To Ult
July 1, 1987 - June 30, 1988																		
July 1, 1988 - June 30, 1989																		
July 1, 1989 - June 30, 1990																		
July 1, 1990 - June 30, 1991				1.200	1.000	0.333	11.158	1.534	1.050	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
July 1, 1991 - June 30, 1992			1.429	1.620	1.838	0.882	1.075	1.000	1.000	0.986	0.997	1.000	1.000	1.000	1.000	1.000	1.000	1.000
July 1, 1992 - June 30, 1993								1.000	0.678	1.000	0.963	1.000	1.000	1.000	1.000	1.000	1.000	1.000
July 1, 1993 - June 30, 1994				1.209	0.999	1.138	1.250	1.000	1.000	1.031	1.000	0.944	1.000	1.000	1.000	1.000	1.000	1.000
July 1, 1994 - June 30, 1995		3.473	3.110	1.052	1.093	0.982	0.949	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
July 1, 1995 - June 30, 1996		1.820	1.022	1.034	2.386	1.090	0.997	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
July 1, 1996 - June 30, 1997																		
July 1, 1997 - June 30, 1998																		
July 1, 1998 - June 30, 1999		19.605	1.059	2.943	0.968	0.983	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
July 1, 1999 - June 30, 2000						1.000	1.195	1.000	1.032	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
July 1, 2000 - June 30, 2001						1.000	2.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
July 1, 2001 - June 30, 2002	1.000	13.400	1.297	1.488	0.959	1.000	1.000	0.960	1.000	0.941	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
July 1, 2002 - June 30, 2003		1.000	1.000	46.000	1.282	1.033	1.070	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
July 1, 2003 - June 30, 2004		22.471	0.977	1.000	1.011	1.034	1.191	1.043	0.978	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
July 1, 2004 - June 30, 2005	1.775	1.042	1.000	1.000	1.000	1.000	1.121	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
July 1, 2005 - June 30, 2006		1.000	251.330	1.000	1.000	1.000	1.000	1.143	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
July 1, 2006 - June 30, 2007	6.200	1.161	1.417	1.392	1.732	1.007	0.940	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
July 1, 2007 - June 30, 2008			1.586	1.422	0.998	1.115	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
July 1, 2008 - June 30, 2009		1.000	0.202	219.163	0.864	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
July 1, 2009 - June 30, 2010	52.000	1.769	1.791	1.947	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
July 1, 2010 - June 30, 2011		1.849	1.798	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
July 1, 2011 - June 30, 2012	0.542	0.874	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
July 1, 2012 - June 30, 2013																		
July 1, 2013 - Dec. 31, 2013																		

REPORTED AVERAGES

	6-18	18-30	30-42	42-54	54-66	66-78	78-90	90-102	102-114	114-126	126-138	138-150	150-162	162-174	174-186	186-198	198-210	To Ult
Simple Average																		
All years	12.303	5.420	19.216	18.898	1.224	0.973	1.853	1.049	0.980	0.995	0.998	1.000	0.993	1.000	1.000	1.000	1.000	1.000
Latest 5	26.271	1.373	1.359	44.985	1.119	1.031	1.065	1.029	0.996	0.988	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Medial Average																		
All years	2.992	4.284	1.457	4.870	1.157	1.010	1.154	1.015	1.001	1.000	0.998	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Latest 5	-	1.385	1.598	1.587	0.999	1.014	1.064	1.014	1.000	1.000	1.000	1.000	-	1.000	1.000	1.000	1.000	1.000
Volume Weighted Average																		
All years	4.877	3.965	1.539	1.486	1.162	1.028	1.106	1.017	0.997	0.994	0.993	1.000	0.984	1.000	1.000	1.000	1.000	1.000
Latest 5	13.897	3.007	1.662	1.626	1.144	1.052	1.094	1.015	0.989	0.988	0.978	1.000	1.000	1.000	1.000	1.000	1.000	1.000

REPORTED FACTOR SELECTIONS

	6-18	18-30	30-42	42-54	54-66	66-78	78-90	90-102	102-114	114-126	126-138	138-150	150-162	162-174	174-186	186-198	198-210	To Ult
Selected at 12/31/2012	1.993	2.439	1.481	1.351	1.267	1.071	1.000	1.000	1.014	1.020	1.007	1.008	1.000	1.000	1.000	1.000	1.000	1.000
Selected at 12/31/2013	2.019	2.524	1.500	1.296	1.200	1.071	1.005	1.010	1.010	1.005	1.000	1.002	1.010	1.008	1.000	1.000	1.000	1.000
Factor to ultimate	13.375	6.625	2.625	1.750	1.350	1.125	1.050	1.045	1.035	1.025	1.020	1.020	1.018	1.008	1.000	1.000	1.000	1.000
Selected % of Ultimate	0.075	0.151	0.381	0.571	0.741	0.889	0.952	0.957	0.966	0.976	0.980	0.980	0.983	0.993	1.000	1.000	1.000	1.000

CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY

CUMULATIVE NUMBER OF CLAIMS REPORTED - NET BASIS (1)
As at December 31, 2013

Year	6	18	30	42	54	66	78	90	102	114	126	138	150	162	174	186	198	210
July 1, 1987 - June 30, 1988	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
July 1, 1989 - June 30, 1990	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
July 1, 1991 - June 30, 1992	0	0	2	3	4	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
July 1, 1993 - June 30, 1994	0	0	0	4	4	4	4	4	4	4	4	4	4	2	2	2	2	2
July 1, 1994 - June 30, 1995	0	2	3	5	5	5	5	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
July 1, 1996 - June 30, 1997	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
July 1, 1998 - June 30, 1999	0	1	2	3	3	3	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
July 1, 2000 - June 30, 2001	0	0	0	0	0	1	1	1	1	1	1	0	0	0	0	0	0	0
July 1, 2001 - June 30, 2002	1	1	3	4	5	6	6	6	6	6	6	4	4	4	4	4	4	4
July 1, 2002 - June 30, 2003	0	1	1	1	2	2	2	3	3	3	3	3	3	3	3	3	3	3
July 1, 2003 - June 30, 2004	0	1	3	3	3	3	3	4	4	4	4	4	4	4	4	4	4	4
July 1, 2004 - June 30, 2005	1	2	2	2	2	2	2	3	3	3	3	3	3	3	3	3	3	3
July 1, 2005 - June 30, 2006	0	1	1	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2
July 1, 2006 - June 30, 2007	1	1	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2
July 1, 2007 - June 30, 2008	0	0	3	3	3	3	4	4	4	4	4	4	4	4	4	4	4	4
July 1, 2008 - June 30, 2009	0	1	1	1	3	3	3	3	3	3	3	3	3	3	3	3	3	3
July 1, 2009 - June 30, 2010	1	2	3	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4
July 1, 2010 - June 30, 2011	0	2	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4
July 1, 2011 - June 30, 2012	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2
July 1, 2012 - June 30, 2013	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
July 1, 2013 - Dec. 31, 2013	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

NUMBER OF CLAIMS OPEN - NET BASIS (1)
As at December 31, 2013

<i>Year</i>	<i>6</i>	<i>18</i>	<i>30</i>	<i>42</i>	<i>54</i>	<i>66</i>	<i>78</i>	<i>90</i>	<i>102</i>	<i>114</i>	<i>126</i>	<i>138</i>	<i>150</i>	<i>162</i>	<i>174</i>	<i>186</i>	<i>198</i>	<i>210</i>
July 1, 1987 - June 30, 1988	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
July 1, 1989 - June 30, 1990	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
July 1, 1991 - June 30, 1992	0	0	2	3	4	2	1	1	1	1	1	1	0	0	0	0	0	0
July 1, 1992 - June 30, 1993	0	0	0	0	0	0	0	1	1	1	1	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
July 1, 1994 - June 30, 1995	0	2	3	5	2	2	1	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
July 1, 1996 - June 30, 1997	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
July 1, 1998 - June 30, 1999	0	1	2	3	3	1	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	1	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	0	0	0	0	0	0	0
July 1, 2001 - June 30, 2002	1	1	3	4	4	5	4	4	2	2	0	0	0	0	0	0	0	0
July 1, 2002 - June 30, 2003	0	1	1	1	2	2	2	1	1	1	1	1	0	0	0	0	0	0
July 1, 2003 - June 30, 2004	0	1	3	2	2	2	2	3	1	0	0	0	0	0	0	0	0	0
July 1, 2004 - June 30, 2005	1	2	2	2	2	2	2	2	2	2	0	0	0	0	0	0	0	0
July 1, 2005 - June 30, 2006	0	0	0	1	0	0	0	0	1	0	0	0	0	0	0	0	0	0
July 1, 2006 - June 30, 2007	1	1	2	2	2	2	2	2	0	0	0	0	0	0	0	0	0	0
July 1, 2007 - June 30, 2008	0	0	3	3	3	3	4	0	0	0	0	0	0	0	0	0	0	0
July 1, 2008 - June 30, 2009	0	1	1	1	3	2	0	0	0	0	0	0	0	0	0	0	0	0
July 1, 2009 - June 30, 2010	1	2	3	4	3	0	0	0	0	0	0	0	0	0	0	0	0	0
July 1, 2010 - June 30, 2011	0	2	3	2	0	0	0	0	0	0	0	0	0	0	0	0	0	0
July 1, 2011 - June 30, 2012	2	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
July 1, 2012 - June 30, 2013	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
July 1, 2013 - Dec. 31, 2013	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, 2013

<i>LAYER</i>	<i>4.4 xs .6</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	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><i>Derivation of Loss Adjustment Expenses</i></u>				
IBNR LAE	\$0	\$0	\$0	\$0
Case Reserves LAE	\$0	\$0	\$0	\$0
Total LAE(3.15%)	\$0	\$0	\$0	\$0
<u><i>Distribution of Losses between CLLAS and Proportional Reinsurers</i></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, 2013

<i>LAYER</i>	<i>4.4 xs .6</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	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><i>Derivation of Loss Adjustment Expenses</i></u>				
IBNR LAE	\$0	\$0	\$0	\$0
Case Reserves LAE	\$0	\$0	\$0	\$0
Total LAE(3.15%)	\$0	\$0	\$0	\$0
<u><i>Distribution of Losses between CLLAS and Proportional Reinsurers</i></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, 2013

LAYER	4 xs 1	5 xs 5	15 xs 10	Totals
<u>Derivation of Ultimate Incurred</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>Derivation of Loss Adjustment Expenses</u>				
IBNR LAE	\$0	\$0	\$0	\$0
Case Reserves LAE	\$0	\$0	\$0	\$0
Total LAE(3.15%)	\$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: 1989-1

As at December 31, 2013

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(3.15%)	\$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, 2013

<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	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><i>Derivation of Loss Adjustment Expenses</i></u>				
IBNR LAE	\$0	\$0	\$0	\$0
Case Reserves LAE	\$0	\$0	\$0	\$0
Total LAE(3.15%)	\$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	0.7587	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, 2013

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(3.15%)	\$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, 2013

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(3.15%)	\$0	\$0	\$0	\$0	\$0
<u>Distribution of Losses between CLLAS and Proportional Reinsurers</u>					
Retention	0.5000	0.0800	0.1733	0.0000	
Reinsured 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, 2013

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(3.15%)	\$0	\$0	\$0	\$0	\$0
<u>Distribution of Losses between CLLAS and Proportional Reinsurers</u>					
Retention	0.5000	0.0800	0.1733	0.0000	
Reinsured 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, 2013

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(3.15%)	\$0	\$0	\$0	\$0	\$0	\$0
<u>Distribution of Losses between CLLAS and Proportional Reinsurers</u>						
Retention	0.5000	0.2000	0.1800	0.1250	0.0000	
Reinsured 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, 2013

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(3.15%)	\$0	\$0	\$0	\$0	\$0	\$0
<u>Distribution of Losses between CLLAS and Proportional Reinsurers</u>						
Retention	0.5000	0.2000	0.1800	0.1250	0.0000	
Reinsured 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, 2013

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(3.15%)	\$0	\$0	\$0	\$0	\$0	\$0
<u>Distribution of Losses between CLLAS and Proportional Reinsurers</u>						
Retention	0.5000	0.2000	0.1800	0.1250	0.0000	
Reinsured 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, 2013

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(3.15%)	\$0	\$0	\$0	\$0	\$0	\$0
<u>Distribution of Losses between CLLAS and Proportional Reinsurers</u>						
Retention	0.5000	0.2000	0.1800	0.1250	0.0000	
Reinsured 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, 2013

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(3.15%)	\$0	\$0	\$0	\$0	\$0	\$0
<u>Distribution of Losses between CLLAS and Proportional Reinsurers</u>						
Retention	0.5000	0.2000	0.1800	0.1250	0.0000	
Reinsured 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, 2013

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(3.15%)	\$0	\$0	\$0	\$0	\$0	\$0
<u>Distribution of Losses between CLLAS and Proportional Reinsurers</u>						
Retention	0.5000	0.2000	0.1800	0.1250	0.0000	
Reinsured 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, 2013

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(3.15%)	\$0	\$0	\$0	\$0	\$0	\$0
<u>Distribution of Losses between CLLAS and Proportional Reinsurers</u>						
Retention	0.5000	0.2000	0.1800	0.1250	0.0000	
Reinsured 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, 2013

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(3.15%)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<u>Distribution of Losses between CLLAS and Proportional Reinsurers</u>							
Retention	1.0000	0.5000	0.2000	0.1800	0.1250	0.0000	
Reinsured 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, 2013

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	0.000	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	\$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(3.15%)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<u>Distribution of Losses between CLLAS and Proportional Reinsurers</u>							
Retention	1.0000	0.5000	0.2000	0.1800	0.1250	0.0000	
Reinsured 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, 2013

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	0.000	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	\$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(3.15%)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<u>Distribution of Losses between CLLAS and Proportional Reinsurers</u>							
Retention	1.0000	0.5000	0.2000	0.1800	0.1250	0.0000	
Reinsured 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, 2013

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	0.000	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	\$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(3.15%)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<u>Distribution of Losses between CLLAS and Proportional Reinsurers</u>							
Retention	1.0000	0.5000	0.2000	0.1800	0.1250	0.0000	
Reinsured 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	\$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 : 1997-1

As at December 31, 2013

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	0.000	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	\$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(3.15%)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<u>Distribution of Losses between CLLAS and Proportional Reinsurers</u>							
Retention	1.0000	0.5000	0.2000	0.1800	0.1250	0.0000	
Reinsured 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	\$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 : 1997-2

As at December 31, 2013

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	0.000	0.000	0.000	0.000	0.000	0.000	0	
IBNR Amount	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Case Reserves	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Reserves (Ind. & Leg.)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Paid to Date	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Ultimate Incurred	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<u>Derivation of Loss Adjustment Expenses</u>								
IBNR LAE	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Case Reserves LAE	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total LAE(3.15%)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<u>Distribution of Losses between CLLAS and Proportional Reinsurers</u>								
Retention	1.0000	0.5000	0.2000	0.1800	0.1250	0.0000	0.0000	
Reinsured 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	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
IBNR Reserves Ceded to								
Registered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Unregistered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Reserves Retained	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Reserves Ceded to								
Registered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Unregistered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY

IBNR - REFLECTING PROPORTIONAL REINSURANCE

Period : 1998-1

As at December 31, 2013

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	0.000	0.000	0.000	0.000	0.000	0.000	0	
IBNR Amount	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Case Reserves	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Reserves (Ind. & Leg.)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Paid to Date	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Ultimate Incurred	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<u>Derivation of Loss Adjustment Expenses</u>								
IBNR LAE	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Case Reserves LAE	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total LAE(3.15%)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<u>Distribution of Losses between CLLAS and Proportional Reinsurers</u>								
Retention	1.0000	0.5000	0.2000	0.1800	0.1250	0.0000	0.0000	
Reinsured 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	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
IBNR Reserves Ceded to								
Registered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Unregistered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Reserves Retained	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Reserves Ceded to								
Registered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Unregistered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY

IBNR - REFLECTING PROPORTIONAL REINSURANCE

Period : 1998-2

As at December 31, 2013

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	0.000	0.000	0.000	0.000	0.000	0.000	0	
IBNR Amount	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Case Reserves	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Reserves (Ind. & Leg.)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Paid to Date	\$0	\$7,658,266	\$7,500,000	\$5,138,403	\$0	\$0	\$0	\$20,296,669
Total Ultimate Incurred	\$0	\$7,658,266	\$7,500,000	\$5,138,403	\$0	\$0	\$0	\$20,296,669
<u>Derivation of Loss Adjustment Expenses</u>								
IBNR LAE	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Case Reserves LAE	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total LAE(3.15%)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<u>Distribution of Losses between CLLAS and Proportional Reinsurers</u>								
Retention	1.0000	0.5000	0.2000	0.1800	0.1250	0.0000	0.0000	
Reinsured 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	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
IBNR Reserves Ceded to								
Registered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Unregistered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Reserves Retained	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Reserves Ceded to								
Registered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Unregistered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY

IBNR - REFLECTING PROPORTIONAL REINSURANCE

Period : 1999-1

As at December 31, 2013

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	0.000	0.000	0.000	0.000	0.000	0.000	0	
IBNR Amount	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Case Reserves	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Reserves (Ind. & Leg.)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Paid to Date	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Ultimate Incurred	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<u>Derivation of Loss Adjustment Expenses</u>								
IBNR LAE	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Case Reserves LAE	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total LAE(3.15%)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<u>Distribution of Losses between CLLAS and Proportional Reinsurers</u>								
Retention	1.0000	0.5000	0.2000	0.1800	0.1250	0.0000	0.0000	
Reinsured 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	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
IBNR Reserves Ceded to								
Registered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Unregistered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Reserves Retained	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Reserves Ceded to								
Registered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Unregistered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY

IBNR - REFLECTING PROPORTIONAL REINSURANCE

Period : 1999-2

As at December 31, 2013

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	0.000	0.000	0.000	0.000	0.000	0.000	0	
IBNR Amount	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Case Reserves	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Reserves (Ind. & Leg.)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Paid to Date	\$0	\$5,466,191	\$2,605,779	\$0	\$0	\$0	\$0	\$8,071,971
Total Ultimate Incurred	\$0	\$5,466,191	\$2,605,779	\$0	\$0	\$0	\$0	\$8,071,971
<u>Derivation of Loss Adjustment Expenses</u>								
IBNR LAE	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Case Reserves LAE	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total LAE(3.15%)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<u>Distribution of Losses between CLLAS and Proportional Reinsurers</u>								
Retention	1.0000	0.5000	0.2000	0.1800	0.1250	0.0000	0.0000	
Reinsured 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	\$2,733,096	\$521,156	\$0	\$0	\$0	\$0	\$3,254,252
Paid Ceded to								
Registered Reinsurers	\$0	\$2,558,178	\$1,979,871	\$0	\$0	\$0	\$0	\$4,538,049
Unregistered Reinsurers	\$0	\$174,918	\$104,752	\$0	\$0	\$0	\$0	\$279,670
Case Reserves Retained	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Case Reserves Ceded to								
Registered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Unregistered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
IBNR Reserves Retained	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
IBNR Reserves Ceded to								
Registered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Unregistered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Reserves Retained	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Reserves Ceded to								
Registered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Unregistered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY

IBNR - REFLECTING PROPORTIONAL REINSURANCE

Period : 2000-1

As at December 31, 2013

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	1,732	1,287	
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	\$519,725	\$263,818	
IBNR Factor	0.000	0.000	0.000	0.000	0.000	0.000	0	
IBNR Amount	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Case Reserves	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Reserves (Ind. & Leg.)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Paid to Date	\$0	\$420,614	\$0	\$0	\$0	\$0	\$0	\$420,614
Total Ultimate Incurred	\$0	\$420,614	\$0	\$0	\$0	\$0	\$0	\$420,614
<u>Derivation of Loss Adjustment Expenses</u>								
IBNR LAE	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Case Reserves LAE	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total LAE(3.15%)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<u>Distribution of Losses between CLLAS and Proportional Reinsurers</u>								
Retention	1.0000	0.5000	0.2000	0.1800	0.1250	0.0000	0.0000	
Reinsured 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								
Registered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Unregistered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
IBNR Reserves Retained	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
IBNR Reserves Ceded to								
Registered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Unregistered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Reserves Retained	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Reserves Ceded to								
Registered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Unregistered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY

IBNR - REFLECTING PROPORTIONAL REINSURANCE

Period : 2000-2

As at December 31, 2013

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	0.008	0.008	0.008	0.008	0.008	0.008	0.008	
IBNR Amount	\$1,074	\$22,446	\$17,905	\$14,545	\$6,689	\$1,276	\$503	\$64,438
Case Reserves	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Reserves (Ind. & Leg.)	\$1,074	\$22,446	\$17,905	\$14,545	\$6,689	\$1,276	\$503	\$64,438
Paid to Date	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Ultimate Incurred	\$1,074	\$22,446	\$17,905	\$14,545	\$6,689	\$1,276	\$503	\$64,438
<u>Derivation of Loss Adjustment Expenses</u>								
IBNR LAE	\$34	\$707	\$564	\$458	\$211	\$40	\$16	\$2,030
Case Reserves LAE	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total LAE(3.15%)	\$34	\$707	\$564	\$458	\$211	\$40	\$16	\$2,030
<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	\$1,074	\$11,223	\$3,581	\$2,618	\$836	\$0	\$0	\$19,332
IBNR Reserves Ceded to								
Registered Reinsurers	\$0	\$10,505	\$13,604	\$11,288	\$5,293	\$1,097	\$443	\$42,231
Unregistered Reinsurers	\$0	\$718	\$720	\$639	\$561	\$179	\$60	\$2,875
Total Reserves Retained	\$1,074	\$11,223	\$3,581	\$2,618	\$836	\$0	\$0	\$19,332
Reserves Ceded to								
Registered Reinsurers	\$0	\$10,505	\$13,604	\$11,288	\$5,293	\$1,097	\$443	\$42,231
Unregistered Reinsurers	\$0	\$718	\$720	\$639	\$561	\$179	\$60	\$2,875

CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY

IBNR - REFLECTING PROPORTIONAL REINSURANCE

Period : 2001-1

As at December 31, 2013

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	0.008	0.008	0.008	0.008	0.008	0.008	0.008	
IBNR Amount	\$1,170	\$24,461	\$19,512	\$15,851	\$7,290	\$1,375	\$537	\$70,196
Case Reserves	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Reserves (Ind. & Leg.)	\$1,170	\$24,461	\$19,512	\$15,851	\$7,290	\$1,375	\$537	\$70,196
Paid to Date	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Ultimate Incurred	\$1,170	\$24,461	\$19,512	\$15,851	\$7,290	\$1,375	\$537	\$70,196
<u>Derivation of Loss Adjustment Expenses</u>								
IBNR LAE	\$37	\$771	\$615	\$499	\$230	\$43	\$17	\$2,211
Case Reserves LAE	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total LAE(3.15%)	\$37	\$771	\$615	\$499	\$230	\$43	\$17	\$2,211
<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	\$1,170	\$12,231	\$3,902	\$2,853	\$911	\$0	\$0	\$21,068
IBNR Reserves Ceded to								
Registered Reinsurers	\$0	\$11,448	\$14,825	\$12,302	\$5,768	\$1,182	\$473	\$45,998
Unregistered Reinsurers	\$0	\$783	\$784	\$696	\$611	\$192	\$64	\$3,130
Total Reserves Retained	\$1,170	\$12,231	\$3,902	\$2,853	\$911	\$0	\$0	\$21,068
Reserves Ceded to								
Registered Reinsurers	\$0	\$11,448	\$14,825	\$12,302	\$5,768	\$1,182	\$473	\$45,998
Unregistered Reinsurers	\$0	\$783	\$784	\$696	\$611	\$192	\$64	\$3,130

CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY

IBNR - REFLECTING PROPORTIONAL REINSURANCE

Period : 2001-2

As at December 31, 2013

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	0.018	0.018	0.018	0.018	0.018	0.018	0.018	
IBNR Amount	\$2,604	\$54,432	\$43,419	\$35,271	\$16,222	\$3,093	\$1,214	\$156,256
Case Reserves	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Reserves (Ind. & Leg.)	\$2,604	\$54,432	\$43,419	\$35,271	\$16,222	\$3,093	\$1,214	\$156,256
Paid to Date	\$0	\$7,154,054	\$7,500,000	\$2,890,929	\$0	\$0	\$0	\$17,544,983
Total Ultimate Incurred	\$2,604	\$7,208,486	\$7,543,419	\$2,926,200	\$16,222	\$3,093	\$1,214	\$17,701,239
<u>Derivation of Loss Adjustment Expenses</u>								
IBNR LAE	\$82	\$1,715	\$1,368	\$1,111	\$511	\$97	\$38	\$4,922
Case Reserves LAE	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total LAE(3.15%)	\$82	\$1,715	\$1,368	\$1,111	\$511	\$97	\$38	\$4,922
<u>Distribution of Losses between CLLAS and Proportional Reinsurers</u>								
Retention	1.0000	0.5000	0.2000	0.1800	0.1250	0.0000	0.0000	
Reinsured to Registered	0.0000	0.4680	0.8000	0.7897	0.7912	0.8600	0.8816	
Reinsured to Unregistered	0.0000	0.0320	0.0000	0.0303	0.0838	0.1400	0.1184	
Paid to Date Retained	\$0	\$3,577,027	\$1,500,000	\$520,367	\$0	\$0	\$0	\$5,597,394
Paid Ceded to								
Registered Reinsurers	\$0	\$3,348,097	\$6,000,000	\$2,282,966	\$0	\$0	\$0	\$11,631,064
Unregistered Reinsurers	\$0	\$228,930	\$0	\$87,595	\$0	\$0	\$0	\$316,525
Case Reserves Retained	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Case Reserves Ceded to								
Registered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Unregistered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
IBNR Reserves Retained	\$2,604	\$27,216	\$8,684	\$6,349	\$2,028	\$0	\$0	\$46,881
IBNR Reserves Ceded to								
Registered Reinsurers	\$0	\$25,474	\$34,736	\$27,854	\$12,835	\$2,660	\$1,070	\$104,628
Unregistered Reinsurers	\$0	\$1,742	\$0	\$1,069	\$1,359	\$433	\$144	\$4,747
Total Reserves Retained	\$2,604	\$27,216	\$8,684	\$6,349	\$2,028	\$0	\$0	\$46,881
Reserves Ceded to								
Registered Reinsurers	\$0	\$25,474	\$34,736	\$27,854	\$12,835	\$2,660	\$1,070	\$104,628
Unregistered Reinsurers	\$0	\$1,742	\$0	\$1,069	\$1,359	\$433	\$144	\$4,747

CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY

IBNR - REFLECTING PROPORTIONAL REINSURANCE

Period : 2002-1

As at December 31, 2013

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	1,663	
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	0.018	0.018	0.018	0.018	0.018	0.018	0.018	
IBNR Amount	\$2,740	\$57,263	\$45,678	\$37,106	\$17,065	\$3,210	\$1,287	\$164,349
Case Reserves	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Reserves (Ind. & Leg.)	\$2,740	\$57,263	\$45,678	\$37,106	\$17,065	\$3,210	\$1,287	\$164,349
Paid to Date	\$0	\$8,773	\$0	\$0	\$0	\$0	\$0	\$8,773
Total Ultimate Incurred	\$2,740	\$66,037	\$45,678	\$37,106	\$17,065	\$3,210	\$1,287	\$173,122
<u>Derivation of Loss Adjustment Expenses</u>								
IBNR LAE	\$86	\$1,804	\$1,439	\$1,169	\$538	\$101	\$41	\$5,177
Case Reserves LAE	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total LAE(3.15%)	\$86	\$1,804	\$1,439	\$1,169	\$538	\$101	\$41	\$5,177
<u>Distribution of Losses between CLLAS and Proportional Reinsurers</u>								
Retention	1.0000	0.5000	0.2000	0.1800	0.1250	0.0000	0.0000	
Reinsured to Registered	0.0000	0.4680	0.8000	0.7897	0.7912	0.8600	0.8816	
Reinsured to Unregistered	0.0000	0.0320	0.0000	0.0303	0.0838	0.1400	0.1184	
Paid to Date Retained	\$0	\$4,387	\$0	\$0	\$0	\$0	\$0	\$4,387
Paid Ceded to								
Registered Reinsurers	\$0	\$4,106	\$0	\$0	\$0	\$0	\$0	\$4,106
Unregistered Reinsurers	\$0	\$281	\$0	\$0	\$0	\$0	\$0	\$281
Case Reserves Retained	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Case Reserves Ceded to								
Registered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Unregistered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
IBNR Reserves Retained	\$2,740	\$28,632	\$9,136	\$6,679	\$2,133	\$0	\$0	\$49,319
IBNR Reserves Ceded to								
Registered Reinsurers	\$0	\$26,799	\$36,542	\$29,302	\$13,502	\$2,760	\$1,135	\$110,041
Unregistered Reinsurers	\$0	\$1,832	\$0	\$1,124	\$1,430	\$449	\$152	\$4,989
Total Reserves Retained	\$2,740	\$28,632	\$9,136	\$6,679	\$2,133	\$0	\$0	\$49,319
Reserves Ceded to								
Registered Reinsurers	\$0	\$26,799	\$36,542	\$29,302	\$13,502	\$2,760	\$1,135	\$110,041
Unregistered Reinsurers	\$0	\$1,832	\$0	\$1,124	\$1,430	\$449	\$152	\$4,989

CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY

IBNR - REFLECTING PROPORTIONAL REINSURANCE

Period : 2002-2

As at December 31, 2013

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	0.020	0.020	0.020	0.020	0.020	0.020	0.020	
IBNR Amount	\$3,175	\$66,279	\$53,232	\$43,577	\$20,179	\$4,001	\$1,931	\$192,374
Case Reserves	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Reserves (Ind. & Leg.)	\$3,175	\$66,279	\$53,232	\$43,577	\$20,179	\$4,001	\$1,931	\$192,374
Paid to Date	\$0	\$271,947	\$0	\$0	\$0	\$0	\$0	\$271,947
Total Ultimate Incurred	\$3,175	\$338,226	\$53,232	\$43,577	\$20,179	\$4,001	\$1,931	\$464,321
<u>Derivation of Loss Adjustment Expenses</u>								
IBNR LAE	\$100	\$2,088	\$1,677	\$1,373	\$636	\$126	\$61	\$6,060
Case Reserves LAE	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total LAE(3.15%)	\$100	\$2,088	\$1,677	\$1,373	\$636	\$126	\$61	\$6,060
<u>Distribution of Losses between CLLAS and Proportional Reinsurers</u>								
Retention	1.0000	1.0000	0.2000	0.1800	0.1250	0.0000	0.0000	
Reinsured to Registered	0.0000	0.0000	0.8000	0.8200	0.6342	0.7646	0.1823	
Reinsured to Unregistered	0.0000	0.0000	0.0000	0.0000	0.2408	0.2354	0.8177	
Paid to Date Retained	\$0	\$271,947	\$0	\$0	\$0	\$0	\$0	\$271,947
Paid Ceded to								
Registered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Unregistered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Case Reserves Retained	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Case Reserves Ceded to								
Registered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Unregistered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
IBNR Reserves Retained	\$3,175	\$66,279	\$10,646	\$7,844	\$2,522	\$0	\$0	\$90,466
IBNR Reserves Ceded to								
Registered Reinsurers	\$0	\$0	\$42,585	\$35,733	\$12,798	\$3,059	\$352	\$94,528
Unregistered Reinsurers	\$0	\$0	\$0	\$0	\$4,859	\$942	\$1,579	\$7,380
Total Reserves Retained	\$3,175	\$66,279	\$10,646	\$7,844	\$2,522	\$0	\$0	\$90,466
Reserves Ceded to								
Registered Reinsurers	\$0	\$0	\$42,585	\$35,733	\$12,798	\$3,059	\$352	\$94,528
Unregistered Reinsurers	\$0	\$0	\$0	\$0	\$4,859	\$942	\$1,579	\$7,380

CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY

IBNR - REFLECTING PROPORTIONAL REINSURANCE

Period : 2003-1

As at December 31, 2013

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	0.020	0.020	0.020	0.020	0.020	0.020	0.020	
IBNR Amount	\$3,429	\$71,586	\$57,494	\$47,066	\$21,795	\$4,321	\$1,999	\$207,692
Case Reserves	\$0	\$3,077,430	\$0	\$0	\$0	\$0	\$0	\$3,077,430
Total Reserves (Ind. & Leg.)	\$3,429	\$3,149,016	\$57,494	\$47,066	\$21,795	\$4,321	\$1,999	\$3,285,122
Paid to Date	\$0	\$3,171,768	\$0	\$0	\$0	\$0	\$0	\$3,171,768
Total Ultimate Incurred	\$3,429	\$6,320,784	\$57,494	\$47,066	\$21,795	\$4,321	\$1,999	\$6,456,890
<u>Derivation of Loss Adjustment Expenses</u>								
IBNR LAE	\$108	\$2,255	\$1,811	\$1,483	\$687	\$136	\$63	\$6,542
Case Reserves LAE	\$0	\$96,939	\$0	\$0	\$0	\$0	\$0	\$96,939
Total LAE(3.15%)	\$108	\$99,194	\$1,811	\$1,483	\$687	\$136	\$63	\$103,481
<u>Distribution of Losses between CLLAS and Proportional Reinsurers</u>								
Retention	1.0000	1.0000	0.2000	0.1800	0.1250	0.0000	0.0000	
Reinsured to Registered	0.0000	0.0000	0.8000	0.8200	0.6342	0.7646	0.1823	
Reinsured to Unregistered	0.0000	0.0000	0.0000	0.0000	0.2408	0.2354	0.8177	
Paid to Date Retained	\$0	\$3,171,768	\$0	\$0	\$0	\$0	\$0	\$3,171,768
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	\$3,077,430	\$0	\$0	\$0	\$0	\$0	\$3,077,430
Case Reserves Ceded to								
Registered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Unregistered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
IBNR Reserves Retained	\$3,429	\$71,586	\$11,499	\$8,472	\$2,724	\$0	\$0	\$97,710
IBNR Reserves Ceded to								
Registered Reinsurers	\$0	\$0	\$45,995	\$38,594	\$13,823	\$3,304	\$364	\$102,081
Unregistered Reinsurers	\$0	\$0	\$0	\$0	\$5,248	\$1,017	\$1,635	\$7,900
Total Reserves Retained	\$3,429	\$3,149,016	\$11,499	\$8,472	\$2,724	\$0	\$0	\$3,175,140
Reserves Ceded to								
Registered Reinsurers	\$0	\$0	\$45,995	\$38,594	\$13,823	\$3,304	\$364	\$102,081
Unregistered Reinsurers	\$0	\$0	\$0	\$0	\$5,248	\$1,017	\$1,635	\$7,900

CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY

IBNR - REFLECTING PROPORTIONAL REINSURANCE

Period : 2003-2

As at December 31, 2013

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	0.020	0.020	0.020	0.020	0.020	0.020	0.020	
IBNR Amount	\$3,570	\$74,780	\$57,236	\$48,145	\$22,685	\$4,838	\$2,325	\$213,579
Case Reserves	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Reserves (Ind. & Leg.)	\$3,570	\$74,780	\$57,236	\$48,145	\$22,685	\$4,838	\$2,325	\$213,579
Paid to Date	\$0	\$1,637,555	\$0	\$0	\$0	\$0	\$0	\$1,637,555
Total Ultimate Incurred	\$3,570	\$1,712,336	\$57,236	\$48,145	\$22,685	\$4,838	\$2,325	\$1,851,134
<u>Derivation of Loss Adjustment Expenses</u>								
IBNR LAE	\$112	\$2,356	\$1,803	\$1,517	\$715	\$152	\$73	\$6,728
Case Reserves LAE	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total LAE(3.15%)	\$112	\$2,356	\$1,803	\$1,517	\$715	\$152	\$73	\$6,728
<u>Distribution of Losses between CLLAS and Proportional Reinsurers</u>								
Retention	1.0000	1.0000	0.2000	0.1800	0.1250	0.0000	0.0000	
Reinsured to Registered	0.0000	0.0000	0.8000	0.8200	0.5750	0.7385	0.0966	
Reinsured to Unregistered	0.0000	0.0000	0.0000	0.0000	0.3000	0.2615	0.9034	
Paid to Date Retained	\$0	\$1,637,555	\$0	\$0	\$0	\$0	\$0	\$1,637,555
Paid Ceded to								
Registered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Unregistered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Case Reserves Retained	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Case Reserves Ceded to								
Registered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Unregistered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
IBNR Reserves Retained	\$3,570	\$74,780	\$11,447	\$8,666	\$2,836	\$0	\$0	\$101,299
IBNR Reserves Ceded to								
Registered Reinsurers	\$0	\$0	\$45,788	\$39,479	\$13,044	\$3,573	\$225	\$102,108
Unregistered Reinsurers	\$0	\$0	\$0	\$0	\$6,806	\$1,265	\$2,101	\$10,171
Total Reserves Retained	\$3,570	\$74,780	\$11,447	\$8,666	\$2,836	\$0	\$0	\$101,299
Reserves Ceded to								
Registered Reinsurers	\$0	\$0	\$45,788	\$39,479	\$13,044	\$3,573	\$225	\$102,108
Unregistered Reinsurers	\$0	\$0	\$0	\$0	\$6,806	\$1,265	\$2,101	\$10,171

CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY

IBNR - REFLECTING PROPORTIONAL REINSURANCE

Period : 2004-1

As at December 31, 2013

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	0.020	0.020	0.020	0.020	0.020	0.020	0.020	
IBNR Amount	\$3,603	\$75,481	\$57,592	\$48,496	\$22,862	\$4,883	\$2,347	\$215,266
Case Reserves	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Reserves (Ind. & Leg.)	\$3,603	\$75,481	\$57,592	\$48,496	\$22,862	\$4,883	\$2,347	\$215,266
Paid to Date	\$0	\$7,295,780	\$7,500,000	\$12,500,000	\$10,000,000	\$0	\$0	\$37,295,780
Total Ultimate Incurred	\$3,603	\$7,371,261	\$7,557,592	\$12,548,496	\$10,022,862	\$4,883	\$2,347	\$37,511,046
<u>Derivation of Loss Adjustment Expenses</u>								
IBNR LAE	\$114	\$2,378	\$1,814	\$1,528	\$720	\$154	\$74	\$6,781
Case Reserves LAE	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total LAE(3.15%)	\$114	\$2,378	\$1,814	\$1,528	\$720	\$154	\$74	\$6,781
<u>Distribution of Losses between CLLAS and Proportional Reinsurers</u>								
Retention	1.0000	1.0000	0.2000	0.1800	0.1250	0.0000	0.0000	
Reinsured to Registered	0.0000	0.0000	0.8000	0.8200	0.5750	0.7385	0.0966	
Reinsured to Unregistered	0.0000	0.0000	0.0000	0.0000	0.3000	0.2615	0.9034	
Paid to Date Retained	\$0	\$7,295,780	\$1,500,000	\$2,250,000	\$1,250,000	\$0	\$0	\$12,295,780
Paid Ceded to								
Registered Reinsurers	\$0	\$0	\$6,000,000	\$10,250,000	\$5,750,000	\$0	\$0	\$22,000,000
Unregistered Reinsurers	\$0	\$0	\$0	\$0	\$3,000,000	\$0	\$0	\$3,000,000
Case Reserves Retained	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Case Reserves Ceded to								
Registered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Unregistered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
IBNR Reserves Retained	\$3,603	\$75,481	\$11,518	\$8,729	\$2,858	\$0	\$0	\$102,190
IBNR Reserves Ceded to								
Registered Reinsurers	\$0	\$0	\$46,074	\$39,767	\$13,146	\$3,606	\$227	\$102,820
Unregistered Reinsurers	\$0	\$0	\$0	\$0	\$6,859	\$1,277	\$2,121	\$10,256
Total Reserves Retained	\$3,603	\$75,481	\$11,518	\$8,729	\$2,858	\$0	\$0	\$102,190
Reserves Ceded to								
Registered Reinsurers	\$0	\$0	\$46,074	\$39,767	\$13,146	\$3,606	\$227	\$102,820
Unregistered Reinsurers	\$0	\$0	\$0	\$0	\$6,859	\$1,277	\$2,121	\$10,256

CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY

IBNR - REFLECTING PROPORTIONAL REINSURANCE

Period : 2004-2

As at December 31, 2013

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	0.024	0.024	0.024	0.024	0.024	0.024	0.024	
IBNR Amount	\$4,495	\$94,901	\$73,052	\$62,135	\$29,588	\$6,714	\$3,262	\$274,146
Case Reserves	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Reserves (Ind. & Leg.)	\$4,495	\$94,901	\$73,052	\$62,135	\$29,588	\$6,714	\$3,262	\$274,146
Paid to Date	\$0	\$1,223,995	\$0	\$0	\$0	\$0	\$0	\$1,223,995
Total Ultimate Incurred	\$4,495	\$1,318,896	\$73,052	\$62,135	\$29,588	\$6,714	\$3,262	\$1,498,142
<u>Derivation of Loss Adjustment Expenses</u>								
IBNR LAE	\$142	\$2,989	\$2,301	\$1,957	\$932	\$211	\$103	\$8,636
Case Reserves LAE	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total LAE(3.15%)	\$142	\$2,989	\$2,301	\$1,957	\$932	\$211	\$103	\$8,636
<u>Distribution of Losses between CLLAS and Proportional Reinsurers</u>								
Retention	1.0000	1.0000	0.2000	0.1800	0.1250	0.0000	0.0000	
Reinsured to Registered	0.0000	0.0000	0.7500	0.8200	0.6305	0.7486	0.0966	
Reinsured to Unregistered	0.0000	0.0000	0.0500	0.0000	0.2445	0.2514	0.9034	
Paid to Date Retained	\$0	\$1,223,995	\$0	\$0	\$0	\$0	\$0	\$1,223,995
Paid Ceded to								
Registered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Unregistered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Case Reserves Retained	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Case Reserves Ceded to								
Registered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Unregistered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
IBNR Reserves Retained	\$4,495	\$94,901	\$14,610	\$11,184	\$3,699	\$0	\$0	\$128,889
IBNR Reserves Ceded to								
Registered Reinsurers	\$0	\$0	\$54,789	\$50,951	\$18,655	\$5,026	\$315	\$129,736
Unregistered Reinsurers	\$0	\$0	\$3,653	\$0	\$7,234	\$1,688	\$2,947	\$15,521
Total Reserves Retained	\$4,495	\$94,901	\$14,610	\$11,184	\$3,699	\$0	\$0	\$128,889
Reserves Ceded to								
Registered Reinsurers	\$0	\$0	\$54,789	\$50,951	\$18,655	\$5,026	\$315	\$129,736
Unregistered Reinsurers	\$0	\$0	\$3,653	\$0	\$7,234	\$1,688	\$2,947	\$15,521

CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY

IBNR - REFLECTING PROPORTIONAL REINSURANCE

Period : 2005-1

As at December 31, 2013

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	0.024	0.024	0.024	0.024	0.024	0.024	0.024	
IBNR Amount	\$4,498	\$94,976	\$72,873	\$62,053	\$29,564	\$6,719	\$3,245	\$273,928
Case Reserves	\$711,662	\$100,000	\$0	\$0	\$0	\$0	\$0	\$811,662
Total Reserves (Ind. & Leg.)	\$716,161	\$194,976	\$72,873	\$62,053	\$29,564	\$6,719	\$3,245	\$1,085,590
Paid to Date	\$38,338	\$0	\$0	\$0	\$0	\$0	\$0	\$38,338
Total Ultimate Incurred	\$754,498	\$194,976	\$72,873	\$62,053	\$29,564	\$6,719	\$3,245	\$1,123,928
<u>Derivation of Loss Adjustment Expenses</u>								
IBNR LAE	\$142	\$2,992	\$2,295	\$1,955	\$931	\$212	\$102	\$8,629
Case Reserves LAE	\$22,417	\$3,150	\$0	\$0	\$0	\$0	\$0	\$25,567
Total LAE(3.15%)	\$22,559	\$6,142	\$2,295	\$1,955	\$931	\$212	\$102	\$34,196
<u>Distribution of Losses between CLLAS and Proportional Reinsurers</u>								
Retention	1.0000	1.0000	0.2000	0.1800	0.1250	0.0000	0.0000	
Reinsured to Registered	0.0000	0.0000	0.7500	0.8200	0.6305	0.7486	0.0966	
Reinsured to Unregistered	0.0000	0.0000	0.0500	0.0000	0.2445	0.2514	0.9034	
Paid to Date Retained	\$38,338	\$0	\$0	\$0	\$0	\$0	\$0	\$38,338
Paid Ceded to								
Registered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Unregistered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Case Reserves Retained	\$711,662	\$100,000	\$0	\$0	\$0	\$0	\$0	\$811,662
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	\$4,498	\$94,976	\$14,575	\$11,169	\$3,696	\$0	\$0	\$128,914
IBNR Reserves Ceded to								
Registered Reinsurers	\$0	\$0	\$54,654	\$50,883	\$18,640	\$5,030	\$313	\$129,521
Unregistered Reinsurers	\$0	\$0	\$3,644	\$0	\$7,228	\$1,689	\$2,931	\$15,493
Total Reserves Retained	\$716,161	\$194,976	\$14,575	\$11,169	\$3,696	\$0	\$0	\$940,576
Reserves Ceded to								
Registered Reinsurers	\$0	\$0	\$54,654	\$50,883	\$18,640	\$5,030	\$313	\$129,521
Unregistered Reinsurers	\$0	\$0	\$3,644	\$0	\$7,228	\$1,689	\$2,931	\$15,493

CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY

IBNR - REFLECTING PROPORTIONAL REINSURANCE

Period : 2005-2

As at December 31, 2013

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	0.034	0.034	0.034	0.034	0.034	0.034	0.034	
IBNR Amount	\$6,695	\$141,325	\$109,590	\$94,466	\$45,559	\$11,212	\$5,502	\$414,350
Case Reserves	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Reserves (Ind. & Leg.)	\$6,695	\$141,325	\$109,590	\$94,466	\$45,559	\$11,212	\$5,502	\$414,350
Paid to Date	\$0	\$709,280	\$0	\$0	\$0	\$0	\$0	\$709,280
Total Ultimate Incurred	\$6,695	\$850,605	\$109,590	\$94,466	\$45,559	\$11,212	\$5,502	\$1,123,630
<u>Derivation of Loss Adjustment Expenses</u>								
IBNR LAE	\$211	\$4,452	\$3,452	\$2,976	\$1,435	\$353	\$173	\$13,052
Case Reserves LAE	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total LAE(3.15%)	\$211	\$4,452	\$3,452	\$2,976	\$1,435	\$353	\$173	\$13,052
<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	\$709,280	\$0	\$0	\$0	\$0	\$0	\$709,280
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	\$6,695	\$141,325	\$21,918	\$17,004	\$5,695	\$0	\$0	\$192,637
IBNR Reserves Ceded to								
Registered Reinsurers	\$0	\$0	\$82,192	\$75,572	\$39,865	\$11,212	\$1,981	\$210,822
Unregistered Reinsurers	\$0	\$0	\$5,479	\$1,889	\$0	\$0	\$3,521	\$10,890
Total Reserves Retained	\$6,695	\$141,325	\$21,918	\$17,004	\$5,695	\$0	\$0	\$192,637
Reserves Ceded to								
Registered Reinsurers	\$0	\$0	\$82,192	\$75,572	\$39,865	\$11,212	\$1,981	\$210,822
Unregistered Reinsurers	\$0	\$0	\$5,479	\$1,889	\$0	\$0	\$3,521	\$10,890

CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY

IBNR - REFLECTING PROPORTIONAL REINSURANCE

Period : 2006-1

As at December 31, 2013

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	0.034	0.034	0.034	0.034	0.034	0.034	0.034	
IBNR Amount	\$6,765	\$142,799	\$110,566	\$95,358	\$46,001	\$11,329	\$5,576	\$418,395
Case Reserves	\$0	\$50,000	\$0	\$0	\$0	\$0	\$0	\$50,000
Total Reserves (Ind. & Leg.)	\$6,765	\$192,799	\$110,566	\$95,358	\$46,001	\$11,329	\$5,576	\$468,395
Paid to Date	\$0	\$54,765	\$0	\$0	\$0	\$0	\$0	\$54,765
Total Ultimate Incurred	\$6,765	\$247,564	\$110,566	\$95,358	\$46,001	\$11,329	\$5,576	\$523,160
<u>Derivation of Loss Adjustment Expenses</u>								
IBNR LAE	\$213	\$4,498	\$3,483	\$3,004	\$1,449	\$357	\$176	\$13,179
Case Reserves LAE	\$0	\$1,575	\$0	\$0	\$0	\$0	\$0	\$1,575
Total LAE(3.15%)	\$213	\$6,073	\$3,483	\$3,004	\$1,449	\$357	\$176	\$14,754
<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	\$54,765	\$0	\$0	\$0	\$0	\$0	\$54,765
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	\$50,000	\$0	\$0	\$0	\$0	\$0	\$50,000
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	\$6,765	\$142,799	\$22,113	\$17,164	\$5,750	\$0	\$0	\$194,592
IBNR Reserves Ceded to								
Registered Reinsurers	\$0	\$0	\$82,925	\$76,286	\$40,251	\$11,329	\$2,007	\$212,799
Unregistered Reinsurers	\$0	\$0	\$5,528	\$1,907	\$0	\$0	\$3,569	\$11,004
Total Reserves Retained	\$6,765	\$192,799	\$22,113	\$17,164	\$5,750	\$0	\$0	\$244,592
Reserves Ceded to								
Registered Reinsurers	\$0	\$0	\$82,925	\$76,286	\$40,251	\$11,329	\$2,007	\$212,799
Unregistered Reinsurers	\$0	\$0	\$5,528	\$1,907	\$0	\$0	\$3,569	\$11,004

CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY

IBNR - REFLECTING PROPORTIONAL REINSURANCE

Period : 2006-2

As at December 31, 2013

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	2,397	2,397	2,397	2,397	2,397	2,397	2,076	877	
Expected Loss Cost per Lawyer	\$185	\$1,885	\$1,532	\$1,302	\$540	\$42	\$24	\$18	
Gross Expected Loss Volume	\$443,245	\$4,519,084	\$3,673,441	\$3,121,345	\$1,295,199	\$100,685	\$49,824	\$15,791	
IBNR Factor	0.043	0.043	0.043	0.043	0.043	0.043	0.043	0.043	
IBNR Amount	\$19,060	\$194,321	\$157,958	\$134,218	\$55,694	\$4,329	\$2,142	\$679	\$568,400
Case Reserves	\$0	\$50,000	\$49,112	\$0	\$0	\$0	\$0	\$0	\$99,112
Total Reserves (Ind. & Leg.)	\$19,060	\$244,321	\$207,070	\$134,218	\$55,694	\$4,329	\$2,142	\$679	\$667,512
Paid to Date	\$0	\$5,587,919	\$880,794	\$0	\$0	\$0	\$0	\$0	\$6,468,713
Total Ultimate Incurred	\$19,060	\$5,832,240	\$1,087,864	\$134,218	\$55,694	\$4,329	\$2,142	\$679	\$7,136,225
<u>Derivation of Loss Adjustment Expenses</u>									
IBNR LAE	\$600	\$6,121	\$4,976	\$4,228	\$1,754	\$136	\$67	\$21	\$17,905
Case Reserves LAE	\$0	\$1,575	\$1,547	\$0	\$0	\$0	\$0	\$0	\$3,122
Total LAE(3.15%)	\$600	\$7,696	\$6,523	\$4,228	\$1,754	\$136	\$67	\$21	\$21,027
<u>Distribution of Losses between CLLAS and Proportional Reinsurers</u>									
Retention	1.0000	1.0000	0.2000	0.1800	0.1250	0.0000	0.0000	0.0000	
Reinsured to Registered	0.0000	0.0000	0.7500	0.7700	0.8750	1.0000	0.3600	1.0000	
Reinsured to Unregistered	0.0000	0.0000	0.0500	0.0500	0.0000	0.0000	0.6400	0.0000	
Paid to Date Retained	\$0	\$5,587,919	\$176,159	\$0	\$0	\$0	\$0	\$0	\$5,764,078
Paid Ceded to									
Registered Reinsurers	\$0	\$0	\$660,596	\$0	\$0	\$0	\$0	\$0	\$660,596
Unregistered Reinsurers	\$0	\$0	\$44,040	\$0	\$0	\$0	\$0	\$0	\$44,040
Case Reserves Retained	\$0	\$50,000	\$9,822	\$0	\$0	\$0	\$0	\$0	\$59,822
Case Reserves Ceded to									
Registered Reinsurers	\$0	\$0	\$36,834	\$0	\$0	\$0	\$0	\$0	\$36,834
Unregistered Reinsurers	\$0	\$0	\$2,456	\$0	\$0	\$0	\$0	\$0	\$2,456
IBNR Reserves Retained	\$19,060	\$194,321	\$31,592	\$24,159	\$6,962	\$0	\$0	\$0	\$276,093
IBNR Reserves Ceded to									
Registered Reinsurers	\$0	\$0	\$118,468	\$103,348	\$48,732	\$4,329	\$771	\$679	\$276,328
Unregistered Reinsurers	\$0	\$0	\$7,898	\$6,711	\$0	\$0	\$1,371	\$0	\$15,980
Total Reserves Retained	\$19,060	\$244,321	\$41,414	\$24,159	\$6,962	\$0	\$0	\$0	\$335,915
Reserves Ceded to									
Registered Reinsurers	\$0	\$0	\$155,302	\$103,348	\$48,732	\$4,329	\$771	\$679	\$313,162
Unregistered Reinsurers	\$0	\$0	\$10,353	\$6,711	\$0	\$0	\$1,371	\$0	\$18,436

CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY

IBNR - REFLECTING PROPORTIONAL REINSURANCE

Period : 2007-1

As at December 31, 2013

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	2,374	2,374	2,374	2,374	2,374	2,374	2,127	2,127	
Expected Loss Cost per Lawyer	\$184	\$1,879	\$1,531	\$1,301	\$540	\$42	\$24	\$18	
Gross Expected Loss Volume	\$437,492	\$4,460,430	\$3,636,029	\$3,088,127	\$1,281,128	\$99,719	\$51,054	\$38,291	
IBNR Factor	0.043	0.043	0.043	0.043	0.043	0.043	0.043	0.043	
IBNR Amount	\$18,812	\$191,798	\$156,349	\$132,789	\$55,088	\$4,288	\$2,195	\$1,646	\$562,968
Case Reserves	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Reserves (Ind. & Leg.)	\$18,812	\$191,798	\$156,349	\$132,789	\$55,088	\$4,288	\$2,195	\$1,646	\$562,968
Paid to Date	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Ultimate Incurred	\$18,812	\$191,798	\$156,349	\$132,789	\$55,088	\$4,288	\$2,195	\$1,646	\$562,968
<u>Derivation of Loss Adjustment Expenses</u>									
IBNR LAE	\$593	\$6,042	\$4,925	\$4,183	\$1,735	\$135	\$69	\$52	\$17,733
Case Reserves LAE	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total LAE(3.15%)	\$593	\$6,042	\$4,925	\$4,183	\$1,735	\$135	\$69	\$52	\$17,733
<u>Distribution of Losses between CLLAS and Proportional Reinsurers</u>									
Retention	1.0000	1.0000	0.2000	0.1800	0.1250	0.0000	0.0000	0.0000	
Reinsured to Registered	0.0000	0.0000	0.7500	0.7700	0.8750	1.0000	0.3600	1.0000	
Reinsured to Unregistered	0.0000	0.0000	0.0500	0.0500	0.0000	0.0000	0.6400	0.0000	
Paid to Date Retained	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Paid Ceded to									
Registered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Unregistered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Case Reserves Retained	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Case Reserves Ceded to									
Registered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Unregistered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
IBNR Reserves Retained	\$18,812	\$191,798	\$31,270	\$23,902	\$6,886	\$0	\$0	\$0	\$272,669
IBNR Reserves Ceded to									
Registered Reinsurers	\$0	\$0	\$117,262	\$102,248	\$48,202	\$4,288	\$790	\$1,646	\$274,437
Unregistered Reinsurers	\$0	\$0	\$7,817	\$6,639	\$0	\$0	\$1,405	\$0	\$15,862
Total Reserves Retained	\$18,812	\$191,798	\$31,270	\$23,902	\$6,886	\$0	\$0	\$0	\$272,669
Reserves Ceded to									
Registered Reinsurers	\$0	\$0	\$117,262	\$102,248	\$48,202	\$4,288	\$790	\$1,646	\$274,437
Unregistered Reinsurers	\$0	\$0	\$7,817	\$6,639	\$0	\$0	\$1,405	\$0	\$15,862

CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY

IBNR - REFLECTING PROPORTIONAL REINSURANCE

Period : 2007-2

As at December 31, 2013

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	2,356	2,356	2,356	2,356	2,356	2,356	2,099	1,414	
Expected Loss Cost per Lawyer	\$106	\$1,501	\$1,279	\$945	\$379	\$28	\$13	\$9	
Gross Expected Loss Volume	\$248,658	\$3,536,467	\$3,013,726	\$2,225,966	\$893,454	\$65,961	\$27,284	\$12,724	
IBNR Factor	0.048	0.048	0.048	0.048	0.048	0.048	0.048	0.048	
IBNR Amount	\$11,936	\$169,750	\$144,659	\$106,846	\$42,886	\$3,166	\$1,310	\$611	\$481,163
Case Reserves	\$0	\$181,594	\$0	\$0	\$0	\$0	\$0	\$0	\$181,594
Total Reserves (Ind. & Leg.)	\$11,936	\$351,344	\$144,659	\$106,846	\$42,886	\$3,166	\$1,310	\$611	\$662,757
Paid to Date	\$0	\$2,184,024	\$0	\$0	\$0	\$0	\$0	\$0	\$2,184,024
Total Ultimate Incurred	\$11,936	\$2,535,368	\$144,659	\$106,846	\$42,886	\$3,166	\$1,310	\$611	\$2,846,781
<u>Derivation of Loss Adjustment Expenses</u>									
IBNR LAE	\$376	\$5,347	\$4,557	\$3,366	\$1,351	\$100	\$41	\$19	\$15,157
Case Reserves LAE	\$0	\$5,720	\$0	\$0	\$0	\$0	\$0	\$0	\$5,720
Total LAE(3.15%)	\$376	\$11,067	\$4,557	\$3,366	\$1,351	\$100	\$41	\$19	\$20,877
<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	\$2,184,024	\$0	\$0	\$0	\$0	\$0	\$0	\$2,184,024
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	\$181,594	\$0	\$0	\$0	\$0	\$0	\$0	\$181,594
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	\$11,936	\$169,750	\$43,398	\$19,232	\$5,361	\$0	\$0	\$0	\$249,677
IBNR Reserves Ceded to									
Registered Reinsurers	\$0	\$0	\$94,028	\$82,272	\$37,525	\$3,166	\$471	\$611	\$218,073
Unregistered Reinsurers	\$0	\$0	\$7,233	\$5,342	\$0	\$0	\$838	\$0	\$13,413
Total Reserves Retained	\$11,936	\$351,344	\$43,398	\$19,232	\$5,361	\$0	\$0	\$0	\$431,270
Reserves Ceded to									
Registered Reinsurers	\$0	\$0	\$94,028	\$82,272	\$37,525	\$3,166	\$471	\$611	\$218,073
Unregistered Reinsurers	\$0	\$0	\$7,233	\$5,342	\$0	\$0	\$838	\$0	\$13,413

CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY

IBNR - REFLECTING PROPORTIONAL REINSURANCE

Period : 2008-1

As at December 31, 2013

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	2,428	2,428	2,428	2,428	2,428	2,428	2,162	1,476	
Expected Loss Cost per Lawyer	\$106	\$1,504	\$1,280	\$945	\$379	\$28	\$13	\$9	
Gross Expected Loss Volume	\$256,794	\$3,652,186	\$3,107,901	\$2,295,130	\$921,305	\$67,977	\$28,103	\$13,280	
IBNR Factor	0.048	0.048	0.048	0.048	0.048	0.048	0.048	0.048	
IBNR Amount	\$12,326	\$175,305	\$149,179	\$110,166	\$44,223	\$3,263	\$1,349	\$637	\$496,448
Case Reserves	\$0	\$2,000,000	\$0	\$19,105	\$0	\$0	\$0	\$0	\$2,019,105
Total Reserves (Ind. & Leg.)	\$12,326	\$2,175,305	\$149,179	\$129,271	\$44,223	\$3,263	\$1,349	\$637	\$2,515,553
Paid to Date	\$0	\$4,000,000	\$7,500,000	\$480,895	\$0	\$0	\$0	\$0	\$11,980,895
Total Ultimate Incurred	\$12,326	\$6,175,305	\$7,649,179	\$610,166	\$44,223	\$3,263	\$1,349	\$637	\$14,496,448
<u>Derivation of Loss Adjustment Expenses</u>									
IBNR LAE	\$388	\$5,522	\$4,699	\$3,470	\$1,393	\$103	\$42	\$20	\$15,638
Case Reserves LAE	\$0	\$63,000	\$0	\$602	\$0	\$0	\$0	\$0	\$63,602
Total LAE(3.15%)	\$388	\$68,522	\$4,699	\$4,072	\$1,393	\$103	\$42	\$20	\$79,240
<u>Distribution of Losses between CLLAS and Proportional Reinsurers</u>									
Retention	1.0000	1.0000	0.3000	0.1800	0.1250	0.0000	0.0000	0.0000	
Reinsured to Registered	0.0000	0.0000	0.6500	0.7700	0.8750	1.0000	0.3600	1.0000	
Reinsured to Unregistered	0.0000	0.0000	0.0500	0.0500	0.0000	0.0000	0.6400	0.0000	
Paid to Date Retained	\$0	\$4,000,000	\$2,250,000	\$86,561	\$0	\$0	\$0	\$0	\$6,336,561
Paid Ceded to									
Registered Reinsurers	\$0	\$0	\$4,875,000	\$370,289	\$0	\$0	\$0	\$0	\$5,245,289
Unregistered Reinsurers	\$0	\$0	\$375,000	\$24,045	\$0	\$0	\$0	\$0	\$399,045
Case Reserves Retained	\$0	\$2,000,000	\$0	\$3,439	\$0	\$0	\$0	\$0	\$2,003,439
Case Reserves Ceded to									
Registered Reinsurers	\$0	\$0	\$0	\$14,711	\$0	\$0	\$0	\$0	\$14,711
Unregistered Reinsurers	\$0	\$0	\$0	\$955	\$0	\$0	\$0	\$0	\$955
IBNR Reserves Retained	\$12,326	\$175,305	\$44,754	\$19,830	\$5,528	\$0	\$0	\$0	\$257,743
IBNR Reserves Ceded to									
Registered Reinsurers	\$0	\$0	\$96,967	\$84,828	\$38,695	\$3,263	\$486	\$637	\$224,875
Unregistered Reinsurers	\$0	\$0	\$7,459	\$5,508	\$0	\$0	\$863	\$0	\$13,831
Total Reserves Retained	\$12,326	\$2,175,305	\$44,754	\$23,269	\$5,528	\$0	\$0	\$0	\$2,261,181
Reserves Ceded to									
Registered Reinsurers	\$0	\$0	\$96,967	\$99,539	\$38,695	\$3,263	\$486	\$637	\$239,586
Unregistered Reinsurers	\$0	\$0	\$7,459	\$6,464	\$0	\$0	\$863	\$0	\$14,786

CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY

IBNR - REFLECTING PROPORTIONAL REINSURANCE

Period : 2008-2

As at December 31, 2013

LAYER	.975 xs .025	4 xs 1	7.5 xs 5	12.5 xs 12.5	10 xs 25	30 xs 50	20 xs 140	30 xs 160	Totals
<u>Derivation of Ultimate Incurred</u>									
Earned Lawyer Count	2,393	2,393	2,393	2,393	2,393	2,393	2,136	1,457	
Expected Loss Cost per Lawyer	\$138	\$1,341	\$1,082	\$768	\$381	\$8	\$3	\$2	
Gross Expected Loss Volume	\$329,492	\$3,208,533	\$2,588,748	\$1,837,058	\$911,711	\$19,140	\$6,409	\$2,915	
IBNR Factor	0.111	0.111	0.111	0.111	0.111	0.111	0.111	0.111	
IBNR Amount	\$36,574	\$356,147	\$287,351	\$203,913	\$101,200	\$2,125	\$711	\$324	\$988,344
Case Reserves	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Reserves (Ind. & Leg.)	\$36,574	\$356,147	\$287,351	\$203,913	\$101,200	\$2,125	\$711	\$324	\$988,344
Paid to Date	\$0	\$355,042	\$0	\$0	\$0	\$0	\$0	\$0	\$355,042
Total Ultimate Incurred	\$36,574	\$711,189	\$287,351	\$203,913	\$101,200	\$2,125	\$711	\$324	\$1,343,387
<u>Derivation of Loss Adjustment Expenses</u>									
IBNR LAE	\$1,152	\$11,219	\$9,052	\$6,423	\$3,188	\$67	\$22	\$10	\$31,133
Case Reserves LAE	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total LAE(3.15%)	\$1,152	\$11,219	\$9,052	\$6,423	\$3,188	\$67	\$22	\$10	\$31,133
<u>Distribution of Losses between CLLAS and Proportional Reinsurers</u>									
Retention	1.0000	1.0000	0.3500	0.2400	0.1250	0.0000	0.0000	0.0000	
Reinsured to Registered	0.0000	0.0000	0.6000	0.7100	0.8750	1.0000	0.3600	1.0000	
Reinsured to Unregistered	0.0000	0.0000	0.0500	0.0500	0.0000	0.0000	0.6400	0.0000	
Paid to Date Retained	\$0	\$355,042	\$0	\$0	\$0	\$0	\$0	\$0	\$355,042
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	\$36,574	\$356,147	\$100,573	\$48,939	\$12,650	\$0	\$0	\$0	\$554,883
IBNR Reserves Ceded to									
Registered Reinsurers	\$0	\$0	\$172,411	\$144,779	\$88,550	\$2,125	\$256	\$324	\$408,443
Unregistered Reinsurers	\$0	\$0	\$14,368	\$10,196	\$0	\$0	\$455	\$0	\$25,018
Total Reserves Retained	\$36,574	\$356,147	\$100,573	\$48,939	\$12,650	\$0	\$0	\$0	\$554,883
Reserves Ceded to									
Registered Reinsurers	\$0	\$0	\$172,411	\$144,779	\$88,550	\$2,125	\$256	\$324	\$408,443
Unregistered Reinsurers	\$0	\$0	\$14,368	\$10,196	\$0	\$0	\$455	\$0	\$25,018

CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY

IBNR - REFLECTING PROPORTIONAL REINSURANCE

Period : 2009-1

As at December 31, 2013

<i>LAYER</i>	<i>.975 xs .025</i>	<i>4 xs 1</i>	<i>7.5 xs 5</i>	<i>12.5 xs 12.5</i>	<i>10 xs 25</i>	<i>30 xs 50</i>	<i>20 xs 140</i>	<i>30 xs 160</i>	<i>Totals</i>
<u>Derivation of Ultimate Incurred</u>									
Earned Lawyer Count	2,443	2,443	2,443	2,443	2,443	2,443	2,174	1,472	
Expected Loss Cost per Lawyer	\$138	\$1,344	\$1,083	\$768	\$381	\$8	\$3	\$2	
Gross Expected Loss Volume	\$337,176	\$3,283,352	\$2,645,033	\$1,876,395	\$931,126	\$19,540	\$6,521	\$2,945	
IBNR Factor	0.111	0.111	0.111	0.111	0.111	0.111	0.111	0.111	
IBNR Amount	\$37,427	\$364,452	\$293,599	\$208,280	\$103,355	\$2,169	\$724	\$327	\$1,010,332
Case Reserves	\$0	\$600,000	\$0	\$0	\$0	\$0	\$0	\$0	\$600,000
Total Reserves (Ind. & Leg.)	\$37,427	\$964,452	\$293,599	\$208,280	\$103,355	\$2,169	\$724	\$327	\$1,610,332
Paid to Date	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Ultimate Incurred	\$37,427	\$964,452	\$293,599	\$208,280	\$103,355	\$2,169	\$724	\$327	\$1,610,332
<u>Derivation of Loss Adjustment Expenses</u>									
IBNR LAE	\$1,179	\$11,480	\$9,248	\$6,561	\$3,256	\$68	\$23	\$10	\$31,825
Case Reserves LAE	\$0	\$18,900	\$0	\$0	\$0	\$0	\$0	\$0	\$18,900
Total LAE(3.15%)	\$1,179	\$30,380	\$9,248	\$6,561	\$3,256	\$68	\$23	\$10	\$50,725
<u>Distribution of Losses between CLLAS and Proportional Reinsurers</u>									
Retention	1.0000	1.0000	0.3500	0.2400	0.1250	0.0000	0.0000	0.0000	
Reinsured to Registered	0.0000	0.0000	0.6000	0.7100	0.8750	1.0000	0.3600	1.0000	
Reinsured to Unregistered	0.0000	0.0000	0.0500	0.0500	0.0000	0.0000	0.6400	0.0000	
Paid to Date Retained	\$0	\$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	\$600,000	\$0	\$0	\$0	\$0	\$0	\$0	\$600,000
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	\$37,427	\$364,452	\$102,760	\$49,987	\$12,919	\$0	\$0	\$0	\$567,545
IBNR Reserves Ceded to									
Registered Reinsurers	\$0	\$0	\$176,159	\$147,879	\$90,436	\$2,169	\$261	\$327	\$417,230
Unregistered Reinsurers	\$0	\$0	\$14,680	\$10,414	\$0	\$0	\$463	\$0	\$25,557
Total Reserves Retained	\$37,427	\$964,452	\$102,760	\$49,987	\$12,919	\$0	\$0	\$0	\$1,167,545
Reserves Ceded to									
Registered Reinsurers	\$0	\$0	\$176,159	\$147,879	\$90,436	\$2,169	\$261	\$327	\$417,230
Unregistered Reinsurers	\$0	\$0	\$14,680	\$10,414	\$0	\$0	\$463	\$0	\$25,557

CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY

IBNR - REFLECTING PROPORTIONAL REINSURANCE

Period : 2009-2

As at December 31, 2013

LAYER	.975 xs .025	4 xs 1	7.5 xs 5	12.5 xs 12.5	10 xs 25	30 xs 50	20 xs 140	30 xs 160	Totals
<u>Derivation of Ultimate Incurred</u>									
Earned Lawyer Count	2,402	2,402	2,402	2,402	2,402	2,402	2,118	1,441	
Expected Loss Cost per Lawyer	\$143	\$1,419	\$1,093	\$844	\$373	\$13	\$7	\$5	
Gross Expected Loss Volume	\$343,640	\$3,408,081	\$2,624,425	\$2,027,484	\$894,687	\$31,220	\$14,828	\$7,206	
IBNR Factor	0.259	0.259	0.259	0.259	0.259	0.259	0.259	0.259	
IBNR Amount	\$89,003	\$882,693	\$679,726	\$525,118	\$231,724	\$8,086	\$3,840	\$1,866	\$2,422,056
Case Reserves	\$0	\$3,500,000	\$0	\$0	\$0	\$0	\$0	\$0	\$3,500,000
Total Reserves (Ind. & Leg.)	\$89,003	\$4,382,693	\$679,726	\$525,118	\$231,724	\$8,086	\$3,840	\$1,866	\$5,922,056
Paid to Date	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Ultimate Incurred	\$89,003	\$4,382,693	\$679,726	\$525,118	\$231,724	\$8,086	\$3,840	\$1,866	\$5,922,056
<u>Derivation of Loss Adjustment Expenses</u>									
IBNR LAE	\$2,804	\$27,805	\$21,411	\$16,541	\$7,299	\$255	\$121	\$59	\$76,295
Case Reserves LAE	\$0	\$110,250	\$0	\$0	\$0	\$0	\$0	\$0	\$110,250
Total LAE(3.15%)	\$2,804	\$138,055	\$21,411	\$16,541	\$7,299	\$255	\$121	\$59	\$186,545
<u>Distribution of Losses between CLLAS and Proportional Reinsurers</u>									
Retention	1.0000	1.0000	0.4500	0.2800	0.1500	0.0000	0.0000	0.0000	
Reinsured to Registered	0.0000	0.0000	0.5200	0.6800	0.8500	1.0000	0.3600	1.0000	
Reinsured to Unregistered	0.0000	0.0000	0.0300	0.0400	0.0000	0.0000	0.6400	0.0000	
Paid to Date Retained	\$0	\$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	\$3,500,000	\$0	\$0	\$0	\$0	\$0	\$0	\$3,500,000
Case Reserves Ceded to									
Registered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Unregistered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
IBNR Reserves Retained	\$89,003	\$882,693	\$305,877	\$147,033	\$34,759	\$0	\$0	\$0	\$1,459,364
IBNR Reserves Ceded to									
Registered Reinsurers	\$0	\$0	\$353,458	\$357,080	\$196,965	\$8,086	\$1,383	\$1,866	\$918,838
Unregistered Reinsurers	\$0	\$0	\$20,392	\$21,005	\$0	\$0	\$2,458	\$0	\$43,854
Total Reserves Retained	\$89,003	\$4,382,693	\$305,877	\$147,033	\$34,759	\$0	\$0	\$0	\$4,959,364
Reserves Ceded to									
Registered Reinsurers	\$0	\$0	\$353,458	\$357,080	\$196,965	\$8,086	\$1,383	\$1,866	\$918,838
Unregistered Reinsurers	\$0	\$0	\$20,392	\$21,005	\$0	\$0	\$2,458	\$0	\$43,854

CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY

IBNR - REFLECTING PROPORTIONAL REINSURANCE

Period : 2010-1

As at December 31, 2013

LAYER	.975 xs .025	4 xs 1	7.5 xs 5	12.5 xs 12.5	10 xs 25	30 xs 50	20 xs 140	30 xs 160	Totals
<u>Derivation of Ultimate Incurred</u>									
Earned Lawyer Count	2,416	2,416	2,416	2,416	2,416	2,416	2,135	1,466	
Expected Loss Cost per Lawyer	\$144	\$1,428	\$1,095	\$846	\$373	\$13	\$7	\$5	
Gross Expected Loss Volume	\$347,777	\$3,449,111	\$2,644,515	\$2,042,387	\$900,893	\$31,402	\$14,947	\$7,331	
IBNR Factor	0.259	0.259	0.259	0.259	0.259	0.259	0.259	0.259	
IBNR Amount	\$90,074	\$893,320	\$684,929	\$528,978	\$233,331	\$8,133	\$3,871	\$1,899	\$2,444,536
Case Reserves	\$0	\$4,000,000	\$0	\$0	\$0	\$0	\$0	\$0	\$4,000,000
Total Reserves (Ind. & Leg.)	\$90,074	\$4,893,320	\$684,929	\$528,978	\$233,331	\$8,133	\$3,871	\$1,899	\$6,444,536
Paid to Date	\$0	\$522,604	\$0	\$0	\$0	\$0	\$0	\$0	\$522,604
Total Ultimate Incurred	\$90,074	\$5,415,924	\$684,929	\$528,978	\$233,331	\$8,133	\$3,871	\$1,899	\$6,967,140
<u>Derivation of Loss Adjustment Expenses</u>									
IBNR LAE	\$2,837	\$28,140	\$21,575	\$16,663	\$7,350	\$256	\$122	\$60	\$77,003
Case Reserves LAE	\$0	\$126,000	\$0	\$0	\$0	\$0	\$0	\$0	\$126,000
Total LAE(3.15%)	\$2,837	\$154,140	\$21,575	\$16,663	\$7,350	\$256	\$122	\$60	\$203,003
<u>Distribution of Losses between CLLAS and Proportional Reinsurers</u>									
Retention	1.0000	1.0000	0.4500	0.2800	0.1500	0.0000	0.0000	0.0000	
Reinsured to Registered	0.0000	0.0000	0.5200	0.6800	0.8500	1.0000	0.3600	1.0000	
Reinsured to Unregistered	0.0000	0.0000	0.0300	0.0400	0.0000	0.0000	0.6400	0.0000	
Paid to Date Retained	\$0	\$522,604	\$0	\$0	\$0	\$0	\$0	\$0	\$522,604
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	\$4,000,000	\$0	\$0	\$0	\$0	\$0	\$0	\$4,000,000
Case Reserves Ceded to									
Registered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Unregistered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
IBNR Reserves Retained	\$90,074	\$893,320	\$308,218	\$148,114	\$35,000	\$0	\$0	\$0	\$1,474,726
IBNR Reserves Ceded to									
Registered Reinsurers	\$0	\$0	\$356,163	\$359,705	\$198,332	\$8,133	\$1,394	\$1,899	\$925,625
Unregistered Reinsurers	\$0	\$0	\$20,548	\$21,159	\$0	\$0	\$2,478	\$0	\$44,185
Total Reserves Retained	\$90,074	\$4,893,320	\$308,218	\$148,114	\$35,000	\$0	\$0	\$0	\$5,474,726
Reserves Ceded to									
Registered Reinsurers	\$0	\$0	\$356,163	\$359,705	\$198,332	\$8,133	\$1,394	\$1,899	\$925,625
Unregistered Reinsurers	\$0	\$0	\$20,548	\$21,159	\$0	\$0	\$2,478	\$0	\$44,185

CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY

IBNR - REFLECTING PROPORTIONAL REINSURANCE

Period : 2010-2

As at December 31, 2013

LAYER	.975 xs .025	4 xs 1	7.5 xs 5	12.5 xs 12.5	10 xs 25	30 xs 50	20 xs 140	40 xs 160	Totals
<u>Derivation of Ultimate Incurred</u>									
Earned Lawyer Count	2,368	2,368	2,368	2,368	2,368	2,368	2,094	1,434	
Expected Loss Cost per Lawyer	\$132	\$1,350	\$1,057	\$838	\$367	\$20	\$13	\$9	
Gross Expected Loss Volume	\$311,556	\$3,197,598	\$2,502,009	\$1,983,277	\$869,590	\$47,355	\$27,222	\$12,902	
IBNR Factor	0.429	0.429	0.429	0.429	0.429	0.429	0.429	0.429	
IBNR Amount	\$133,657	\$1,371,770	\$1,073,362	\$850,826	\$373,054	\$20,315	\$11,678	\$5,535	\$3,840,197
Case Reserves	\$0	\$36,730	\$0	\$0	\$0	\$0	\$0	\$0	\$36,730
Total Reserves (Ind. & Leg.)	\$133,657	\$1,408,500	\$1,073,362	\$850,826	\$373,054	\$20,315	\$11,678	\$5,535	\$3,876,927
Paid to Date	\$242,012	\$13,270	\$0	\$0	\$0	\$0	\$0	\$0	\$255,282
Total Ultimate Incurred	\$375,670	\$1,421,770	\$1,073,362	\$850,826	\$373,054	\$20,315	\$11,678	\$5,535	\$4,132,209
<u>Derivation of Loss Adjustment Expenses</u>									
IBNR LAE	\$4,210	\$43,211	\$33,811	\$26,801	\$11,751	\$640	\$368	\$174	\$120,966
Case Reserves LAE	\$0	\$1,157	\$0	\$0	\$0	\$0	\$0	\$0	\$1,157
Total LAE(3.15%)	\$4,210	\$44,368	\$33,811	\$26,801	\$11,751	\$640	\$368	\$174	\$122,123
<u>Distribution of Losses between CLLAS and Proportional Reinsurers</u>									
Retention	1.0000	1.0000	0.5000	0.3000	0.2000	0.0000	0.0000	0.0000	
Reinsured to Registered	0.0000	0.0000	0.4750	0.6750	0.8000	1.0000	0.3600	1.0000	
Reinsured to Unregistered	0.0000	0.0000	0.0250	0.0250	0.0000	0.0000	0.6400	0.0000	
Paid to Date Retained	\$242,012	\$13,270	\$0	\$0	\$0	\$0	\$0	\$0	\$255,282
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	\$36,730	\$0	\$0	\$0	\$0	\$0	\$0	\$36,730
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	\$133,657	\$1,371,770	\$536,681	\$255,248	\$74,611	\$0	\$0	\$0	\$2,371,966
IBNR Reserves Ceded to									
Registered Reinsurers	\$0	\$0	\$509,847	\$574,307	\$298,443	\$20,315	\$4,204	\$5,535	\$1,412,652
Unregistered Reinsurers	\$0	\$0	\$26,834	\$21,271	\$0	\$0	\$7,474	\$0	\$55,579
Total Reserves Retained	\$133,657	\$1,408,500	\$536,681	\$255,248	\$74,611	\$0	\$0	\$0	\$2,408,696
Reserves Ceded to									
Registered Reinsurers	\$0	\$0	\$509,847	\$574,307	\$298,443	\$20,315	\$4,204	\$5,535	\$1,412,652
Unregistered Reinsurers	\$0	\$0	\$26,834	\$21,271	\$0	\$0	\$7,474	\$0	\$55,579

CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY

IBNR - REFLECTING PROPORTIONAL REINSURANCE

Period : 2011-1

As at December 31, 2013

LAYER	.975 xs .025	4 xs 1	7.5 xs 5	12.5 xs 12.5	10 xs 25	30 xs 50	20 xs 140	40 xs 160	Totals
<u>Derivation of Ultimate Incurred</u>									
Earned Lawyer Count	2,403	2,403	2,403	2,403	2,403	2,403	2,140	1,472	
Expected Loss Cost per Lawyer	\$131	\$1,347	\$1,056	\$837	\$367	\$20	\$13	\$9	
Gross Expected Loss Volume	\$315,296	\$3,235,990	\$2,537,427	\$2,011,531	\$882,137	\$48,065	\$27,814	\$13,250	
IBNR Factor	0.429	0.429	0.429	0.429	0.429	0.429	0.429	0.429	
IBNR Amount	\$135,262	\$1,388,240	\$1,088,556	\$862,947	\$378,437	\$20,620	\$11,932	\$5,684	\$3,891,678
Case Reserves	\$0	\$4,045,049	\$1,000,000	\$0	\$0	\$0	\$0	\$0	\$5,045,049
Total Reserves (Ind. & Leg.)	\$135,262	\$5,433,289	\$2,088,556	\$862,947	\$378,437	\$20,620	\$11,932	\$5,684	\$8,936,727
Paid to Date	\$0	\$1,904,952	\$0	\$0	\$0	\$0	\$0	\$0	\$1,904,952
Total Ultimate Incurred	\$135,262	\$7,338,241	\$2,088,556	\$862,947	\$378,437	\$20,620	\$11,932	\$5,684	\$10,841,679
<u>Derivation of Loss Adjustment Expenses</u>									
IBNR LAE	\$4,261	\$43,730	\$34,290	\$27,183	\$11,921	\$650	\$376	\$179	\$122,588
Case Reserves LAE	\$0	\$127,419	\$31,500	\$0	\$0	\$0	\$0	\$0	\$158,919
Total LAE(3.15%)	\$4,261	\$171,149	\$65,790	\$27,183	\$11,921	\$650	\$376	\$179	\$281,507
<u>Distribution of Losses between CLLAS and Proportional Reinsurers</u>									
Retention	1.0000	1.0000	0.5000	0.3000	0.2000	0.0000	0.0000	0.0000	
Reinsured to Registered	0.0000	0.0000	0.4750	0.6750	0.8000	1.0000	0.3600	1.0000	
Reinsured to Unregistered	0.0000	0.0000	0.0250	0.0250	0.0000	0.0000	0.6400	0.0000	
Paid to Date Retained	\$0	\$1,904,952	\$0	\$0	\$0	\$0	\$0	\$0	\$1,904,952
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	\$4,045,049	\$500,000	\$0	\$0	\$0	\$0	\$0	\$4,545,049
Case Reserves Ceded to									
Registered Reinsurers	\$0	\$0	\$475,000	\$0	\$0	\$0	\$0	\$0	\$475,000
Unregistered Reinsurers	\$0	\$0	\$25,000	\$0	\$0	\$0	\$0	\$0	\$25,000
IBNR Reserves Retained	\$135,262	\$1,388,240	\$544,278	\$258,884	\$75,687	\$0	\$0	\$0	\$2,402,351
IBNR Reserves Ceded to									
Registered Reinsurers	\$0	\$0	\$517,064	\$582,489	\$302,749	\$20,620	\$4,296	\$5,684	\$1,432,902
Unregistered Reinsurers	\$0	\$0	\$27,214	\$21,574	\$0	\$0	\$7,636	\$0	\$56,424
Total Reserves Retained	\$135,262	\$5,433,289	\$1,044,278	\$258,884	\$75,687	\$0	\$0	\$0	\$6,947,401
Reserves Ceded to									
Registered Reinsurers	\$0	\$0	\$992,064	\$582,489	\$302,749	\$20,620	\$4,296	\$5,684	\$1,907,902
Unregistered Reinsurers	\$0	\$0	\$52,214	\$21,574	\$0	\$0	\$7,636	\$0	\$81,424

CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY

IBNR - REFLECTING PROPORTIONAL REINSURANCE

Period : 2011-2

As at December 31, 2013

LAYER	.975 xs .025	4 xs 1	5 xs 5	10 xs 10	30 xs 20	30 xs Min 65	40 xs 160	60 xs 160	Totals
<u>Derivation of Ultimate Incurred</u>									
Earned Lawyer Count	2,340	2,340	2,340	2,340	2,340	2,340	714	1,770	
Expected Loss Cost per Lawyer	\$125	\$1,248	\$640	\$780	\$870	\$1	\$8	\$9	
Gross Expected Loss Volume	\$291,817	\$2,919,370	\$1,497,082	\$1,824,927	\$2,034,400	\$2,918	\$5,398	\$16,206	
IBNR Factor	0.619	0.619	0.619	0.619	0.619	0.619	0.619	0.619	
IBNR Amount	\$180,635	\$1,807,090	\$926,694	\$1,129,630	\$1,259,293	\$1,806	\$3,341	\$10,031	\$5,318,521
Case Reserves	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Reserves (Ind. & Leg.)	\$180,635	\$1,807,090	\$926,694	\$1,129,630	\$1,259,293	\$1,806	\$3,341	\$10,031	\$5,318,521
Paid to Date	\$106,506	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$106,506
Total Ultimate Incurred	\$287,141	\$1,807,090	\$926,694	\$1,129,630	\$1,259,293	\$1,806	\$3,341	\$10,031	\$5,425,027
<u>Derivation of Loss Adjustment Expenses</u>									
IBNR LAE	\$5,690	\$56,923	\$29,191	\$35,583	\$39,668	\$57	\$105	\$316	\$167,533
Case Reserves LAE	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total LAE(3.15%)	\$5,690	\$56,923	\$29,191	\$35,583	\$39,668	\$57	\$105	\$316	\$167,533
<u>Distribution of Losses between CLLAS, Colchester and Proportional Reinsurers</u>									
Retention	1.0000	0.2500	0.2500	0.2500	0.2500	0.0000	0.0000	0.0000	
Reinsured to Colchester	0.0000	0.2500	0.2500	0.2500	0.2500	0.0000	0.0000	0.0000	
Reinsured to Registered	0.0000	0.5000	0.5000	0.5000	0.5000	1.0000	0.7600	0.7600	
Reinsured to Unregistered	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.2400	0.2400	
Paid to Date Retained	\$106,506	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$106,506
Paid Ceded to									
Colchester	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Registered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Unregistered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Case Reserves Retained	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Case Reserves Ceded to									
Colchester	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Registered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Unregistered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
IBNR Reserves Retained	\$180,635	\$451,773	\$231,673	\$282,407	\$314,823	\$0	\$0	\$0	\$1,461,312
IBNR Reserves Ceded to									
Colchester	\$0	\$451,773	\$231,673	\$282,407	\$314,823	\$0	\$0	\$0	\$1,280,677
Registered Reinsurers	\$0	\$903,545	\$463,347	\$564,815	\$629,647	\$1,806	\$2,539	\$7,624	\$2,573,323
Unregistered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$802	\$2,408	\$3,209
Total Reserves Retained	\$180,635	\$451,773	\$231,673	\$282,407	\$314,823	\$0	\$0	\$0	\$1,461,312
Reserves Ceded to									
Colchester	\$0	\$451,773	\$231,673	\$282,407	\$314,823	\$0	\$0	\$0	\$1,280,677
Registered Reinsurers	\$0	\$903,545	\$463,347	\$564,815	\$629,647	\$1,806	\$2,539	\$7,624	\$2,573,323
Unregistered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$802	\$2,408	\$3,209

CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY

IBNR - REFLECTING PROPORTIONAL REINSURANCE

Period : 2012-1

As at December 31, 2013

LAYER	.975 xs .025	4 xs 1	5 xs 5	10 xs 10	30 xs 20	30 xs Min 65	40 xs 160	60 xs 160	Totals
<u>Derivation of Ultimate Incurred</u>									
Earned Lawyer Count	2,368	2,368	2,368	2,368	2,368	2,368	721	1,496	
Expected Loss Cost per Lawyer	\$127	\$1,267	\$650	\$780	\$870	\$1	\$8	\$9	
Gross Expected Loss Volume	\$299,961	\$3,000,842	\$1,538,861	\$1,847,159	\$2,059,183	\$2,953	\$5,452	\$13,699	
IBNR Factor	0.619	0.619	0.619	0.619	0.619	0.619	0.619	0.619	
IBNR Amount	\$185,676	\$1,857,521	\$952,555	\$1,143,391	\$1,274,634	\$1,828	\$3,375	\$8,480	\$5,427,460
Case Reserves	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Reserves (Ind. & Leg.)	\$185,676	\$1,857,521	\$952,555	\$1,143,391	\$1,274,634	\$1,828	\$3,375	\$8,480	\$5,427,460
Paid to Date	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Ultimate Incurred	\$185,676	\$1,857,521	\$952,555	\$1,143,391	\$1,274,634	\$1,828	\$3,375	\$8,480	\$5,427,460
<u>Derivation of Loss Adjustment Expenses</u>									
IBNR LAE	\$5,849	\$58,512	\$30,005	\$36,017	\$40,151	\$58	\$106	\$267	\$170,965
Case Reserves LAE	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total LAE(3.15%)	\$5,849	\$58,512	\$30,005	\$36,017	\$40,151	\$58	\$106	\$267	\$170,965
<u>Distribution of Losses between CLLAS, Colchester and Proportional Reinsurers</u>									
Retention	1.0000	0.2500	0.2500	0.2500	0.2500	0.0000	0.0000	0.0000	
Reinsured to Colchester	0.0000	0.2500	0.2500	0.2500	0.2500	0.0000	0.0000	0.0000	
Reinsured to Registered	0.0000	0.5000	0.5000	0.5000	0.5000	1.0000	0.7600	0.7600	
Reinsured to Unregistered	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.2400	0.2400	
Paid to Date Retained	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Paid Ceded to									
Colchester	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Registered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Unregistered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Case Reserves Retained	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Case Reserves Ceded to									
Colchester	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Registered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Unregistered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
IBNR Reserves Retained	\$185,676	\$464,380	\$238,139	\$285,848	\$318,659	\$0	\$0	\$0	\$1,492,701
IBNR Reserves Ceded to									
Colchester	\$0	\$464,380	\$238,139	\$285,848	\$318,659	\$0	\$0	\$0	\$1,307,025
Registered Reinsurers	\$0	\$928,760	\$476,278	\$571,696	\$637,317	\$1,828	\$2,565	\$6,445	\$2,624,889
Unregistered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$810	\$2,035	\$2,845
Total Reserves Retained	\$185,676	\$464,380	\$238,139	\$285,848	\$318,659	\$0	\$0	\$0	\$1,492,701
Reserves Ceded to									
Colchester	\$0	\$464,380	\$238,139	\$285,848	\$318,659	\$0	\$0	\$0	\$1,307,025
Registered Reinsurers	\$0	\$928,760	\$476,278	\$571,696	\$637,317	\$1,828	\$2,565	\$6,445	\$2,624,889
Unregistered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$810	\$2,035	\$2,845

CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY

IBNR - REFLECTING PROPORTIONAL REINSURANCE

Period : 2012-2

As at December 31, 2013

LAYER	.975 xs .025	4 xs 1	5 xs 5	10 xs 10	30 xs 20	30 xs Min 65	40 xs 160	60 xs 160	Totals
<u>Derivation of Ultimate Incurred</u>									
Earned Lawyer Count	2,064	2,064	2,064	2,064	2,064	2,064	720	1,473	
Expected Loss Cost per Lawyer	\$121	\$1,178	\$673	\$847	\$1,103	\$10	\$28	\$35	
Gross Expected Loss Volume	\$249,311	\$2,431,845	\$1,389,765	\$1,748,431	\$2,277,091	\$20,641	\$19,857	\$50,969	
IBNR Factor	0.849	0.849	0.849	0.849	0.849	0.849	0.849	0.849	
IBNR Amount	\$211,665	\$2,064,636	\$1,179,910	\$1,484,418	\$1,933,250	\$17,524	\$16,859	\$43,273	\$6,951,535
Case Reserves	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Reserves (Ind. & Leg.)	\$211,665	\$2,064,636	\$1,179,910	\$1,484,418	\$1,933,250	\$17,524	\$16,859	\$43,273	\$6,951,535
Paid to Date	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Ultimate Incurred	\$211,665	\$2,064,636	\$1,179,910	\$1,484,418	\$1,933,250	\$17,524	\$16,859	\$43,273	\$6,951,535
<u>Derivation of Loss Adjustment Expenses</u>									
IBNR LAE	\$6,667	\$65,036	\$37,167	\$46,759	\$60,897	\$552	\$531	\$1,363	\$218,973
Case Reserves LAE	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total LAE(3.15%)	\$6,667	\$65,036	\$37,167	\$46,759	\$60,897	\$552	\$531	\$1,363	\$218,973
<u>Distribution of Losses between CLLAS, Colchester and Proportional Reinsurers</u>									
Retention	1.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	
Reinsured to Colchester	0.0000	0.3500	0.3500	0.3500	0.3500	0.0000	0.0000	0.0000	
Reinsured to Registered	0.0000	0.6500	0.6500	0.6500	0.6500	1.0000	0.7600	0.7600	
Reinsured to Unregistered	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.2400	0.2400	
Paid to Date Retained	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Paid Ceded to									
Colchester	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Registered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Unregistered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Case Reserves Retained	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Case Reserves Ceded to									
Colchester	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Registered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Unregistered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
IBNR Reserves Retained	\$211,665	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$211,665
IBNR Reserves Ceded to									
Colchester	\$0	\$722,623	\$412,969	\$519,546	\$676,638	\$0	\$0	\$0	\$2,331,775
Registered Reinsurers	\$0	\$1,342,013	\$766,942	\$964,872	\$1,256,613	\$17,524	\$12,812	\$32,887	\$4,393,663
Unregistered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$4,046	\$10,385	\$14,431
Total Reserves Retained	\$211,665	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$211,665
Reserves Ceded to									
Colchester	\$0	\$722,623	\$412,969	\$519,546	\$676,638	\$0	\$0	\$0	\$2,331,775
Registered Reinsurers	\$0	\$1,342,013	\$766,942	\$964,872	\$1,256,613	\$17,524	\$12,812	\$32,887	\$4,393,663
Unregistered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$4,046	\$10,385	\$14,431

CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY

IBNR - REFLECTING PROPORTIONAL REINSURANCE

Period : 2013-1

As at December 31, 2013

LAYER	.975 xs .025	4 xs 1	5 xs 5	10 xs 10	30 xs 20	30 xs Min 65	40 xs 160	60 xs 160	Totals
<u>Derivation of Ultimate Incurred</u>									
Earned Lawyer Count	2,064	2,064	2,064	2,064	2,064	2,064	720	1,473	
Expected Loss Cost per Lawyer	\$121	\$1,178	\$673	\$847	\$1,103	\$10	\$28	\$35	
Gross Expected Loss Volume	\$249,311	\$2,431,845	\$1,389,765	\$1,748,431	\$2,277,091	\$20,641	\$19,857	\$50,969	
IBNR Factor	0.849	0.849	0.849	0.849	0.849	0.849	0.849	0.849	
IBNR Amount	\$211,665	\$2,064,636	\$1,179,910	\$1,484,418	\$1,933,250	\$17,524	\$16,859	\$43,273	\$6,951,535
Case Reserves	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Reserves (Ind. & Leg.)	\$211,665	\$2,064,636	\$1,179,910	\$1,484,418	\$1,933,250	\$17,524	\$16,859	\$43,273	\$6,951,535
Paid to Date	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Ultimate Incurred	\$211,665	\$2,064,636	\$1,179,910	\$1,484,418	\$1,933,250	\$17,524	\$16,859	\$43,273	\$6,951,535
<u>Derivation of Loss Adjustment Expenses</u>									
IBNR LAE	\$6,667	\$65,036	\$37,167	\$46,759	\$60,897	\$552	\$531	\$1,363	\$218,973
Case Reserves LAE	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total LAE(3.15%)	\$6,667	\$65,036	\$37,167	\$46,759	\$60,897	\$552	\$531	\$1,363	\$218,973
<u>Distribution of Losses between CLLAS, Colchester and Proportional Reinsurers</u>									
Retention	1.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	
Reinsured to Colchester	0.0000	0.3500	0.3500	0.3500	0.3500	0.0000	0.0000	0.0000	
Reinsured to Registered	0.0000	0.6500	0.6500	0.6500	0.6500	1.0000	0.7600	0.7600	
Reinsured to Unregistered	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.2400	0.2400	
Paid to Date Retained	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Paid Ceded to									
Colchester	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Registered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Unregistered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Case Reserves Retained	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Case Reserves Ceded to									
Colchester	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Registered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Unregistered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
IBNR Reserves Retained	\$211,665	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$211,665
IBNR Reserves Ceded to									
Colchester	\$0	\$722,623	\$412,969	\$519,546	\$676,638	\$0	\$0	\$0	\$2,331,775
Registered Reinsurers	\$0	\$1,342,013	\$766,942	\$964,872	\$1,256,613	\$17,524	\$12,812	\$32,887	\$4,393,663
Unregistered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$4,046	\$10,385	\$14,431
Total Reserves Retained	\$211,665	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$211,665
Reserves Ceded to									
Colchester	\$0	\$722,623	\$412,969	\$519,546	\$676,638	\$0	\$0	\$0	\$2,331,775
Registered Reinsurers	\$0	\$1,342,013	\$766,942	\$964,872	\$1,256,613	\$17,524	\$12,812	\$32,887	\$4,393,663
Unregistered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$4,046	\$10,385	\$14,431

CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY

IBNR - REFLECTING PROPORTIONAL REINSURANCE

Period : 2013-2

As at December 31, 2013

LAYER	.975 xs .025	4 xs 1	5 xs 5	10 xs 10	30 xs 20	30 xs Min 65	40 xs 160	60 xs 160	Totals
<u>Derivation of Ultimate Incurred</u>									
Earned Lawyer Count	2,033	2,033	2,033	2,033	2,033	2,033	788	1,452	
Expected Loss Cost per Lawyer	\$109	\$1,112	\$596	\$755	\$919	\$10	\$17	\$21	
Gross Expected Loss Volume	\$222,320	\$2,261,077	\$1,210,545	\$1,534,578	\$1,867,962	\$20,326	\$13,275	\$30,335	
IBNR Factor	0.925	0.925	0.925	0.925	0.925	0.925	0.925	0.925	
IBNR Amount	\$205,646	\$2,091,496	\$1,119,754	\$1,419,485	\$1,727,865	\$18,802	\$12,279	\$28,060	\$6,623,387
Case Reserves	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Reserves (Ind. & Leg.)	\$205,646	\$2,091,496	\$1,119,754	\$1,419,485	\$1,727,865	\$18,802	\$12,279	\$28,060	\$6,623,387
Paid to Date	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Ultimate Incurred	\$205,646	\$2,091,496	\$1,119,754	\$1,419,485	\$1,727,865	\$18,802	\$12,279	\$28,060	\$6,623,387
<u>Derivation of Loss Adjustment Expenses</u>									
IBNR LAE	\$6,478	\$65,882	\$35,272	\$44,714	\$54,428	\$592	\$387	\$884	\$208,637
Case Reserves LAE	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total LAE(3.15%)	\$6,478	\$65,882	\$35,272	\$44,714	\$54,428	\$592	\$387	\$884	\$208,637
<u>Distribution of Losses between CLLAS, Colchester and Proportional Reinsurers</u>									
Retention	1.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	
Reinsured to Colchester	0.0000	0.3000	0.3000	0.3000	0.3000	0.0000	0.0000	0.0000	
Reinsured to Registered	0.0000	0.7000	0.7000	0.7000	0.7000	0.8800	0.9300	0.9300	
Reinsured to Unregistered	0.0000	0.0000	0.0000	0.0000	0.0000	0.1200	0.0700	0.0700	
Paid to Date Retained	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Paid Ceded to									
Colchester	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Registered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Unregistered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Case Reserves Retained	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Case Reserves Ceded to									
Colchester	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Registered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Unregistered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
IBNR Reserves Retained	\$205,646	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$205,646
IBNR Reserves Ceded to									
Colchester	\$0	\$627,449	\$335,926	\$425,845	\$518,360	\$0	\$0	\$0	\$1,907,580
Registered Reinsurers	\$0	\$1,464,047	\$783,828	\$993,639	\$1,209,506	\$16,546	\$11,420	\$26,096	\$4,505,081
Unregistered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$2,256	\$860	\$1,964	\$5,080
Total Reserves Retained	\$205,646	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$205,646
Reserves Ceded to									
Colchester	\$0	\$627,449	\$335,926	\$425,845	\$518,360	\$0	\$0	\$0	\$1,907,580
Registered Reinsurers	\$0	\$1,464,047	\$783,828	\$993,639	\$1,209,506	\$16,546	\$11,420	\$26,096	\$4,505,081
Unregistered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$2,256	\$860	\$1,964	\$5,080

CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY

IBNR - REFLECTING PROPORTIONAL REINSURANCE

Period: All Years
As at December 31, 2013

LAYER	Totals
IBNR Amount	\$50,643,529
Case Reserves	\$19,420,682
Total Reserves (Ind. & Leg.)	\$70,064,211
Paid to Date	\$169,577,224
Total Ultimate Incurred	\$239,641,435
Paid to Date Retained	\$72,465,603
Paid Ceded to	
Colchester	\$0
Registered Reinsurers	\$89,512,571
Unregistered Reinsurers	\$7,599,050
Case Reserves Retained	\$18,865,727
Case Reserves Ceded to	
Colchester	\$0
Registered Reinsurers	\$526,545
Unregistered Reinsurers	\$28,411
IBNR Reserves Retained	\$14,643,302
IBNR Reserves Ceded to	
Colchester	\$9,158,832
Registered Reinsurers	\$26,387,337
Unregistered Reinsurers	\$454,058
Total Reserves Retained	\$33,509,029
Reserves Ceded to	
Colchester	\$9,158,832
Registered Reinsurers	\$26,913,882
Unregistered Reinsurers	\$482,469

CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY

**INDICATED INCURRED LOSS DEVELOPMENT FACTORS
FOR LOSSES IN EXCESS OF VARIOUS PER OCCURRENCE RETENTIONS (1)**

<i>Retention per Occurrence</i>		<i>Loss Development Factor to Ultimate at Duration t (in months)</i>													
	t=	6	18	30	42	54	66	78	90	102	114	126	138	150	162
\$	25,000	3.006	1.995	1.342	1.138	1.048	0.992	0.967	0.971	0.984	0.993	0.997	0.998	1.001	1.001
	50,000	3.630	2.320	1.469	1.199	1.081	1.007	0.974	0.974	0.987	0.995	0.998	0.999	1.001	1.001
	100,000	4.435	2.733	1.625	1.279	1.127	1.027	0.983	0.981	0.992	1.000	1.003	1.003	1.003	1.002
	200,000	5.585	3.227	1.746	1.333	1.149	1.029	0.980	0.987	0.999	1.007	1.013	1.011	1.009	1.004
	300,000	5.968	3.379	1.760	1.325	1.141	1.016	0.967	0.980	0.995	1.004	1.011	1.011	1.008	1.004
	500,000	1.286	0.873	0.628	0.587	0.592	0.602	0.614	0.650	0.694	0.735	0.777	0.818	0.868	0.948
	1,000,000	13.375	6.625	2.625	1.750	1.350	1.125	1.050	1.045	1.035	1.025	1.020	1.020	1.018	1.008
	Selected	13.375	6.625	2.625	1.750	1.350	1.125	1.050	1.045	1.035	1.025	1.020	1.020	1.018	1.008

(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 \$ 2013)</i>	<i>Assumed Portion Applicable to Losses Outstanding As at December 31, 2013</i>	<i>Future Indexing (3% per year)</i>	<i>Estimated Provision As at December 31, 2013</i>
2014	\$521,000	7/7	1.000	\$ 521,000
2015	521,000	6/7	1.030	459,969
2016	521,000	5/7	1.061	394,806
2017	521,000	4/7	1.093	325,320
2018	521,000	3/7	1.126	251,310
2019	521,000	2/7	1.159	172,566
2020	521,000	1/7	1.194	88,872
Total				\$ 2,213,843

Gross Outstanding Liabilities

- Case Reserve	\$ 19,420,682
- IBNR	<u>50,643,529</u>
- Total	\$ 70,064,211

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

- Indicated	3.16%
- Selected	3.15%

(1) Based upon actual CLLAS internal claims management expenses of \$476,000 in 2013 and estimated 2014 expenses of \$521,000.

CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY
GROSS AND NET OF PROPORTIONAL EXPERIENCE
As at December 31, 2013

<i>Policy Period</i>	GROSS CLLAS EXPERIENCE (1)				NET OF PROPORTIONAL REINSURANCE			
	<i>Paid</i>	<i>Case Reserves</i>	<i>IBNR</i>	<i>Total Incurred</i>	<i>Paid</i>	<i>Case Reserves</i>	<i>IBNR</i>	<i>Total Incurred</i>
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	\$0	\$0	\$0	\$0	\$0	\$0
July 1, 1997 - June 30, 1998	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
July 1, 1998 - June 30, 1999	\$20,296,669	\$0	\$0	\$20,296,669	\$6,254,045	\$0	\$0	\$6,254,045
July 1, 1999 - June 30, 2000	\$8,492,585	\$0	\$0	\$8,492,585	\$3,464,559	\$0	\$0	\$3,464,559
July 1, 2000 - June 30, 2001	\$0	\$0	\$134,635	\$134,635	\$0	\$0	\$40,400	\$40,400
July 1, 2001 - June 30, 2002	\$17,553,756	\$0	\$320,604	\$17,874,361	\$5,601,781	\$0	\$96,200	\$5,697,981
July 1, 2002 - June 30, 2003	\$3,443,715	\$3,077,430	\$400,065	\$6,921,210	\$3,443,715	\$3,077,430	\$188,176	\$6,709,321
July 1, 2003 - June 30, 2004	\$38,933,335	\$0	\$428,845	\$39,362,180	\$13,933,335	\$0	\$203,489	\$14,136,824
July 1, 2004 - June 30, 2005	\$1,262,333	\$811,662	\$548,074	\$2,622,069	\$1,262,333	\$811,662	\$257,803	\$2,331,798
July 1, 2005 - June 30, 2006	\$764,045	\$50,000	\$832,745	\$1,646,790	\$764,045	\$50,000	\$387,229	\$1,201,275
July 1, 2006 - June 30, 2007	\$6,468,713	\$99,112	\$1,131,368	\$7,699,193	\$5,764,078	\$59,822	\$548,761	\$6,372,662
July 1, 2007 - June 30, 2008	\$14,164,919	\$2,200,699	\$977,612	\$17,343,229	\$8,520,585	\$2,185,033	\$507,419	\$11,213,037
July 1, 2008 - June 30, 2009	\$355,042	\$600,000	\$1,998,676	\$2,953,718	\$355,042	\$600,000	\$1,122,428	\$2,077,470
July 1, 2009 - June 30, 2010	\$522,604	\$7,500,000	\$4,866,592	\$12,889,196	\$522,604	\$7,500,000	\$2,934,090	\$10,956,694
July 1, 2010 - June 30, 2011	\$2,160,234	\$5,081,779	\$7,731,874	\$14,973,888	\$2,160,234	\$4,581,779	\$4,774,318	\$11,516,331
July 1, 2011 - June 30, 2012	\$106,506	\$0	\$10,745,981	\$10,852,487	\$106,506	\$0	\$2,954,013	\$3,060,519
July 1, 2012 - June 30, 2013	\$0	\$0	\$13,903,070	\$13,903,070	\$0	\$0	\$423,331	\$423,331
July 1, 2013 - December 31, 2013	\$0	\$0	\$6,623,387	\$6,623,387	\$0	\$0	\$205,646	\$205,646
Total	\$169,577,224	\$19,420,682	\$50,643,529	\$239,641,435	\$72,475,964	\$18,865,727	\$14,643,302	\$105,984,992

(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
COLCHESTER PROPORTIONAL REINSURANCE
As at December 31, 2013**

<i>Policy Period</i>	<i>Paid</i>	<i>Case Reserves</i>	<i>IBNR</i>	<i>Total Incurred</i>
July 1, 2011 - June 30, 2012	\$0	\$0	\$2,587,702	\$2,587,702
July 1, 2012 - June 30, 2013	\$0	\$0	\$4,663,550	\$4,663,550
July 1, 2013 - December 31, 2013	\$0	\$0	\$1,907,580	\$1,907,580
Total	\$0	\$0	\$9,158,832	\$9,158,832

CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY
AGGREGATE AND NET OF AGGREGATE EXPERIENCE
As at December 31, 2013

Policy Period	STOP LOSS PROPORTION (1)						LOSS PORTFOLIO TRANSFER TO COLCHESTER			
	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	\$0	\$0	\$0	\$0
July 1, 1991 - June 30, 1992	0.360	\$1,000,000	\$1,000,000	\$0	\$0	\$1,000,000	\$0	\$0	\$0	\$0
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	\$0	\$0	\$0	\$0
July 1, 1994 - June 30, 1995	0.600	\$3,000,000 (2)	\$2,750,000	\$0	\$0	\$2,750,000	\$0	\$0	\$0	\$0
July 1, 1995 - June 30, 1996	0.300	\$4.7M xs \$3.3M	\$3,300,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0
July 1, 1996 - June 30, 1997	0.300	\$4.7M xs \$3.3M	\$3,300,000	\$0	\$0	\$0 (3)	\$0	\$0	\$0	\$0
July 1, 1997 - June 30, 1998	0.300	\$4.7M xs \$3.3M	\$3,300,000	\$0	\$0	\$0 (3)	\$0	\$0	\$0	\$0
July 1, 1998 - June 30, 1999	0.300	\$4.7M xs \$3.3M	\$3,300,000	\$2,954,045	\$0	\$2,954,045	\$0	\$0	\$0	\$0
July 1, 1999 - June 30, 2000	0.300	\$4.7M xs \$3.3M	\$3,300,000	\$164,559	\$0	\$164,559	\$0	\$0	\$0	\$0
July 1, 2000 - June 30, 2001	0.300	\$4.7M xs \$3.3M	\$3,300,000	\$0	\$0	\$12,120 (3)	\$0	\$0	\$28,280	\$28,280
July 1, 2001 - June 30, 2002	0.300	\$4.7M xs \$3.3M	\$3,300,000	\$2,301,781	\$0	\$96,200 (4)	\$2,397,981	\$0	(\$0)	\$0 (\$0)
July 1, 2002 - June 30, 2003	0.300	\$7.5M xs \$5.5M	\$5,500,000	\$0	\$1,021,145	\$188,176 (4)	\$1,209,321	\$27,917	\$2,056,285	\$0 \$2,084,202
July 1, 2003 - June 30, 2004	0.300	\$7.5M xs \$5.5M	\$5,500,000	\$7,500,000	\$0	\$0 (5)	\$7,500,000	\$0	\$0	\$203,489 \$203,489
July 1, 2004 - June 30, 2005	0.300	\$7.5M xs \$5.5M	\$5,500,000	\$0	\$0	\$77,341 (3)	\$77,341	\$0	\$811,662	\$180,462 \$992,124
July 1, 2005 - June 30, 2006	0.400	\$9.5M xs \$5.5M	\$5,500,000	\$0	\$0	\$154,892 (3)	\$154,892	\$51,932	\$50,000	\$232,338 \$334,269
July 1, 2006 - June 30, 2007	0.100	\$5M xs \$15.0M	\$15,000,000	\$0	\$0	\$54,876 (3)	\$54,876	\$713,765	\$59,822	\$493,885 \$1,267,473
July 1, 2007 - June 30, 2008	0.100	\$5M xs \$15.0M	\$15,000,000	\$0	\$0	\$50,742 (3)	\$50,742	(\$4,603)	\$2,185,033	\$456,677 \$2,637,107
July 1, 2008 - June 30, 2009	0.100	\$5M xs \$15.0M	\$15,000,000	\$0	\$0	\$112,243 (3)	\$112,243	\$350,000	\$600,000	\$1,010,185 \$1,960,185
July 1, 2009 - June 30, 2010	0.150	\$10M xs \$15.0M	\$15,000,000	\$0	\$0	\$440,113 (3)	\$440,113	\$502,908	\$7,500,000	\$2,493,976 \$10,496,884
July 1, 2010 - June 30, 2011	0.175	\$10M xs \$15.0M	\$15,000,000	\$0	\$0	\$835,506 (3)	\$835,506	\$86,798	\$4,581,779	\$3,938,812 \$8,607,389
July 1, 2011 - June 30, 2012	0.035	\$22.5M xs \$17.5M	\$17,500,000	\$0	\$0	\$103,390 (3)	\$103,390	\$0	\$0	\$2,850,622 \$2,850,622
July 1, 2012 - June 30, 2013	0.000	\$10M xs \$5M	\$5,000,000	\$0	\$0	\$0 (3)	\$0	N/A	N/A	N/A \$0
July 1, 2013 - December 31, 2013	0.000	\$10M xs \$5M	\$5,000,000	\$0	\$0	\$0 (3)	\$0	N/A	N/A	N/A \$0
Total			\$20,483,684	\$1,021,145	\$2,125,600	\$23,630,429	\$1,728,717	\$17,844,582	\$11,888,726	\$31,462,025

(1) Ceded to Colchester Reinsurance Limited. Additional stop-loss coverage provided by Colchester per Schedule 1.

(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 net of proportional reinsurance 100% allocated to CLLAS since attachment point is reached. Paid adjusting expenses of \$327,187 are retained by CLLAS.

CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY
NET EXPERIENCE
As at December 31, 2013

<i>Policy Period</i>	ULAE LIABILITIES		NET CLLAS EXPERIENCE			
	<i>ULAE Case Reserves</i>	<i>ULAE IBNR</i>	<i>Paid</i>	<i>Total Case Reserves</i>	<i>Total IBNR (1)</i>	<i>Total Incurred</i>
July 1, 1987 - June 30, 1988	\$0	\$0	\$0	\$0	\$0	\$0
July 1, 1988 - June 30, 1989	\$0	\$0	\$0	\$0	\$0	\$0
July 1, 1989 - June 30, 1990	\$0	\$0	\$0	\$0	\$0	\$0
July 1, 1990 - June 30, 1991	\$0	\$0	\$896,574	\$0	\$0	\$896,574
July 1, 1991 - June 30, 1992	\$0	\$0	\$2,470,496	\$0	\$0	\$2,470,496
July 1, 1992 - June 30, 1993	\$0	\$0	\$0	\$0	\$0	\$0
July 1, 1993 - June 30, 1994	\$0	\$0	\$5,638,230	\$0	\$0	\$5,638,230
July 1, 1994 - June 30, 1995	\$0	\$0	\$1,883,180	\$0	\$0	\$1,883,180
July 1, 1995 - June 30, 1996	\$0	\$0	\$1,871,322	\$0	\$0	\$1,871,322
July 1, 1996 - June 30, 1997	\$0	\$0	\$0	\$0	\$0	\$0
July 1, 1997 - June 30, 1998	\$0	\$0	\$0	\$0	\$0	\$0
July 1, 1998 - June 30, 1999	\$0	\$0	\$3,300,000	\$0	\$0	\$3,300,000
July 1, 1999 - June 30, 2000	\$0	\$0	\$3,300,000	\$0	\$0	\$3,300,000
July 1, 2000 - June 30, 2001	\$0	\$4,241	\$0	\$0	\$4,241	\$4,241
July 1, 2001 - June 30, 2002	\$0	\$10,099	\$3,300,000	\$0	\$10,099	\$3,310,099
July 1, 2002 - June 30, 2003	\$96,939	\$12,602	\$3,415,798	\$0	\$109,541	\$3,525,339
July 1, 2003 - June 30, 2004	\$0	\$13,509	\$6,433,335	\$0	\$13,509	\$6,446,844
July 1, 2004 - June 30, 2005	\$25,567	\$17,264	\$1,262,333	\$0	\$42,832	\$1,305,165
July 1, 2005 - June 30, 2006	\$1,575	\$26,231	\$712,114	\$0	\$27,806	\$739,920
July 1, 2006 - June 30, 2007	\$3,122	\$35,638	\$5,050,313	\$0	\$38,760	\$5,089,073
July 1, 2007 - June 30, 2008	\$69,322	\$30,795	\$8,525,188	\$0	\$100,117	\$8,625,304
July 1, 2008 - June 30, 2009	\$18,900	\$62,958	\$5,042	\$0	\$81,858	\$86,900
July 1, 2009 - June 30, 2010	\$236,250	\$153,298	\$19,696	\$0	\$389,548	\$409,244
July 1, 2010 - June 30, 2011	\$160,076	\$243,554	\$2,073,436	\$0	\$403,630	\$2,477,066
July 1, 2011 - June 30, 2012	\$0	\$338,498	\$106,506	\$0	\$338,498	\$445,005
July 1, 2012 - June 30, 2013	\$0	\$437,947	\$0	\$0	\$861,277	\$861,277
July 1, 2013 - December 31, 2013	\$0	\$208,637	\$0	\$0	\$414,283	\$414,283
Total	\$611,751	\$1,595,271	\$50,263,562	\$0	\$2,835,999	\$53,099,562

(1) Including unallocated loss adjustment expenses.

CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY
GROSS AND NET LOSS AND LOSS ADJUSTMENT EXPENSE RATIO
As at December 31, 2013

<i>Policy Period</i>	<i>GROSS EARNED PREMIUM (\$'000'S)</i>	<i>GROSS EARNED LOSS (\$'000'S) ⁽¹⁾</i>	<i>GROSS LOSS RATIO</i>	<i>NET EARNED PREMIUM (\$'000'S)</i>	<i>NET EARNED LOSSES (\$'000'S) ⁽¹⁾</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	\$0	0%	\$1,070,215	\$0	0%
July 1, 1997 - June 30, 1998	\$6,587,610	\$0	0%	\$1,627,963	\$0	0%
July 1, 1998 - June 30, 1999	\$10,826,416	\$20,296,669	187%	\$4,368,122	\$3,300,000	76%
July 1, 1999 - June 30, 2000	\$12,093,829	\$8,492,585	70%	\$5,100,300	\$3,300,000	65%
July 1, 2000 - June 30, 2001	\$14,968,458	\$134,635	1%	\$6,734,718	\$0	0%
July 1, 2001 - June 30, 2002	\$14,694,378	\$17,874,361	122%	\$5,919,526	\$3,300,000	56%
July 1, 2002 - June 30, 2003	\$17,346,379	\$6,921,210	40%	\$4,631,546 ⁽¹⁾	\$3,415,798	74%
July 1, 2003 - June 30, 2004	\$22,376,007	\$39,362,180	176%	\$6,619,932 ⁽²⁾	\$6,433,335	97%
July 1, 2004 - June 30, 2005	\$24,676,487	\$2,622,069	11%	\$6,832,821	\$1,262,333	18%
July 1, 2005 - June 30, 2006	\$25,025,027	\$1,646,790	7%	\$6,259,056	\$712,114	11%
July 1, 2006 - June 30, 2007	\$33,356,139	\$7,699,193	23%	\$12,326,959	\$5,050,313	41%
July 1, 2007 - June 30, 2008	\$27,040,048	\$17,343,229	64%	\$10,121,699	\$8,525,188	84%
July 1, 2008 - June 30, 2009	\$24,343,680	\$2,953,718	12%	\$9,812,057	\$5,042	0%
July 1, 2009 - June 30, 2010	\$23,632,747	\$12,889,196	55%	\$9,849,698	\$19,696	0%
July 1, 2010 - June 30, 2011	\$20,852,074	\$14,973,888	72%	\$8,040,957	\$2,073,436	26%
July 1, 2011 - June 30, 2012 (4)	\$17,006,743	\$10,852,487	64%	\$5,101,008	\$106,506	2%
July 1, 2012 - June 30, 2013	\$14,228,728	\$13,903,070	98%	\$3,352,235	\$423,331	13%
July 1, 2013 - December 31, 2013	\$6,935,780	\$6,623,387	95%	\$1,567,432	\$205,646	13%
Total	\$361,560,927	\$239,641,435	66%	\$118,233,833	\$50,892,539	43%
December 31, 1996 Retroassessment call	\$7,000,000			\$7,000,000		
June 30, 1998 Retroassessment call	\$1,600,000			\$1,600,000		
June 30, 2012 Loss portfolio transfer				-\$44,700,000		
Total Including retroassessment calls and loss portfolio transfer premium	\$370,160,927	\$239,641,435	65%	\$82,133,833	\$50,892,539	62%

(1) Excluding reinsurance swing premium return of \$706,071.

(2) Excluding reinsurance swing premium payment of \$3,148,262.

(3) Excluding unallocated loss adjustment expenses.

(4) Excluding loss portfolio transfer premium ceded of \$44,700,000.

CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY

INVESTMENT PORTFOLIO VALUATION & SELECTION OF DISCOUNT RATE

As at December 31, 2013

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Issuer	Holdings	Coupon Rate	Maturity Date	Cost	Market Value	Valuation Date	Market Yield	Market Effective Yield	Duration
MONEY MARKET									
Canadian Imperial Bank BA	2,010,000		2014-01-20	2,005,059	2,005,059	2013-12-31	1.20%	1.20%	0.054
Bank of Nova Scotia BA	1,000,000		2014-01-20	997,977	997,977	2013-12-31	1.20%	1.20%	0.054
First Bank BA	1,000,000		2014-02-04	997,450	997,450	2013-12-31	1.20%	1.20%	0.095
TREASURY BILLS									
Canada Treasury Bills	2,500,000		2014-01-30	2,495,520	2,495,520	2013-12-31	0.90%	0.90%	0.082
Canada Treasury Bills	715,000		2014-02-13	713,579	713,613	2013-12-31	0.90%	0.90%	0.120
Canada Treasury Bills	1,020,000		2014-02-13	1,018,056	1,018,022	2013-12-31	0.90%	0.90%	0.120
Canada Treasury Bills	2,300,000		2014-01-16	2,297,859	2,297,859	2013-12-31	0.90%	0.90%	0.043
GOVERNMENT BONDS									
Canada Housing Trust	300,000	1.85%	2016-12-15	303,900	303,599	2013-12-31	1.43%	1.44%	2.889
British Columbia Province	250,000	3.25%	2021-12-18	255,750	253,499	2013-12-31	3.05%	3.07%	7.080
Ontario Province	350,000	2.10%	2018-09-08	348,495	346,312	2013-12-31	2.34%	2.35%	4.456
Ontario Province	250,000	3.15%	2022-06-02	247,600	245,976	2013-12-31	3.37%	3.40%	7.432
Alberta Province	300,000	1.85%	2016-09-01	304,050	303,885	2013-12-31	1.35%	1.36%	2.598
Ontario Province	330,000	1.90%	2017-09-08	330,594	329,347	2013-12-31	1.96%	1.97%	3.556
CORPORATE BONDS									
Royal Bank of Canada	200,000	2.26%	2018-03-12	198,560	197,137	2013-12-31	2.62%	2.64%	3.998
Bank of Montreal	200,000	3.40%	2021-04-23	201,300	199,366	2013-12-31	3.45%	3.48%	6.491
Wells Fargo	200,000	2.94%	2019-07-25	200,040	198,715	2013-12-31	3.07%	3.09%	5.109
Bank of Nova Scotia	200,000	2.10%	2016-11-08	200,640	200,499	2013-12-31	2.01%	2.02%	2.777
Toronto Dominion Bank	200,000	2.43%	2017-08-15	201,460	200,518	2013-12-31	2.36%	2.37%	3.461
TOTAL	13,325,000			13,317,889	13,304,353			2.53%	0.986

(10) Duration-Weighted Effective Market Yield: 2.53%

(11) Selected Discount Rate: 2.40%

(1) - (5) From Investment Manager

(6) Valuation Date = 12/31/2013

(7) Expected future yield on bond

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

(9) Duration of bond

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

(11) Judgment

CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY

SELECTION FOR PROVISION FOR ADVERSE DEVIATION

As at December 31, 2013

Major Valuation Variables	Low Margin	High Margin	Considerations	Evaluation (1)	Weight(2)	Indicated PFAD	Selected PFAD
Claims Development	2.50%	20.00%	Company practices: Consistency in claims handling procedures and personnel	0	1	10.00%	10.00%
			System changes	0	1		
			Changes in case reserve estimation	0	1		
			Data: Number of years of past experience on which expected development is based	0	1		
			Volume of business in each year	1	1		
			Changes in volume of business over last five to seven years	1	1		
			Changes in mix of business over last five to seven years	0	1		
			Homogeneity of data grouping	1	1		
			Stability of historical development	1	1		
			Potential impact of large individual claims	2	1		
			Line of Business: Length of time over which potential development might take place from reporting of new losses	2	2		
			Likelihood of external changes which may significantly affect development	2	1		
			Net retention of the company for the line of business	0	1		
			Change in policy form	0	1		
Reinsurance Recovery	0.00%	15.00%	Ceded claims ratio	0	1	5.00%	5.00%
			Potential problem reinsurers	1	1		
			Balance sheet exposure for each assuming company	1	1		
Interest Rate	25 BP	200 BP	Investment portfolio	1	2	0.69%	0.50%
			Investment climate	0	1		
			Method of valuing assets	0	1		
			Matching of investments to claims payments patterns	0	1		

(1) Evaluation of Consideration:

Low Margin=0
Medium Margin=1
High Margin=2

(2) Consideration Weight:

Low Weight=0
Medium Weight=1
High Weight=2

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)
		<i>2.40%</i>	<i>1.90%</i>	
1987/88	-	-	-	-
1988/89	-	-	-	-
1989/90	-	-	-	-
1990/91	-	-	-	-
1991/92	-	-	-	-
1992/93	-	-	-	-
1993/94	-	-	-	-
1994/95	-	-	-	-
1995/96	-	-	-	-
1996/97	-	-	-	-
1997/98	-	-	-	-
1998/99	-	-	-	-
1999/00	-	-	-	-
2000/01	138,876	133,429	134,528	
2001/02	330,704	315,006	318,158	
2002/03	3,587,036	3,382,924	3,423,682	
2003/04	442,353	412,811	418,677	
2004/05	1,402,568	1,294,806	1,316,081	
2005/06	910,551	832,902	848,143	
2006/07	1,269,240	1,161,905	1,182,872	
2007/08	3,278,427	3,008,076	3,060,708	
2008/09	2,680,535	2,457,020	2,500,423	
2009/10	12,756,140	11,635,169	11,852,305	
2010/11	13,217,284	11,949,703	12,194,488	
2011/12	11,084,480	9,927,197	10,149,851	
2012/13	14,341,017	12,717,897	13,028,856	
2013/14	6,832,024	5,967,360	6,132,203	
Total	72,271,234	65,196,203	66,560,973	

Recommended Margin on Interest Rate Variable

[total column (4) less total column (3)]:

1,364,770

(1) Policy Year

(2) Exhibit V plus loss adjustment expense reserves at 3.15%

(3) Present Value of column (2) at a 2.40% discount factor.

(4) Present Value of column (2) at a 1.90% discount factor.

CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY

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

	<i><u>Discounted</u></i> <i><u>Liabilities</u></i>	<i><u>Recommended Margin</u></i> <i><u>Percentage</u></i> <i><u>Amount</u></i>		
(1) Undiscounted Gross Outstanding Liabilities As at December 31, 2013				72,271,234
(2) Discounted Gross Outstanding Liabilities As at December 31, 2013				\$65,196,203
(3) Loss Development Recommended Margin	\$65,196,203	10.0%	\$6,519,620	\$6,519,620
(4) Reinsurance Recovery Recommended Margin	\$0	0.0%	\$0	\$0
(5) Recommended Margin on Interest Rate Variable				\$1,364,770
(6) Calculated Provision for Adverse Deviation				<u>\$7,884,390</u>
(7) Discounted Gross Outstanding Liabilities plus Calculated Provision for Adverse Deviation				<u><u>\$73,080,593</u></u>

- (1) From Exhibit XI - Page 2, column (2).
- (2) From Exhibit XI - Page 2, columns (3).
- (3) Equals (2) times 10% margin.
- (4) Nil, as liabilities are selected on a gross basis.
- (5) From Exhibit XI - 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)
		2.40%		1.90%
1987/88	-	-		-
1988/89	-	-		-
1989/90	-	-		-
1990/91	-	-		-
1991/92	-	-		-
1992/93	-	-		-
1993/94	-	-		-
1994/95	-	-		-
1995/96	-	-		-
1996/97	-	-		-
1997/98	-	-		-
1998/99	-	-		-
1999/00	-	-		-
2000/01	4,241	4,075		4,108
2001/02	10,099	9,620		9,716
2002/03	109,541	103,308		104,553
2003/04	13,509	12,606		12,786
2004/05	42,832	39,541		40,191
2005/06	27,806	25,435		25,901
2006/07	38,760	35,482		36,123
2007/08	100,117	91,861		93,468
2008/09	81,858	75,033		76,358
2009/10	389,548	355,315		361,946
2010/11	403,630	364,921		372,396
2011/12	338,498	303,157		309,957
2012/13	437,947	388,380		397,876
2013/14	208,637	182,232		187,266
Total	2,207,023	1,990,965		2,032,642

Recommended Margin on Interest Rate Variable

[total column (4) less total column (3)]:

41,677

(1) Policy Year

(2) Exhibit VII, loss adjustment expense reserves at 3.15%

(3) Present Value of column (2) at a 2.40% discount factor.

(4) Present Value of column (2) at a 1.90% discount factor.

CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY

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

	<i>Discounted Liabilities</i>	<i>Recommended Margin</i>		
		<i>Percentage</i>	<i>Amount</i>	
(1) Undiscounted Gross Outstanding Liabilities As at December 31, 2013				\$2,207,023
(2) Discounted Gross Outstanding Liabilities As at December 31, 2013				\$1,990,965
(3) Loss Development Recommended Margin	\$1,990,965	10.0%	\$199,097	\$199,097
(4) Reinsurance Recovery Recommended Margin	\$0	0.0%	\$0	\$0
(5) Recommended Margin on Interest Rate Variable				\$41,677
(6) Calculated Provision for Adverse Deviation				<u>\$240,774</u>
(7) Discounted Gross Outstanding Liabilities plus Calculated Provision for Adverse Deviation				<u><u>\$2,231,739</u></u>

- (1) From Exhibit XI - Page 4, column (2).
- (2) From Exhibit XI - Page 4, columns (3).
- (3) Equals (2) times 10% margin.
- (4) Nil, as liabilities are selected on a gross basis.
- (5) From Exhibit XI - 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) <i>Policy Year</i>	(2) <i>Gross Outstanding Liabilities</i>	(3) <i>Net Outstanding Liabilities</i>	(4) <i>Undiscounted Reinsurance Recovery</i>	(5) <i>Present Value of Net Outstanding Liabilities 2.40%</i>	(6) <i>1.90%</i>	(7) <i>Discounted Reinsurance Recovery</i>
1987/88	-	-	-	-	-	-
1988/89	-	-	-	-	-	-
1989/90	-	-	-	-	-	-
1990/91	-	-	-	-	-	-
1991/92	-	-	-	-	-	-
1992/93	-	-	-	-	-	-
1993/94	-	-	-	-	-	-
1994/95	-	-	-	-	-	-
1995/96	-	-	-	-	-	-
1996/97	-	-	-	-	-	-
1997/98	-	-	-	-	-	-
1998/99	-	-	-	-	-	-
1999/00	-	-	-	-	-	-
2000/01	138,876	4,241	134,635	4,075	4,108	129,354
2001/02	330,704	10,099	320,604	9,620	9,716	305,386
2002/03	3,587,036	109,541	3,477,495	103,308	104,553	3,279,616
2003/04	442,353	13,509	428,845	12,606	12,786	400,204
2004/05	1,402,568	42,832	1,359,736	39,541	40,191	1,255,266
2005/06	910,551	27,806	882,745	25,435	25,901	807,466
2006/07	1,269,240	38,760	1,230,480	35,482	36,123	1,126,422
2007/08	3,278,427	100,117	3,178,311	91,861	93,468	2,916,216
2008/09	2,680,535	81,858	2,598,676	75,033	76,358	2,381,987
2009/10	12,756,140	389,548	12,366,592	355,315	361,946	11,279,854
2010/11	13,217,284	403,630	12,813,654	364,921	372,396	11,584,783
2011/12	11,084,480	338,498	10,745,981	303,157	309,957	9,624,040
2012/13	14,341,017	861,277	13,479,740	763,798	782,473	11,954,099
2013/14	6,832,024	414,283	6,417,741	361,851	371,847	5,605,509
Total	72,271,234	2,835,999	69,435,234	2,546,002	2,601,821	62,650,201

Recommended Margin on Interest Rate Variable
[total column (6) less total column (5)]:

55,818

- (1) Policy Year
- (2) Exhibit V plus loss adjustment expense reserves at 3.15%
- (3) Exhibit VIII (Net CLLAS experience)
- (4) Column (2) minus column (3).
- (5) Present Value of column (3) at a 2.40% discount factor.
- (6) Present Value of column (3) at a 1.90% discount factor.
- (7) Present Value of column (4) at a 2.40% discount factor.

CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY

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

	<u>Discounted</u> <u>Liabilities</u>	<u>Recommended Margin</u>		
		<u>Percentage</u>	<u>Amount</u>	
(1) Undiscounted Net Outstanding Liabilities As at December 31, 2013				\$2,835,999
(2) Discounted Net Outstanding Liabilities As at December 31, 2013				\$2,546,002
(3) Loss Development Recommended Margin	\$2,546,002	10.0%	\$254,600	\$254,600
(4) Reinsurance Recovery Recommended Margin	\$62,650,201	5.0%	\$3,132,510	\$3,132,510
(5) Recommended Margin on Interest Rate Variable				\$55,818
(6) Calculated Provision for Adverse Deviation				<u>\$3,442,928</u>
(7) Discounted Net Outstanding Liabilities plus Calculated Provision for Adverse Deviation				<u><u>\$5,988,930</u></u>

- (1) From Exhibit XI - Page 6, column (2).
- (2) From Exhibit XI - Page 6, column (5).
- (3) Equals (2) times 10% margin.
- (4) From Exhibit XI - Page 6, column (7) times 5% margin.
- (5) From Exhibit XI - 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, 2013

	<u>\$ 000's</u>
GROSS	
(1) Gross Unearned Premiums Reported in Annual Return	6,834
(2) Expected Loss and ALAE Ratio /1	105%
(3) Expected Losses and ALAE, [(1) * (2)]	7,160
(4) Expected ULAE, (3) x 3.15% /2	226
(5) Undiscounted Expected Losses and Loss Adjustment Expenses, [(3) + (4)]	7,386
(6) Discounted Claims Liabilities in Connection with Unearned Premium plus Provision for Adverse Deviation, (Exhibit XII page 2)	7,276
(7) Policyholder Service Costs, (1) x 5.0% /3	342
(8) Due to Reinsurer	0
(9) Investment Income on Unearned Premiums @ 2.40%, (23)	9
(10) Gross Liabilities in Connection with Unearned Premium, [(6) + (7) + (8) - (9)]	7,609
RECOVERABLE FROM REINSURERS	
(11) Ceded Unearned Premiums, [(1) - (15)]	5,292
(12) Expected Claims Ceded, [(6) - (20)]	6,451
(13) Doubtful Account	0
(14) Recoverable [(12) - (13)]	6,451
NET	
(15) Net unearned premiums reported in Annual Return	1,542
(16) Expected Loss and ALAE Ratio /4	20%
(17) Expected Losses and ALAE [(15) * (16)]	308
(18) Expected ULAE, (4)	226
(19) Undiscounted Expected Losses and Loss Adjustment Expenses [(17) + (18)]	534
(20) Discounted Claims Liabilities in Connection with Unearned Premium plus Provision for Adverse Deviation (Exhibit XII page 3)	825
(21) Policyholder Service Costs, (7)	342
(22) Due to Reinsurer, (8)	0
(23) Investment Income on Net Unearned Premiums @ 2.40%, [(15) * (1.024 ^{1/4} - 1)]	9
(24) Change in Reinsurance Costs	0
(25) Net liabilities in Connection with Unearned Premium, [(20) + (21) + (22) - (23) + (24)]	1,158
(26) Deferred Policy Acquisition Expense (DPAE) Reported in Annual Return	193
(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)]	1,349
(30) Maximum Allowable DPAE Based on Claims Experience, Max[(15) - (25) + (27) + (28), 0]	384
(31) Excess of Maximum Allowable DPAE over Reported DPAE, Max[(30) - (26), 0]	191
(32) Premium Deficiency, Max[(25) + (26) - (15) - (27) - (28), 0]	0

/1 Based on expected losses from 2013/2014 rating and actual 2013/2014 premiums collected.

/2 ULAE Percentage Selected in Exhibit IV.

/3 Based on 1/3 of the ratio of Paid General Expenses to Earned Premiums

/4 Selected based on 2013/2014 rating study for retained layer.

CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY

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

	<u><i>Discounted Liabilities</i></u>		<u><i>Recommended Margin Percentage Amount</i></u>	
(1) Expected Gross Liabilities in Connection with Unearned Premium				\$7,385,972
(2) Discounted Gross Expected Losses				
(a) Discounted at 2.40%				\$6,453,350
(a) Discounted at 1.90%				\$6,631,148
(3) Loss Development	\$6,453,350	10.0%	\$645,335	
Recommended Margin				\$645,335
(4) Reinsurance Recovery	\$0	0.0%	\$0	
Recommended Margin				\$0
(5) Recommended Margin on Interest Rate Variable				\$177,799
(6) Calculated Provision for Adverse Deviation				<u>\$823,134</u>
(7) Discounted Gross Claims Liabilities in Connection with Unearned Premium plus Calculated Provision for Adverse Deviation				<u><u>\$7,276,483</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><i>Discounted Liabilities</i></u>		<u><i>Recommended Margin Percentage Amount</i></u>	
(1) Expected Net Liabilities in Connection with Unearned Premium				\$533,928
(2) Discounted Net Expected Losses				
(a) Discounted at 2.40%				\$466,510
(a) Discounted at 1.90%				\$479,363
(3) Loss Development	\$466,510	10.0%	\$46,651	
Recommended Margin				\$46,651
(4) Reinsurance Recovery	\$5,986,840	5.0%	\$299,342	
Recommended Margin				\$299,342
(5) Recommended Margin on Interest Rate Variable				\$12,853
(6) Calculated Provision for Adverse Deviation				<u>\$358,846</u>
(7) Discounted Net Claims Liabilities in Connection with Unearned Premium plus Calculated Provision for Adverse Deviation				<u><u>\$825,356</u></u>

- (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

SUMMARY OF NET OUTSTANDING LIABILITIES
AND PROVISION FOR ADVERSE DEVIATION BY YEAR

As at December 31, 2013

NET (Policy Year)

<i>Policy Period*</i>	<i>Policy Period</i>		<i>CASE</i>	<u><i>UNDISCOUNTED</i></u>		<i>TOTAL</i>		<i>CASE</i>	<u><i>DISCOUNTED + PFAD</i></u>		<i>TOTAL</i>
				<i>IBNR</i>					<i>IBNR</i>		
1989/1990	1990	\$	0	\$	0	\$	0	\$	0	\$	0
1990/1991	1991		0		0		0		0		0
1991/1992	1992		0		0		0		0		0
1992/1993	1993		0		0		0		0		0
1993/1994	1994		0		0		0		0		0
1994/1995	1995		0		0		0		0		0
1995/1996	1996		0		0		0		0		0
1996/1997	1997		0		0		0		0		0
1997/1998	1998		0		0		0		0		0
1998/1999	1999		0		0		0		0		0
1999/2000	2000		0		0		0		0		0
2000/2001	2001		0		4,241		4,241		0		11,000
2001/2002	2002		0		10,099		10,099		0		26,000
2002/2003	2003		0		109,541		109,541		0		279,000
2003/2004	2004		0		13,509		13,509		0		34,000
2004/2005	2005		0		42,832		42,832		0		107,000
2005/2006	2006		0		27,806		27,806		0		69,000
2006/2007	2007		0		38,760		38,760		0		96,000
2007/2008	2008		0		100,117		100,117		0		248,000
2008/2009	2009		0		81,858		81,858		0		203,000
2009/2010	2010		0		389,548		389,548		0		961,000
2010/2011	2011		0		403,630		403,630		0		988,000
2011/2012	2012		0		338,498		338,498		0		821,000
2012/2013	2013		0		861,277		861,277		0		1,457,000
2013/2014	2014		0		414,283		414,283		0		689,000
Total	Total	\$	0	\$	2,835,999	\$	2,835,999	\$	0	\$	5,989,000

* 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, 2013

NET (Calendar Year)

<i>Calendar Year*</i>	<i>CASE</i>	<u><i>UNDISCOUNTED</i></u>			<i>TOTAL</i>	<i>CASE</i>	<u><i>DISCOUNTED +PFAD</i></u>			<i>TOTAL</i>
			<i>IBNR</i>					<i>IBNR</i>		
1989	\$	0	\$	0	\$	0	\$	0	\$	0
1990		0		0		0		0		0
1991		0		0		0		0		0
1992		0		1		1		0		0
1993		0		0		0		0		0
1994		0		0		0		0		0
1995		0		0		0		0		0
1996		0		0		0		0		0
1997		0		0		0		0		0
1998		0		0		0		0		0
1999		0		0		0		0		0
2000		0		2,120		2,120		0		5,000
2001		0		7,170		7,170		0		18,000
2002		0		59,820		59,820		0		152,000
2003		0		61,525		61,525		0		156,000
2004		0		28,170		28,170		0		70,000
2005		0		35,319		35,319		0		88,000
2006		0		33,283		33,283		0		82,000
2007		0		69,438		69,438		0		172,000
2008		0		90,988		90,988		0		226,000
2009		0		235,703		235,703		0		582,000
2010		0		396,589		396,589		0		975,000
2011		0		371,064		371,064		0		905,000
2012		0		599,888		599,888		0		1,139,000
2013		0		844,921		844,921		0		1,419,000
Total	\$	0	\$	2,836,000	\$	2,836,000	\$	0	\$	5,989,000

* 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, 2013

GROSS (Policy Year)

<i>Policy Period*</i>	<i>Policy Period</i>	<u>UNDISCOUNTED</u>			<u>DISCOUNTED + PFAD</u>		
		<i>CASE</i>	<i>IBNR</i>	<i>TOTAL</i>	<i>CASE</i>	<i>IBNR</i>	<i>TOTAL</i>
1989/1990	1990	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
1990/1991	1991	0	0	0	0	0	0
1991/1992	1992	0	0	0	0	0	0
1992/1993	1993	0	0	0	0	0	0
1993/1994	1994	0	0	0	0	0	0
1994/1995	1995	0	0	0	0	0	0
1995/1996	1996	0	0	0	0	0	0
1996/1997	1997	0	0	0	0	0	0
1997/1998	1998	0	0	0	0	0	0
1998/1999	1999	0	0	0	0	0	0
1999/2000	2000	0	0	0	0	0	0
2000/2001	2001	0	138,876	138,876	0	148,000	148,000
2001/2002	2002	0	330,704	330,704	0	350,000	350,000
2002/2003	2003	3,077,430	509,606	3,587,036	3,077,000	685,000	3,762,000
2003/2004	2004	0	442,353	442,353	0	460,000	460,000
2004/2005	2005	811,662	590,905	1,402,568	812,000	634,000	1,446,000
2005/2006	2006	50,000	860,551	910,551	50,000	881,000	931,000
2006/2007	2007	99,112	1,170,128	1,269,240	99,000	1,200,000	1,299,000
2007/2008	2008	2,200,699	1,077,729	3,278,427	2,201,000	1,161,000	3,362,000
2008/2009	2009	600,000	2,080,535	2,680,535	600,000	2,146,000	2,746,000
2009/2010	2010	7,500,000	5,256,140	12,756,140	7,500,000	5,516,000	13,016,000
2010/2011	2011	5,081,779	8,135,504	13,217,284	5,082,000	8,308,000	13,390,000
2011/2012	2012	0	11,084,480	11,084,480	0	11,143,000	11,143,000
2012/2013	2013	0	14,341,017	14,341,017	0	14,301,000	14,301,000
2013/2014	2014	0	6,832,024	6,832,024	0	6,727,000	6,727,000
Total	Total	\$ 19,420,682	\$ 52,850,551	\$ 72,271,234	\$ 19,421,000	\$ 53,660,000	\$ 73,081,000

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

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

CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY

SUMMARY OF GROSS OUTSTANDING LIABILITIES
AND PROVISION FOR ADVERSE DEVIATION BY YEAR

As at December 31, 2013

GROSS (Calendar Year)

<i>Calendar Year*</i>	<u>UNDISCOUNTED</u>			<u>DISCOUNTED + PFAD</u>		
	<i>CASE</i>	<i>IBNR</i>	<i>TOTAL</i>	<i>CASE</i>	<i>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	1	1	0	0	0
1993	0	0	0	0	0	0
1994	0	0	0	0	0	0
1995	0	0	0	0	0	0
1996	0	0	0	0	0	0
1997	0	0	0	0	0	0
1998	0	0	0	0	0	0
1999	0	0	0	0	0	0
2000	0	69,438	69,438	0	74,000	74,000
2001	0	234,790	234,790	0	249,000	249,000
2002	1,538,715	420,155	1,958,870	1,539,000	517,000	2,056,000
2003	1,538,715	475,980	2,014,695	1,539,000	572,000	2,111,000
2004	405,831	516,629	922,460	406,000	547,000	953,000
2005	430,831	725,728	1,156,560	431,000	757,000	1,188,000
2006	74,556	1,015,340	1,089,896	75,000	1,040,000	1,115,000
2007	1,149,905	1,123,928	2,273,834	1,150,000	1,180,000	2,330,000
2008	1,400,349	1,579,132	2,979,481	1,400,000	1,654,000	3,054,000
2009	4,050,000	3,668,337	7,718,337	4,050,000	3,831,000	7,881,000
2010	6,290,890	6,695,822	12,986,712	6,291,000	6,912,000	13,203,000
2011	2,540,890	9,609,992	12,150,882	2,541,000	9,725,000	12,266,000
2012	-	12,712,748	12,712,748	0	12,722,000	12,722,000
2013	0	14,002,532	14,002,532	0	13,879,000	13,879,000
Total	\$ 19,420,682	\$ 52,850,552	\$ 72,271,235	\$ 19,422,000	\$ 53,659,000	\$ 73,081,000

* January 1 to December 31.

** 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, 2004 THROUGH DECEMBER 31, 2013 VALUATIONS

Policy Period ⁽¹⁾	Selected Ultimate ⁽³⁾									
	as at Dec. 31, 2004	as at Dec. 31, 2005	as at Dec. 31, 2006	as at Dec. 31, 2007	as at Dec. 31, 2008	as at Dec. 31, 2009	as at Dec. 31, 2010	as at Dec. 31, 2011	as at Dec. 31, 2012	as at Dec. 31, 2013 ⁽⁴⁾
1987/1988	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1988/1989	0	0	0	0	0	0	0	0	0	0
1989/1990	0	0	0	0	0	0	0	0	0	0
1990/1991	897,000	897,000	897,000	897,000	897,000	897,000	897,000	897,000	897,000	897,000
1991/1992	2,470,000	2,470,000	2,470,000	2,470,000	2,470,000	2,470,000	2,470,000	2,470,000	2,470,000	2,470,000
1992/1993	0	0	0	0	0	0	0	0	0	0
1993/1994	6,148,000	6,135,000	5,638,000	5,638,000	5,638,000	5,638,000	5,638,000	5,638,000	5,638,000	5,638,000
1994/1995	1,931,000	1,898,000	1,883,000	1,883,000	1,883,000	1,883,000	1,883,000	1,883,000	1,883,000	1,883,000
1995/1996	1,936,000	1,910,000	1,889,000	1,871,000	1,871,000	1,871,000	1,871,000	1,871,000	1,871,000	1,871,000
1996/1997	97,000	73,000	36,000	20,000	0	0	0	0	0	0
1997/1998	134,000	97,000	58,000	37,000	18,000	0	0	0	0	0
1998/1999	3,300,000	3,300,000	3,300,000	3,300,000	3,300,000	3,300,000	3,300,000	3,300,000	3,300,000	3,300,000
1999/2000	3,173,000	3,058,000	3,300,000	3,300,000	3,300,000	3,300,000	3,300,000	3,300,000	3,300,000	3,300,000
2000/2001	737,000	897,000	777,000	893,000	747,000	625,000	553,000	28,000	0	0
2001/2002	3,300,000	3,300,000	3,300,000	3,300,000	3,300,000	3,300,000	3,300,000	3,300,000	3,300,000	3,300,000
2002/2003	4,111,000	2,985,000	5,500,000	5,500,000	5,500,000	5,500,000	5,500,000	5,500,000	3,416,000	3,416,000
2003/2004	5,500,000	10,058,000	7,915,000	6,068,000	5,500,000	5,500,000	6,654,000	7,242,000	6,433,000	6,433,000
2004/2005	8,824,000 ⁽²⁾	5,500,000	5,500,000	4,948,000	3,797,000	2,841,000	2,376,000	2,435,000	1,262,000	1,262,000
2005/2006	n/a	6,326,000 ⁽²⁾	5,500,000	3,877,000	3,801,000	2,763,000	1,471,000	1,040,000	712,000	712,000
2006/2007	n/a	n/a	10,917,000 ⁽²⁾	10,888,000	8,556,000	8,180,000	6,561,000	7,425,000	5,050,000	5,050,000
2007/2008	n/a	n/a	n/a	8,441,000 ⁽²⁾	7,819,000	10,237,000	11,100,000	12,535,000	8,525,000	8,525,000
2008/2009	n/a	n/a	n/a	n/a	8,150,000 ⁽²⁾	7,626,000	5,524,000	4,419,000	5,000	5,000
2009/2010	n/a	n/a	n/a	n/a	n/a	8,797,000 ⁽²⁾	9,329,000	8,299,000	20,000	20,000
2010/2011	n/a	n/a	n/a	n/a	n/a	n/a	8,322,000 ⁽²⁾	9,795,000	2,073,000	2,073,000
2011/2012	n/a	n/a	n/a	n/a	n/a	n/a	n/a	4,665,000 ⁽²⁾	107,000	107,000
2012/2013	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	463,000 ⁽²⁾	423,000
2013/2014	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	411,000 ⁽²⁾
TOTAL	\$42,558,000	\$48,904,000	\$58,880,000	\$63,331,000	\$66,547,000	\$74,728,000	\$80,049,000	\$86,042,000	\$50,725,000	\$51,096,000

(1) July 1 to June 30.

(2) Annualized figure based on six months result.

(3) Excludes unallocated loss adjustment expenses.

(4) Reflects loss portfolio transfer.

CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY
COMPARISON OF NET ACTUAL EXPERIENCE WITH NET EXPECTED EXPERIENCE
FROM THE DECEMBER 31, 2004 THROUGH DECEMBER 31, 2013 VALUATIONS

Policy Period ⁽¹⁾	Changes in Ultimate ⁽³⁾									⁽⁴⁾
	From 2004 to 2013	From 2005 to 2013	From 2006 to 2013	From 2007 to 2013	From 2008 to 2013	From 2009 to 2013	From 2010 to 2013	From 2011 to 2013	From 2012 to 2013	
1987/1988	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
1988/1989	0	0	0	0	0	0	0	0	0	
1989/1990	0	0	0	0	0	0	0	0	0	
1990/1991	0	0	0	0	0	0	0	0	0	
1991/1992	0	0	0	0	0	0	0	0	0	
1992/1993	0	0	0	0	0	0	0	0	0	
1993/1994	(510,000)	(497,000)	0	0	0	0	0	0	0	
1994/1995	(48,000)	(15,000)	0	0	0	0	0	0	0	
1995/1996	(65,000)	(39,000)	(18,000)	0	0	0	0	0	0	
1996/1997	(97,000)	(73,000)	(36,000)	(20,000)	0	0	0	0	0	
1997/1998	(134,000)	(97,000)	(58,000)	(37,000)	(18,000)	0	0	0	0	
1998/1999	0	0	0	0	0	0	0	0	0	
1999/2000	127,000	242,000	0	0	0	0	0	0	0	
2000/2001	(737,000)	(897,000)	(777,000)	(893,000)	(747,000)	(625,000)	(553,000)	(28,000)	0	
2001/2002	0	0	0	0	0	0	0	0	0	
2002/2003	(695,000)	431,000	(2,084,000)	(2,084,000)	(2,084,000)	(2,084,000)	(2,084,000)	(2,084,000)	0	
2003/2004	933,000	(3,625,000)	(1,482,000)	365,000	933,000	933,000	(221,000)	(809,000)	0	
2004/2005	(7,562,000)	(4,238,000)	(4,238,000)	(3,686,000)	(2,535,000)	(1,579,000)	(1,114,000)	(1,173,000)	0	
2005/2006	n/a	(5,614,000)	(4,788,000)	(3,165,000)	(3,089,000)	(2,051,000)	(759,000)	(328,000)	0	
2006/2007	n/a	n/a	(5,867,000)	(5,838,000)	(3,506,000)	(3,130,000)	(1,511,000)	(2,375,000)	0	
2007/2008	n/a	n/a	n/a	84,000	706,000	(1,712,000)	(2,575,000)	(4,010,000)	0	
2008/2009	n/a	n/a	n/a	n/a	(8,145,000)	(7,621,000)	(5,519,000)	(4,414,000)	0	
2009/2010	n/a	n/a	n/a	n/a	n/a	(8,777,000)	(9,309,000)	(8,279,000)	0	
2010/2011	n/a	n/a	n/a	n/a	n/a	n/a	(6,249,000)	(7,722,000)	0	
2011/2012	n/a	n/a	n/a	n/a	n/a	n/a	n/a	(4,558,000)	0	
2012/2013	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	(40,000)	
2013/2014	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	
TOTAL	(\$8,788,000)	(\$14,422,000)	(\$19,348,000)	(\$15,274,000)	(\$18,485,000)	(\$26,646,000)	(\$29,894,000)	(\$35,780,000)	(\$40,000)	

(1) July 1 to June 30.

(2) Annualized figure based on six months result.

(3) Excludes unallocated loss adjustment expenses.

(4) Reflects loss portfolio transfer.

CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY
Unpaid Claims and Loss Ratio Analysis Exhibit
As at December 31, 2013
(All amounts are on a Net basis and in 000\$)

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

		Paid Losses		Unpaid Claim Analysis									Loss Ratio Analysis				
Line	Accident Year	Current Year (2013)	Cumulative (2012 and prior)	Undiscounted Unpaid Claims and Adjustment Expenses			Present Value of Unpaid Claims and Adjustment Expenses - Total	Provision and Margin for Adverse Deviation (PfAD and MfAD)				Discounted Reserves including PfAD	Income		Cumulative Investment Income from Unpaid Claim Reserves	Loss Ratio (%)	
				Case Reserves	IBNR	Total		PfAD: Claims (000\$)	MfAD: Claims (%)	PfAD: Reinsurance (000\$)	PfAD: Interest Rate (000\$)		Earned Premiums	Invest. Income from UPR		Undiscounted	Discounted
		(01)	(02)	(03)	(04)	(05)	(06)	(07)	(08)	(09)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
1	2003 and Prior	-	29,292	-	-	-	-	-	10%	197	-	197					
2	2004	-	3,848	-	-	-	-	-	10%	41	-	41	6,376	110	797	60.35%	47.67%
3	2005	-	987	-	-	-	-	-	10%	52	-	52	6,546	157	778	15.08%	3.89%
4	2006	-	2,881	-	-	-	-	-	10%	48	-	48	9,293	171	1,201	31.00%	18.26%
5	2007	-	6,788	-	-	-	-	-	10%	101	-	101	11,224	227	1,392	60.48%	48.00%
6	2008	-	4,265	-	-	-	-	-	10%	132	-	132	9,967	166	860	42.79%	34.91%
7	2009	-	12	-	-	-	-	-	10%	342	-	342	9,831	121	608	0.12%	-2.55%
8	2010	-	1,047	-	-	-	-	-	10%	572	-	572	8,945	105	527	11.70%	12.07%
9	2011	-	1,090	-	-	-	-	-	10%	530	-	530	6,571	83	189	16.59%	21.51%
10	2012	-	53	-	212	212	188	19	10%	539	5	751	4,227	210	3	6.27%	18.05%
11	2013	-	-	-	417	417	367	37	10%	579	10	993	3,244	12	1	12.85%	30.47%
12	Total	-	50,263	-	629	629	555	56	10%	3,133	15	3,759	76,224	1,362	6,356	29.03%	23.38%
17	MfAD: Reinsurance (%)											5.00%					
18	MfAD: Interest Rate (%)											0.50%					
19	Interest Rate to Discount Unpaid Claims and Adjustment Expenses (%)											2.40%					

CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY
Unpaid Claims and Loss Ratio Analysis Exhibit
As at December 31, 2013
(All amounts are on a Net basis and in 000\$)

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

		Paid Losses		Unpaid Claim Analysis									Loss Ratio Analysis				
Line	Accident Year	Current Year (2012)	Cumulative (2012 and prior)	Undiscounted Unpaid Claims and Adjustment Expenses			Present Value of Unpaid Claims and Adjustment Expenses - Total	Provision and Margin for Adverse Deviation (PfAD and MfAD)				Discounted Reserves including PfAD	Income		Cumulative Investment Income from Unpaid Claim Reserves	Loss Ratio (%)	
				Case Reserves	IBNR	Total		PfAD: Claims (000\$)	MfAD: Claims (%)	PfAD: Reinsurance (000\$)	PfAD: Interest Rate (000\$)		Earned Premiums	Invest. Income from UPR		Undiscounted	Discounted
(01)	(02)	(03)	(04)	(05)	(06)	(07)	(08)	(09)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	
1	2003 and Prior	-	29,292	-	-	-	-	-	10%	197	-	197	-	-	-	-	0.0
2	2004	-	3,848	-	-	-	-	-	10%	41	-	41	6,376	110	797	60.35%	47.67%
3	2005	-	987	-	-	-	-	-	10%	52	-	52	6,546	157	778	15.08%	3.89%
4	2006	-	2,881	-	-	-	-	-	10%	48	-	48	9,293	171	1,201	31.00%	18.26%
5	2007	-	6,788	-	-	-	-	-	10%	101	-	101	11,224	227	1,392	60.48%	48.00%
6	2008	-	4,265	-	-	-	-	-	10%	132	-	132	9,967	166	860	42.79%	34.91%
7	2009	-	12	-	-	-	-	-	10%	342	-	342	9,831	121	608	0.12%	-2.55%
8	2010	-	1,047	-	-	-	-	-	10%	572	-	572	8,945	105	527	11.70%	12.07%
9	2011	-	1,090	-	-	-	-	-	10%	530	-	530	6,571	83	189	16.59%	21.51%
10	2012	-	53	-	212	212	188	19	10%	539	5	751	4,227	210	3	6.27%	18.05%
11	2013	-	-	-	417	417	367	37	10%	579	10	993	3,244	12	1	12.85%	30.47%
12	Total	-	50,263	-	629	629	555	56	10%	3,133	15	3,759	76,224	1,362	6,356	29.03%	23.38%
13	ULAE - Total											2,230					
14	"Facility Association" and "Plan"											-					
15	Other reserves											-					
16	Grand Total											5,989					



Actuaries & Insurance Management Advisors

Canadian Lawyers Liability Assurance Society

Actuarial Valuation of Policy Liabilities as at December 31, 2013

Presentation to the Board
February 19, 2014

CLLAS

Scope of the Actuarial Valuation

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

CLLAS

Case Reserves vs. Actuarial Reserves

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

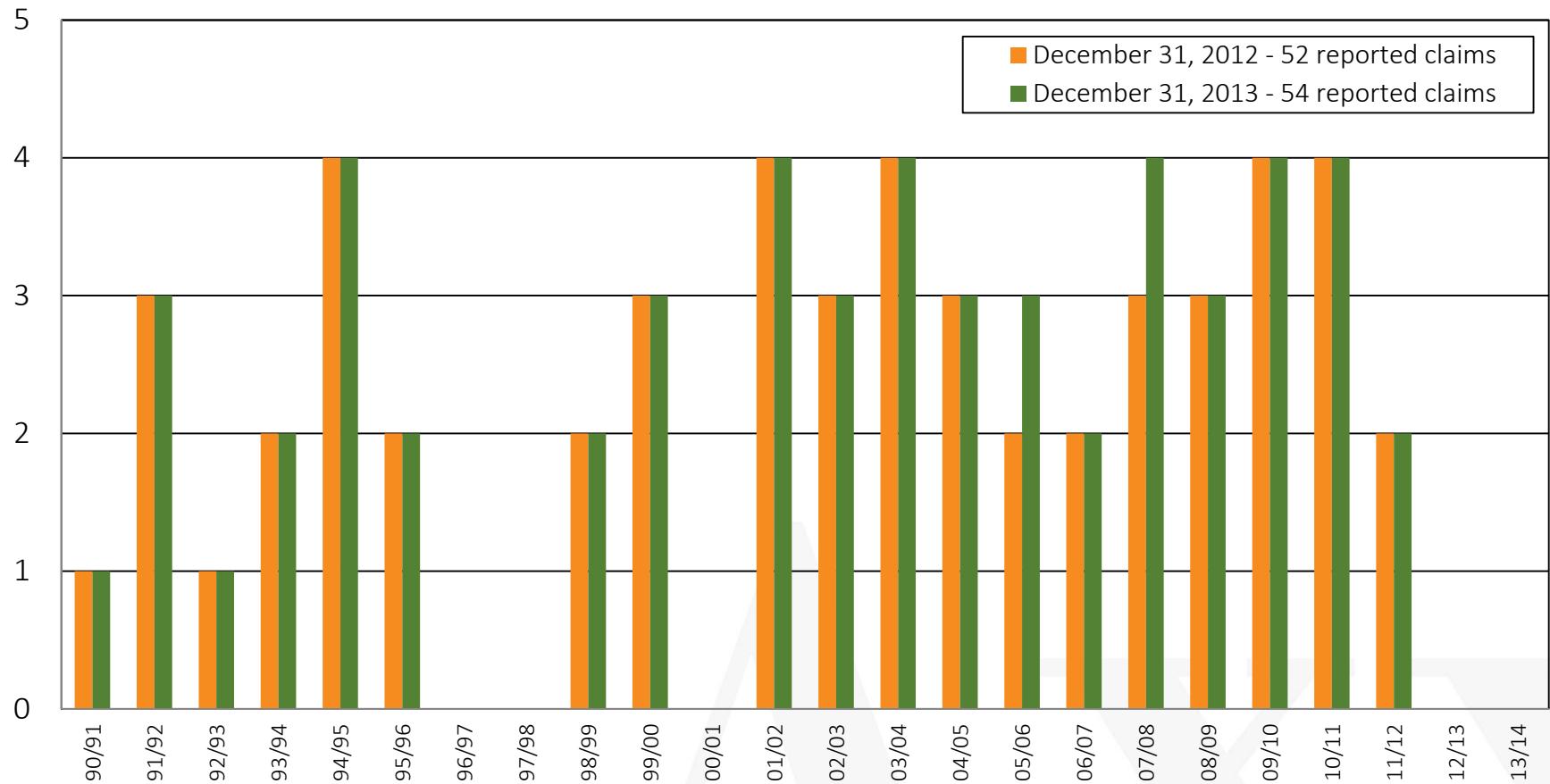
CLLAS

Actuarial Methodology

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

CLLAS

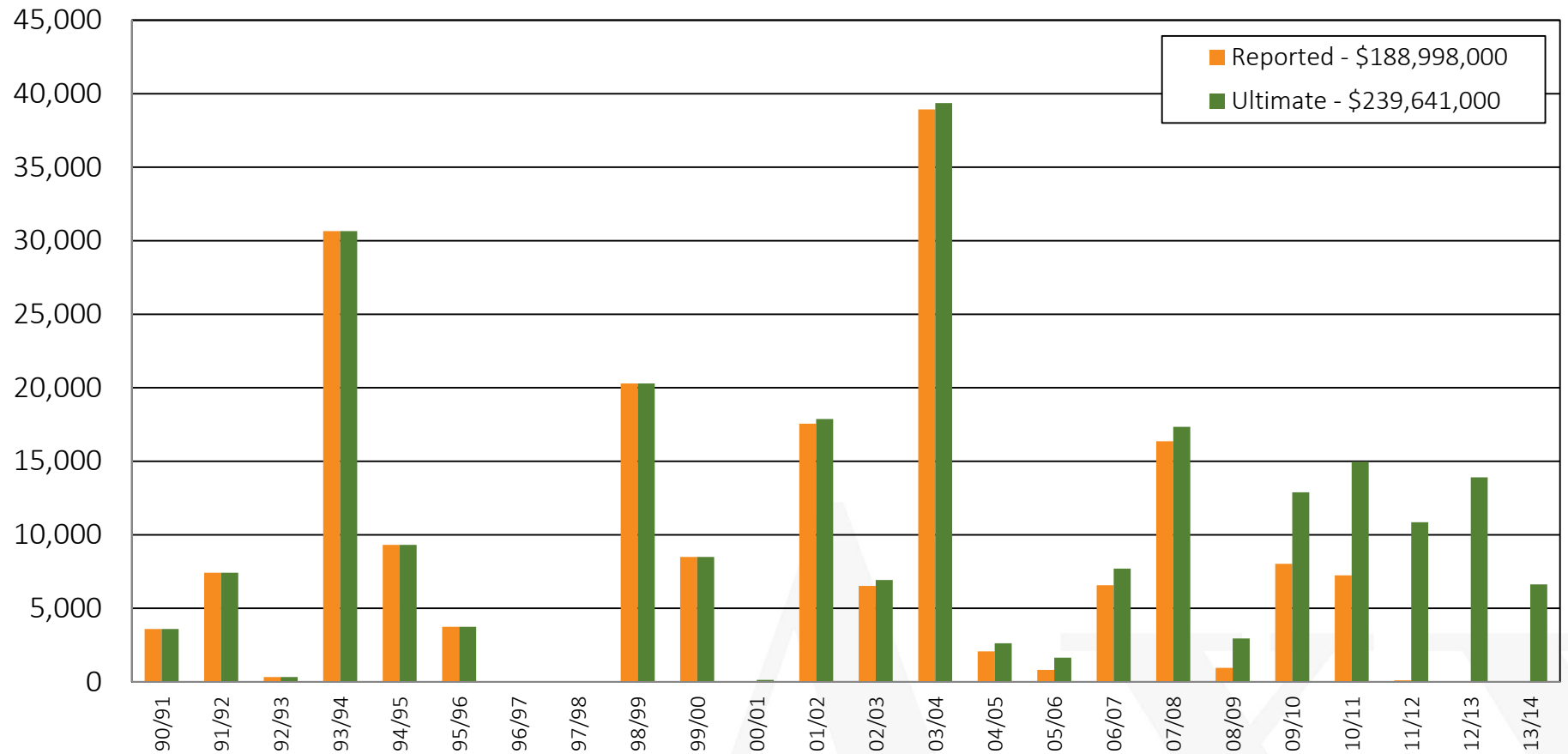
Reported Incurred Loss Activity – Claim Counts *



* Includes non-zero claims only

CLLAS

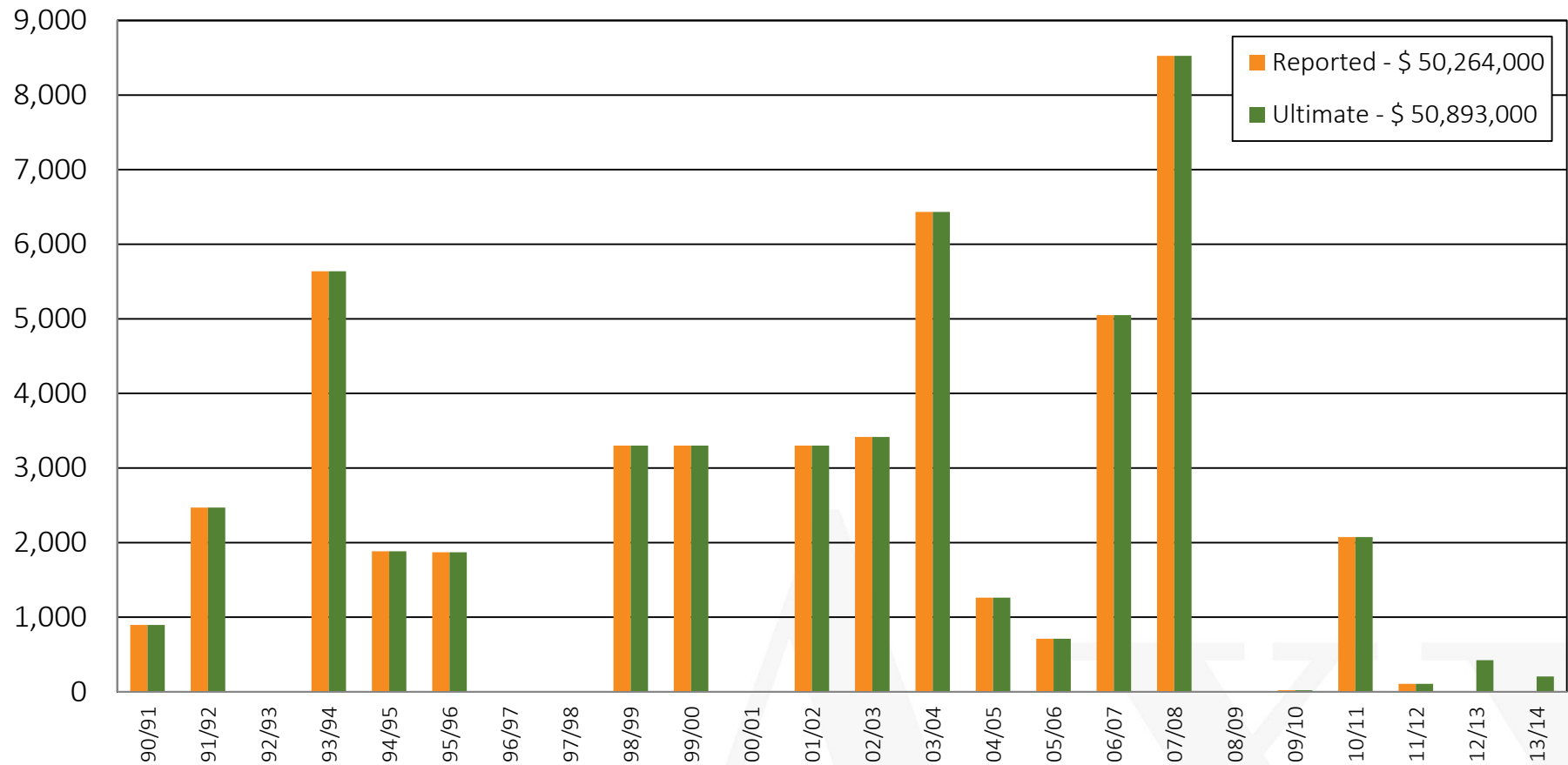
Gross Reported vs. Ultimate Losses* (in \$000's)



* Excluding ULAE

CLLAS

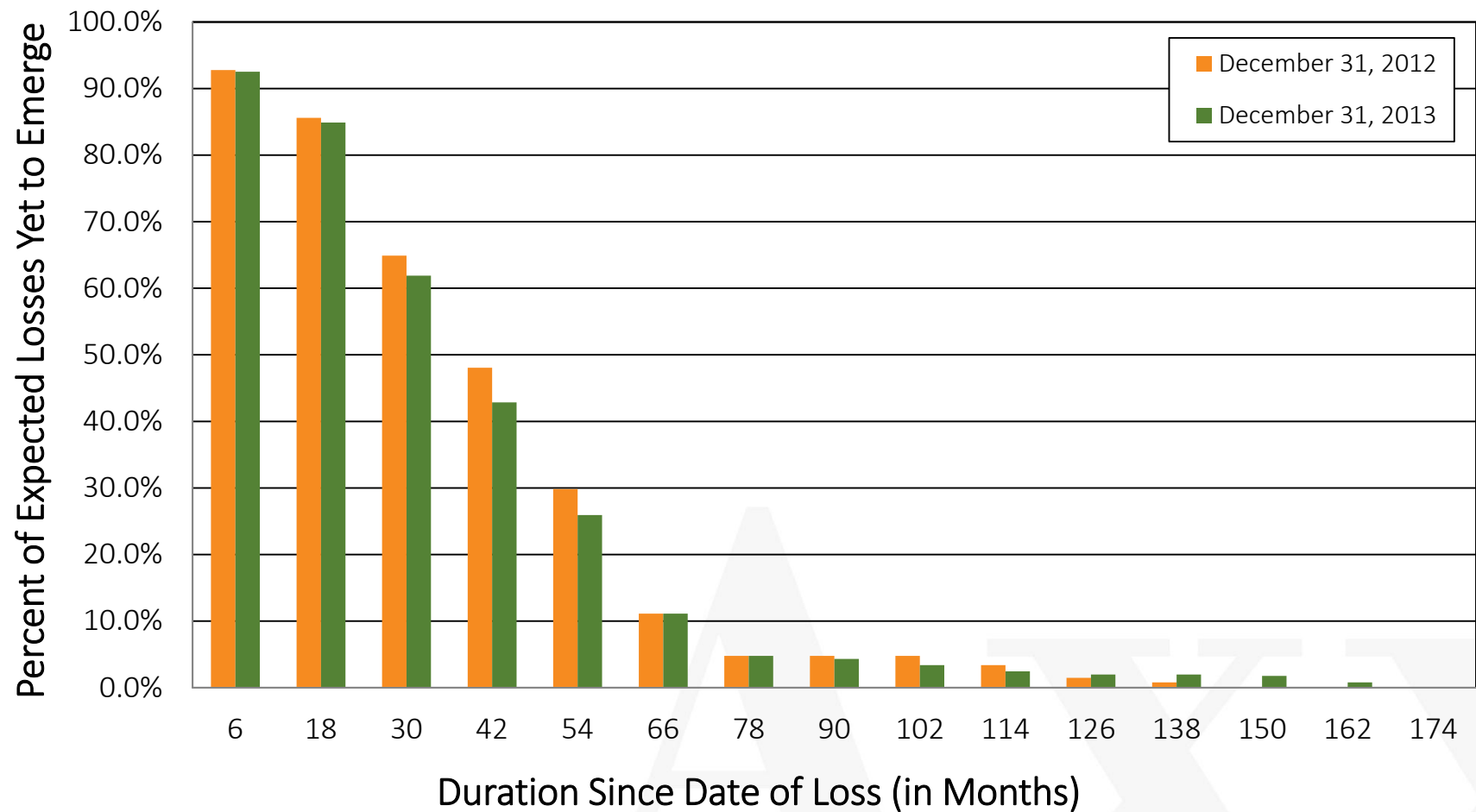
Net Reported vs. Ultimate Losses* (in \$000's)



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

CLLAS

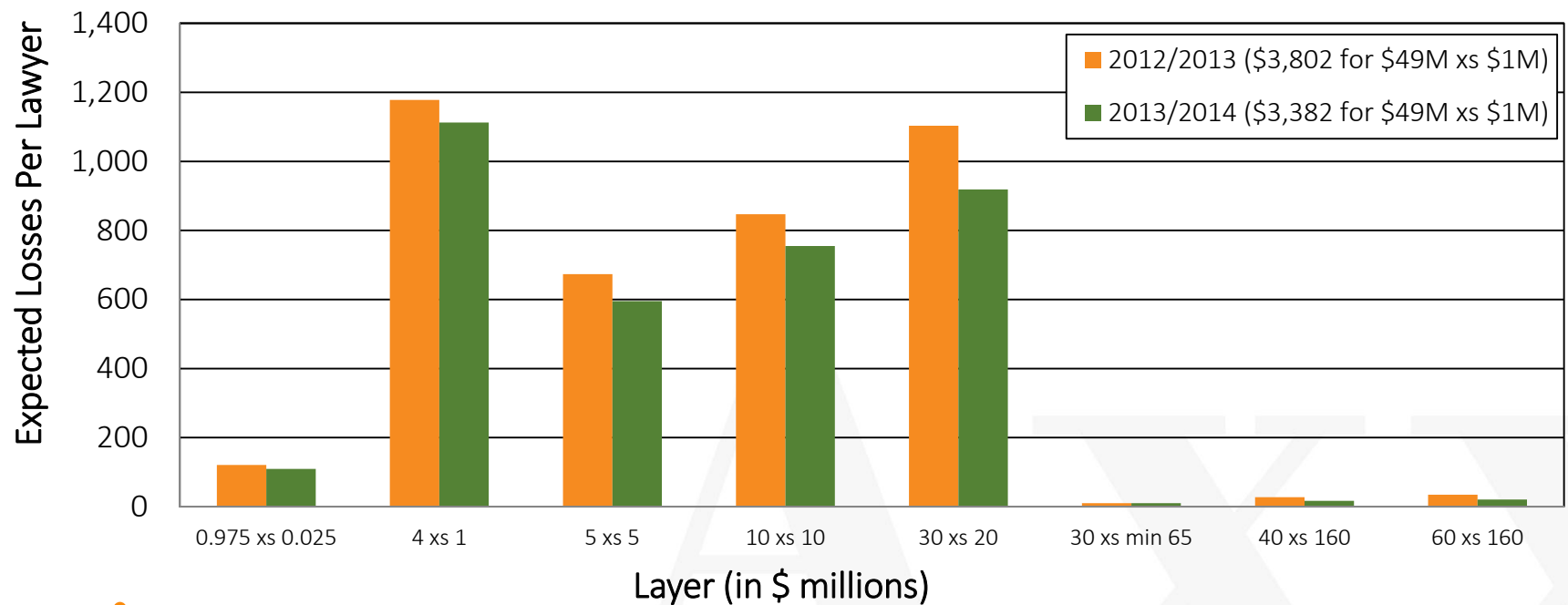
Loss Development Factors



CLLAS

2013/2014 Expected Loss Costs

- Revision of expected loss costs for 2013/2014 reflects emerging expectations of expected losses in each layer.
- The \$49M xs \$1M layer is broken down into smaller layers for valuation purposes: \$4M xs \$1M, \$5M xs \$5M, \$10M xs \$10M and \$30M xs \$20M.



CLLAS

Arrangement between CLLAS and Colchester for 2013/2014

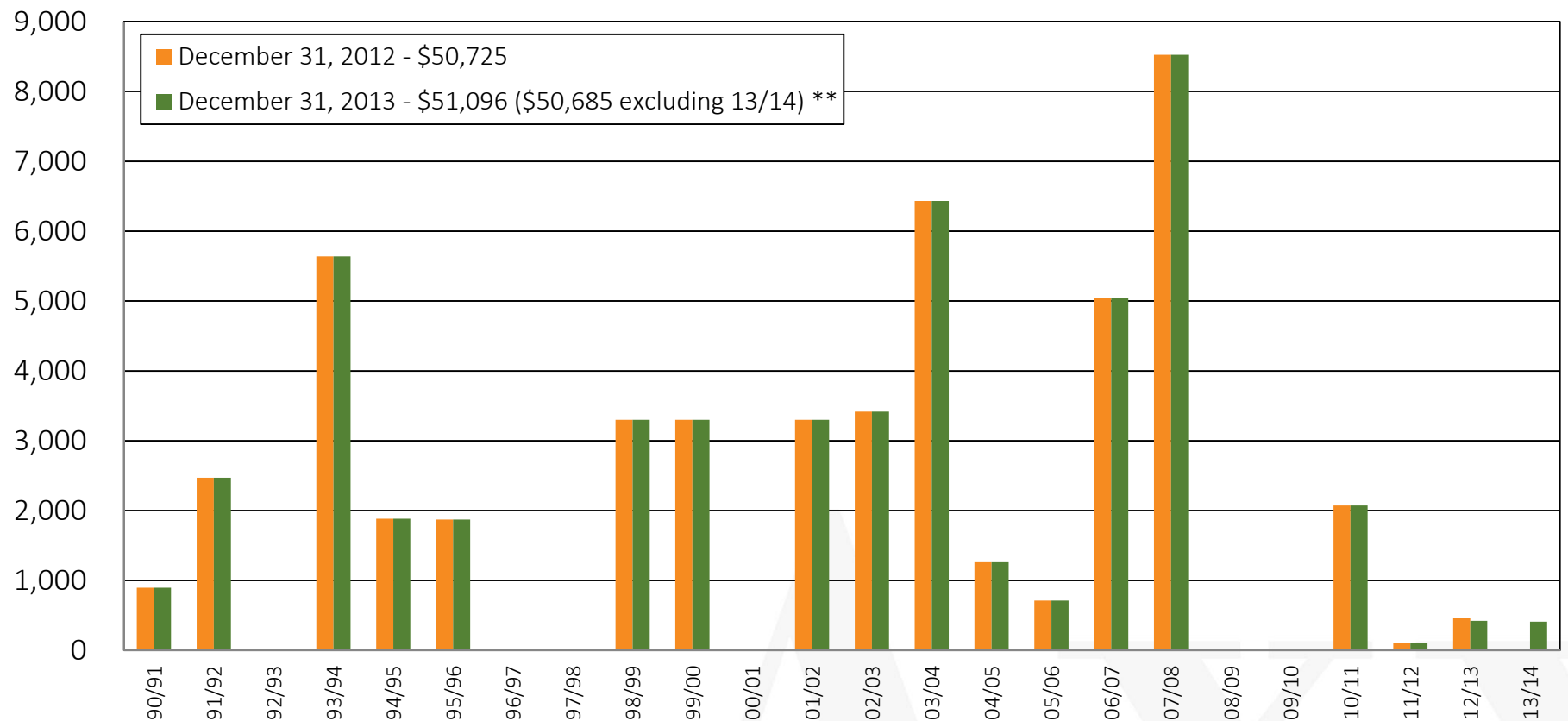
- Colchester retains 30% of the layer \$49,000,000 xs \$1,000,000
- The per-claim retention for CLLAS subject to the aggregate limit includes:
 - 100% of the layer \$975,000 xs \$25,000
 - 0% of the layer \$49,000,000 xs \$1,000,000
- Colchester provides aggregate reinsurance coverage of \$10,000,000 in excess of a \$5,000,000 limit

Loss Portfolio Transfer to Colchester on June 30, 2012

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

CLLAS

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



* Excluding ULAE

**There is no development on policy periods prior to June 30, 2012 due to the loss portfolio transfer with Colchester Reinsurance Ltd.

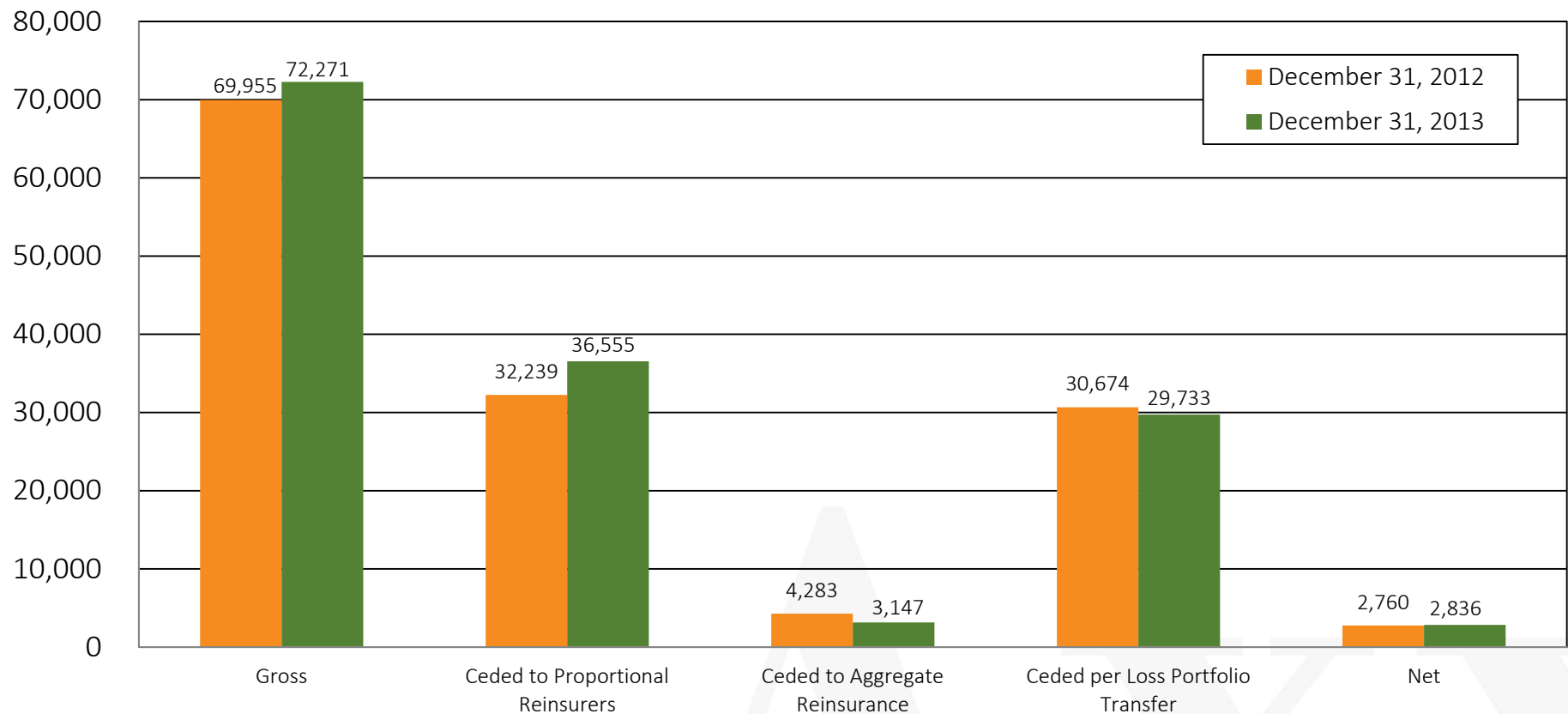
CLLAS

Unallocated Loss Adjustments Expenses (ULAE)

- Represents the provision for the claims management function to service existing obligations if CLLAS were to cease writing business on December 31, 2013
- Loading of 3.15% applied to gross case reserves and gross provisions for IBNR
- Provision for ULAE at December 31, 2013: \$2,207,000
- The provision for ULAE is entirely retained by CLLAS

CLLAS

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



* On an undiscounted basis

CLLAS

Valuation Basis

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

Discounted Liabilities

- The discount rate is used for the discounting of future claims payments
- A discount rate of 2.40% (0.85% in 2012) was selected based on the market yield of CLLAS' fixed income portfolio at December 31, 2013 since CLLAS has classified its fixed income portfolio as available-for-sale per IFRS 9

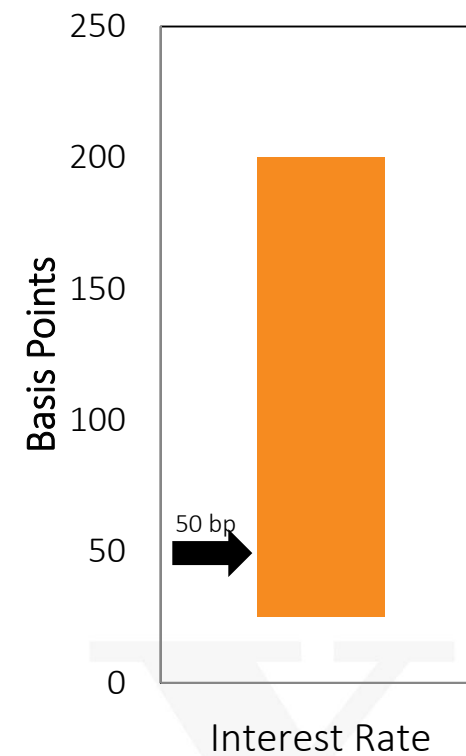
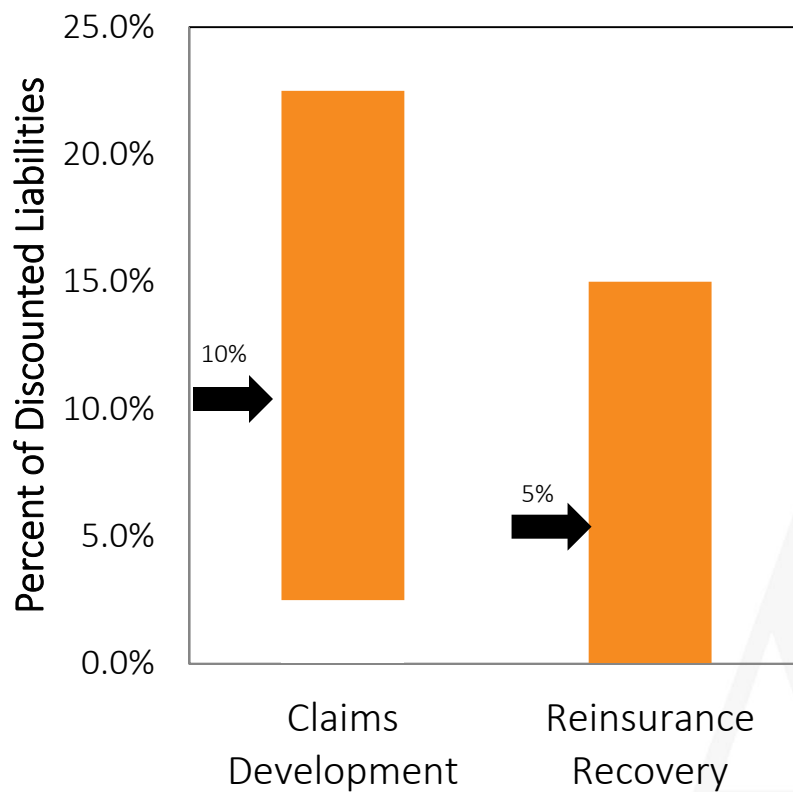
CLLAS

PFAD reflects three variables:

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

CLLAS

Selected Margins for Adverse Deviation



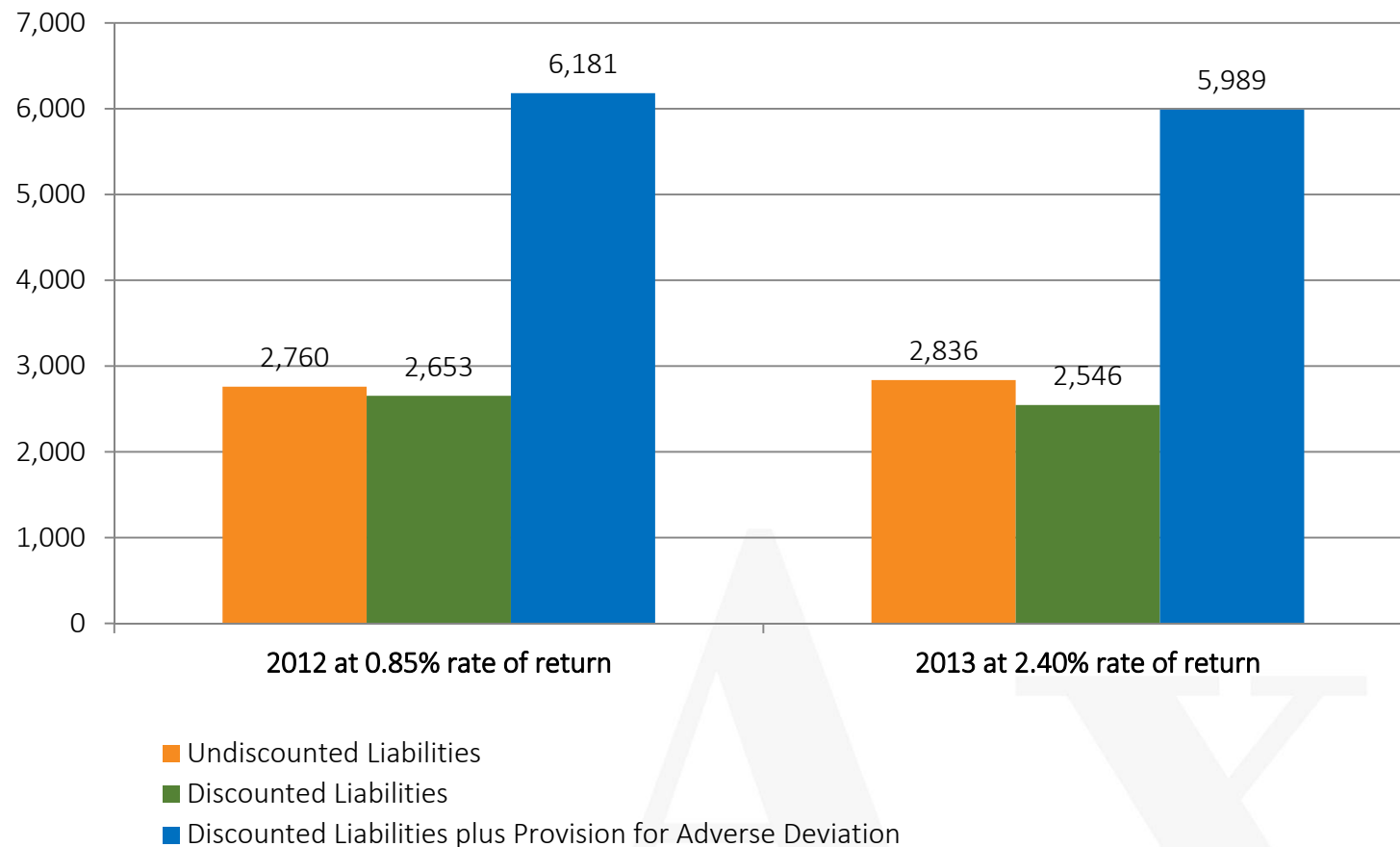
CLLAS

Impact of changes in methodology and assumptions

- There was no change in methodology in the valuation at December 31, 2013
- The impact of the change in loss development factors and ULAE load represents an decrease of \$415,000 in the net discounted claim liabilities
- The change in discount rate and PFAD led to a further decrease of \$386,000 in net discounted claim liabilities

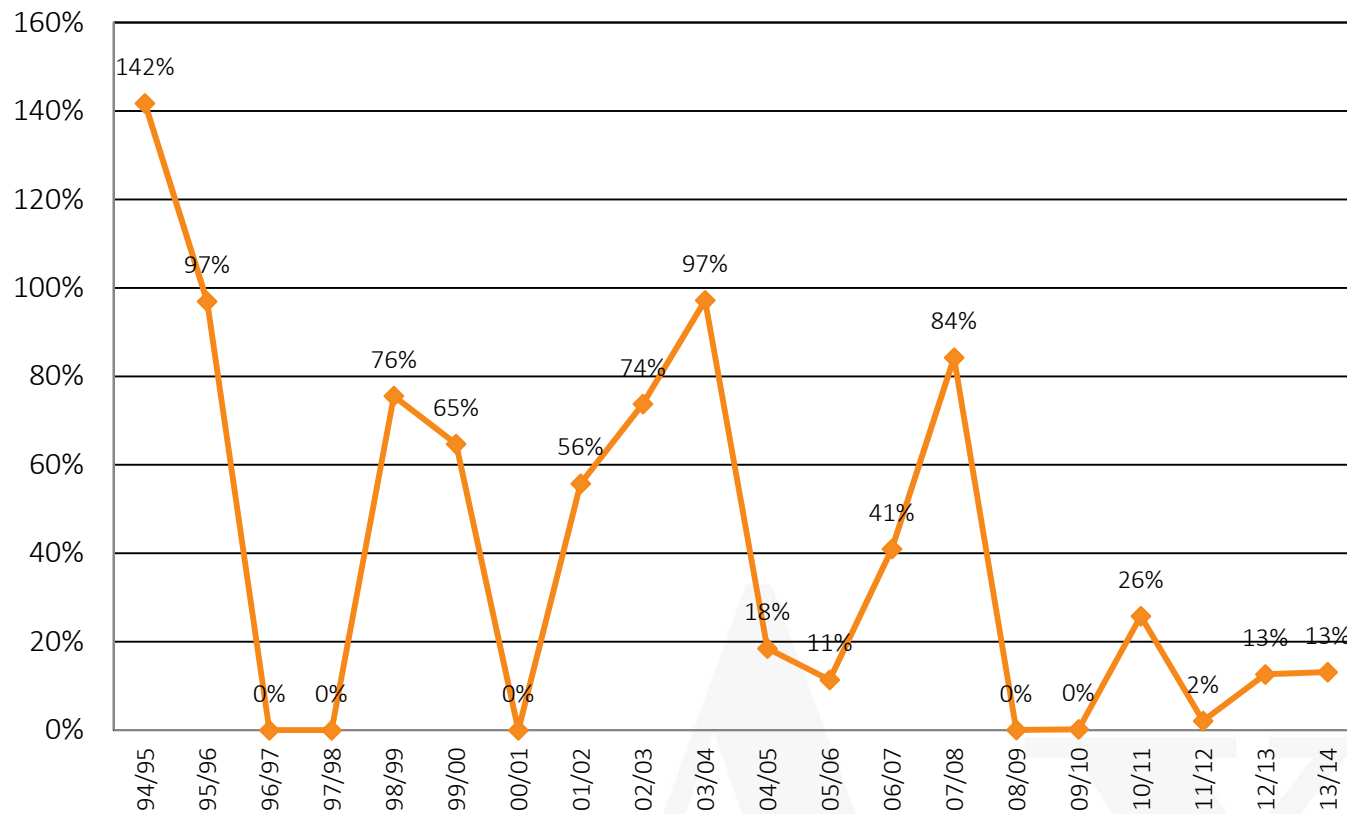
CLLAS

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



CLLAS

Net Ultimate Loss Ratio*



* Excluding ULAE

CLLAS

Premium Liabilities

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

Net unearned premiums

- Net liabilities in connection with unearned premiums
- Deferred policy acquisition expenses

= Less than zero

- The premium deficiency is \$0
- The deferred policy acquisition expense asset is \$193,000

February 20, 2014

Private & Confidential

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

Dear Nick,

The purpose of this letter is to set out the proposed operating budget for CLLAS for 2014, including the proposed budget for the provision of Management and Professional Services.

TOTAL OPERATING BUDGET FOR 2014

The draft total operating budget for 2014 is presented in Attachment A to this letter, together with the budget and actual figures for 2013. A discussion of the “Other Expense” lines is immediately below.

- **Audit Expenses.** Audit expenses for 2013 were on budget. The 2013 expenses included \$15,000 attributable to the prior year’s audit related to new audit requirements (audit of the MCT) which were paid in 2013. The budget for 2014 is about \$20,000 lower than the previous year’s budget and reflects the agreed upon audit fee for 2014.
- **Premium Taxes.** The budget for premium taxes is based on the expiring year’s premium.
- **Reinsurance Expense.** The incurred on this line in 2013 was slightly higher than the budget due to the participation of a second member of the CLLAS Board in the June reinsurance renewal discussions in London. The budget anticipates a similar expense in 2014.
- **Website Management.** The budget for 2013 was exceeded in part due to the need for the hosting service to perform upgrade work to improve the security of the website (i.e. CLLAS’ intranet) and in part due to an increase in hosting fees. Since 2008, when the website was introduced, more effective and cost-efficient approaches to hosting this kind of website have



been developed and we anticipate moving to a new platform in 2014. Regardless of that, the budget has been set based on the current web hosting fees.

- **Special Services.** This line tracks expenses related to external legal and other professional services provided to CLLAS, and it finished the year well under budget. We propose to maintain the budget for 2014 at the historical level.
- **Miller Fees.** Miller fees for the expiring policy year were agreed at \$279,000. The fees incurred for calendar year 2013 were \$282,000 due to a slightly higher fee for policy year 2012/13. The fees for policy year 2014/15 have not yet been agreed to and as a result we propose to maintain the budget for this item at the 2013 level.
- **Assessment Fees.** The assessment fees are charged to CLLAS by the regulators vary each year due to reassessments done by the regulators for prior years (based on their own costs and revenues). In 2013, these reassessments resulted in a refund to CLLAS. We have no control over this item and are proposing to leave the budget unchanged from 2013.
- **Investment Counsel Fees.** Investment counsel fees for 2013 were lower than budgeted because the funds were held in short term investments for most of the year, and fees charged by the investment manager are lower on short term investments than on long term investments. The fees for 2014 have been budgeted based on the estimated split between the short and long term funds for the year.
- **Risk Management/Loss Prevention.** The Risk Management/Loss Prevention line finished the year under budget due largely to the fact that fees paid to Bluedrop for the CLLAS e-learning course are related to maintenance not development. We can anticipate this lower level of fees to continue into 2014, but we have maintained the budget at the previous level given the level of activity expected related to the risk management audits.

PROFESSIONAL AND MANAGEMENT SERVICES

1. Management Services

Management Services are provided on a fixed fee basis, with the exception of Claims Analysis, which is a variable line item, related to management of CLLAS' active large loss files. Management Services finished the year \$15,367 under its budget of \$611,000 and the

proposed budget for 2014 is \$624,000, an increase of \$13,000, or 2.1%, over the previous year.

Details by line are presented in the following table:

Activity	2013 Budget	2013 Actual	Fav/ (Unfav) Variance	2014 Budget (proposed)	Change
Financial	\$158,000	\$158,000	\$ 0	\$165,000	\$ 7,000
General Admin.	\$ 81,000	\$ 81,000	\$ 0	\$ 81,000	\$ 0
Claims Admin.	\$300,000	\$300,000	\$ 0	\$306,000	\$ 6,000
Claims Analysis*	\$ 72,000	\$ 56,633	(\$15,367)	\$ 72,000	\$ 0
Total	\$611,000	\$595,633	(\$15,367)	\$624,000	\$13,000

* Variable

- (a) **Financial Reporting.** Activity on the Financial Reporting line tracked to the budgeted level in 2013. We anticipate a slight increase in activity on this line as a result of the recommendations of the Alberta Superintendent of Insurance (“SOI”) arising from the examination in 2013, in particular the more detailed budgeting and business planning requirements (i.e. monitoring not just expenses, but also income and equity, on a quarterly basis, and tracking financial ratios). As a result, we are proposing a budget for the Financial Reporting line of \$165,000, which is an increase of \$7,000, or 4.4%, over 2013.
- (b) **General Administration.** Activity on the General Administration line (e.g. Board meeting preparation, renewal applications, policy preparation, risk management initiatives, miscellaneous enquiries from Subscribers, etc.) was within expectations in 2013. Again we anticipate a slightly increased workload going forward due to some of the SOI’s recommendations (e.g. more formalized minute taking requirements for some of CLLAS’ Committees) but we expect this work to be incremental to current activities and we are proposing no adjustment to the General Administration line for 2014. Note that holding this line unchanged assumes that we are able to obtain an exemption from the SOI’s requirement to hold a Subscribers’ meeting in Alberta.
- (c) **Claims Administration.** The Claims Administration line remained active in 2013 due in part to the fact that reinsurers are involved in all CLLAS claims. The movement of the attachment point for reinsurance was from \$5 million down to \$1 million led to some

changes in process including shorter diary dates on files, additional follow ups with insured firms and defence counsel. We are proposing an increase of \$6,000, or 2%, on this line for 2014.

- (d) **Claims Analysis.** The Claims Analysis line, which tracks activity on the claims where CLLAS is actively involved in claims management (due to the nature or significance of the particular claims) finished 2013 somewhat under budget. As we have discussed, CLLAS is currently facing a number of very complex claims, many of them class actions. The fact that the number of claims in this category is relatively small has meant that activity on this line has been contained. The Claims Analysis line is variable, i.e. it is adjusted quarterly based on activity in the year, and we propose no change to this line for 2014.

We are proposing no change to the fixed fee structure, i.e. the services will be provided on a fixed fee basis, with the exception of the variable line for Claims Analysis. Please see Attachment B to this letter for a brief summary of the activity associated with each of the above line items.

2. Professional Services

Professional Services, i.e. actuarial, reinsurance and strategic services, are provided on a fee-for-service basis. Budgets are set at the beginning of the year, but the actual costs on these lines depends on the value of activity throughout the year. On an aggregate basis, fees for Professional Services finished 2013 about \$125,000 under the budget of \$572,000, i.e. about 22% under budget. We are proposing a slight reduction on one of the lines, and no change to the other lines. Details by line are discussed after the table.

	2013 Budget	2013 Actual	Fav/ (Unfav) Variance	2014 Budget (proposed)	Change
Actuarial	\$102,000	\$ 86,693	\$ 15,307	\$100,000	(\$ 2,000)
Reinsurance	\$350,000	\$302,019	\$ 47,981	\$350,000	\$ 0
Strategic	\$120,000	\$ 57,868	\$ 62,132	\$120,000	\$ 0
Total	\$572,000	\$446,580	\$125,420	\$570,000	(\$ 2,000)

- (a) **Actuarial Services and Reinsurance Services.** Activity on these two lines has been relatively stable for the past couple of years. We are comfortable with the 2013



budget numbers and are proposing a small downward adjustment to the Actuarial line, and no change to the Reinsurance line, as indicated in the above table. The Reinsurance budget should prove to be adequate unless there is a need in 2014 to restructure the reinsurance program or to introduce new markets.

- (b) **Strategic Services.** In 2013, fees incurred on the Strategic Services line totaled about \$58,000, less than 50% of the budgeted amount. Activities included work relating to the Dentons situation, and revisions to CLLAS' surplus and investment policies. We anticipate more activity on this line in 2014 as a result of the SOI recommendations. These recommendations, and CLLAS' proposed response to the SOI, will be discussed at the February Board meeting but it seems clear that CLLAS will need to make an effort over the next few years to develop policies on Enterprise Risk Management and other areas. Activity on the Strategic Services line is difficult to predict but the current level of the budget has proved to be more than adequate in recent years and we are proposing no change to the line for 2014.

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 to discuss this matter in the meantime.

Sincerely,

A handwritten signature in black ink, appearing to read "P. Mahoney".

Patrick Mahoney

PMM/nv

**Canadian Lawyers Liability Assurance Society
2014 Operating Budget**

	<u>FY 13 Budget</u>	<u>FY 13 Actual</u>	<u>Fav/ (Unfav) Variance</u>	<u>Proposed FY 2014 Budget</u>
MANAGEMENT SERVICES				
Financial	158,000	158,000	0	165,000
General Administration	81,000	81,000	0	81,000
Claims Administration	300,000	300,000	0	306,000
Claims Analysis	72,000	56,633	15,367	72,000
Sub-Total Management Services	611,000	595,633	15,367	624,000
PROFESSIONAL SERVICES				
Actuarial Services	102,000	86,693	15,307	100,000
Reinsurance Matters	350,000	302,019	47,981	350,000
Strategic Matters	120,000	57,868	62,132	120,000
Sub-Total Professional Services	572,000	446,580	125,420	570,000
Total Management & Professional Services	<u>1,183,000</u>	<u>1,042,213</u>	<u>140,787</u>	<u>1,194,000</u>
HST on Consulting Fees	153,790	135,488	18,302	155,220
Total Consulting Services	<u>1,336,790</u>	<u>1,177,701</u>	<u>159,089</u>	<u>1,349,220</u>
OTHER EXPENSES				
Audit Expenses	115,000	116,971	(1,971)	95,000
Annual Dinner	7,000	5,268	1,732	7,000
Premium Taxes	348,000	340,728	7,272	363,000
Chairman's Expenses	2,000	434	1,566	2,000
Chairman's Honourium	75,000	75,000	-	75,000
Reinsurance Expense	8,000	10,817	(2,817)	11,000
Office Expenses	25,000	23,975	1,025	27,500
Office Expenses - Website management	1,100	6,585	(5,485)	3,000
Claims: Borderaux (LawPro/LIF)	16,000	14,940	1,060	16,000
Special Services	100,000	14,783	85,217	100,000
Miller Insurance Fees (Reins. Comm.)	282,000	282,000	-	282,000
I.B.C Statistical Plan Fees	16,000	4,458	11,542	10,000
Assessment Fees	5,000	(31)	5,031	5,000
Investment counsel fees	21,000	15,756	5,244	34,000
Investment - Custodial	18,000	15,175	2,825	18,000
Risk Management/Loss Prevention	100,000	42,255	57,745	100,000
Licensing Fee	5,000	4,298	702	5,000
Insurance Sundry	0	13	(13)	0
Sub-total	<u>1,144,100</u>	<u>973,425</u>	<u>170,675</u>	<u>1,153,500</u>
TOTAL	<u>2,480,890</u>	<u>2,151,126</u>	<u>329,764</u>	<u>\$2,502,720</u>

CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY

Management Services - Overview of Activity by Budget Line

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

1. Financial Reporting

The Financial Reporting area involves all financial functions including:

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

2. General Administration

The General Administration line covers work relating to:

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

- miscellaneous inquiries from Subscribers
- general administrative matters
- website maintenance

3. Claims Administration

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

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

4. Claims Analysis

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

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

1. The underlying insurer (e.g. LawPRO, LIF-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 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.



Alternative Risk Services

Insurance Brokers & Consultants

MEMORANDUM

DATE: February 21, 2014
TO: CLLAS Advisory Board
FROM: Joe Tontini
COPY: Patrick Mahoney & Norma Ibbetson
RE: Directors and Officers Insurance for CLLAS

As directed last December, we have continued to poll markets regarding D&O coverage for the CLLAS Board and have outlined the results of our marketing efforts to date below.

Encon

We received a quote from Encon in September for the following terms:

Option	Limit	Deductible*	Price
Encon A	\$5,000,000	\$2,500	\$11,500
Encon B	\$10,000,000	\$2,500	\$16,500
Encon C	\$5,000,000	\$10,000	\$11,000
Encon D	\$10,000,000	\$10,000	\$15,775

** Quotes for different deductibles are available*

This offering is in line with D&O policies we have placed for similar organizations.

Trisura

Trisura views CLLAS as a “financial institution/insurance operator” which sits outside of Trisura’s appetite and they would not quote on that basis.

Chubb

Chubb takes a similar view of CLLAS as Trisura, seeing CLLAS as an insurance operator. However, they appear to take a hybrid approach in their underwriting, fitting CLLAS in a not-for-profit rate class, but offering coverage with an insurance operator-like deductible. Further, Chubb limits its exposure through reduced limits. Chubb provided the following indication:

Option	Limit	Deductible	Price
Chubb	\$1,000,000	\$50,000	\$10,000

Chubb provided their indication before fully underwriting the risk to provide a formal quote. Given the initial indication, we asked them to hold off for the time being.

Lloyd's/CBIA

We have also asked for a quote through Lloyd's. CBIA has endorsed a Lloyd's facility for those lawyers currently covered under the ODL Program who sit on certain outside not-for-profit and private company boards and would like the entire board covered. Alternative Risk Services is the Coverholder for the facility and manages the claims on behalf of Lloyd's. Current coverage and premium indications under that facility are as follows:

Option	Limit	Deductible	Price
Lloyd's A	\$5,000,000	\$2,500	\$9,500
Lloyd's B	\$10,000,000	\$2,500	\$13,500

Coverage is expected to be competitive with offerings from Encon, Trisura, and Chubb.

Recommendation

Our recommendation would be to proceed with the higher \$10,000,000 limit given the level of premiums and limits which CLLAS and CLLAS Board members have to deal with.

To the extent that the Board wishes to proceed with the purchase of D&O coverage, we recommend that the CLLAS Board instruct us to formalize the quote from Lloyd's, and bind cover with Lloyd's or Encon, whichever presents the best combination of coverage and price.

Financial statements of

**Canadian Lawyers Liability
Assurance Society**

December 31, 2013

D

R

A

E

T

Canadian Lawyers Liability Assurance Society

December 31, 2013

Table of contents

Independent Auditor's Report	1-2
Statement of financial position	3
Statement of comprehensive income (loss)	4
Statement of changes in equity	5
Statement of cash flows	6
Notes to the financial statements	7-21

D

R

A

E

T

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

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

Independent Auditor's Report

To the Advisory Board of Canadian Lawyers Liability Assurance Society

We have audited the accompanying financial statements of Canadian Lawyers Liability Assurance Society, which comprise the statement of financial position as at December 31, 2013, and the statements comprehensive income (loss), changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Canadian Lawyers Liability Assurance Society as at December 31, 2013, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Chartered Professional Accountants, Chartered Accountants
Licensed Public Accountants
February 26, 2014

D
R
A
F
T

Canadian Lawyers Liability Assurance Society

Statement of financial position as at December 31

	2013	2012
	\$	\$
Assets		
Cash at bank	4,349,462	1,680,722
Short term investments (Note 4)	10,535,050	13,253,831
Bonds (Note 4)	2,778,853	-
Interest income due and accrued	14,915	-
Premiums receivable (Note 6)	4,522,408	6,359,506
Prepaid expenses	139,500	136,500
Deferred policy acquisition costs	192,969	147,759
Reinsurers' share of unearned premiums	5,292,272	5,398,507
Reinsurance receivable	120,021	1,869,508
Provision for unpaid claims and adjustment expenses recoverable from reinsurers (Note 5)	67,092,000	68,609,000
Total assets	95,037,450	97,455,333
Liabilities		
Accounts payable and accrued charges	412,738	471,184
Unearned premiums	6,834,148	7,055,890
Due to reinsurers	1,524,104	3,338,523
Provision for unpaid claims and adjustment expenses (Note 5)	73,081,000	74,790,000
Total liabilities	81,851,990	85,655,597
Equity		
Minimum surplus (Note 12)	50,000	50,000
Additional surplus (Note 12)	13,161,687	11,759,748
Accumulated other comprehensive income	(26,227)	(10,012)
Total equity	13,185,460	11,799,736
Total liabilities and equity	95,037,450	97,455,333

On behalf of the Advisory Board

Member

Member

Canadian Lawyers Liability Assurance Society

Statement of comprehensive income (loss) years ended December 31

	2013	2012
	\$	\$
Premiums		
Written premiums	13,769,929	14,228,728
Reinsurance ceded	10,660,620	55,146,493
Net written premiums	3,109,309	(40,917,765)
Change in unearned premiums	115,507	879,185
Earned premiums	3,224,815	(40,038,580)
Expenses		
Claims (Note 5)	(192,000)	(33,036,606)
Premium deficiency adjustment	-	(586,000)
Operating expenses (Note 7)	1,810,398	2,327,796
Premium taxes	340,728	251,759
	1,959,126	(31,043,051)
Underwriting income (loss) for the year	1,265,689	(8,995,529)
Investment income (Note 4)	136,250	2,899,388
Interest income on premium tax	-	82,438
Net income (loss) for the year	1,401,939	(6,013,703)
Change in unrealized gains (losses) on available-for-sale financial assets arising during the year	(16,215)	(2,312,444)
Other comprehensive income (loss)	(16,215)	(2,312,444)
Comprehensive income (loss)	1,385,724	(8,326,147)

Canadian Lawyers Liability Assurance Society

Statement of changes in equity years ended December 31

	Minimum surplus \$	Additional surplus \$	Accumulated other comprehensive income \$	Total equity \$
Balance December 31, 2011	50,000	17,773,451	2,302,432	20,125,883
Net income (loss)		(6,013,703)		(6,013,703)
Other comprehensive income (loss)			(2,312,444)	(2,312,444)
Balance December 31, 2012	50,000	11,759,748	(10,012)	11,799,736
Net income (loss)		1,401,939		1,401,939
Other comprehensive income (loss)			(16,215)	(16,215)
Balance December 31, 2013	50,000	13,161,687	(26,227)	13,185,460

D
R
A
F
T

Canadian Lawyers Liability Assurance Society

Statement of cash flows years ended December 31

	2013	2012
	\$	\$
Operating activities		
Net income (loss) for the year	1,401,939	(6,013,703)
Changes in non-cash items:		
Interest income due and accrued	(14,915)	308,227
Premiums receivable	1,837,098	(1,355,569)
Unearned reinsurance premiums ceded	106,235	521,831
Prepaid Expenses	(3,000)	-
Deferred policy acquisition costs	(45,210)	(147,759)
Reinsurance receivable	1,749,487	3,869,917
Premium taxes receivable	-	1,733,852
Provision for unpaid claims and adjustment expenses recoverable from reinsurers	1,517,000	(34,178,000)
Provision for unpaid claims and adjustment expenses	(1,709,000)	(5,153,000)
Premium deficiency liability	-	(586,000)
Unearned premiums	(221,742)	(1,401,015)
Due to reinsurers	(1,814,419)	(1,168,474)
Accounts payable and accrued charges	(58,446)	(186,473)
Cash (used in) provided by operating activities	2,745,027	(43,756,166)
Investing activities		
Purchase of bonds	(2,792,389)	(4,099,933)
Maturities and disposal of bonds	-	47,924,969
Purchase of short term investments	(83,767,950)	(123,661,481)
Disposal of short term investments	86,529,286	122,656,365
Amortization of bond premium	(45,345)	92,239
Amortization of bond discount	111	(33,723)
(Gain)/loss on disposal of bonds	-	(1,979,832)
Cash provided by (used in) investing activities	(76,287)	40,898,604
Net (decrease) increase in cash	2,668,740	(2,857,562)
Cash balance, beginning of year	1,680,722	4,538,284
Cash balance, end of year	4,349,462	1,680,722
Cash balance comprises		
Cash at bank	4,349,462	1,680,722
Interest received	76,102	1,286,299

Canadian Lawyers Liability Assurance Society

Notes to the financial statements

For the year ended December 31, 2013

1. Description of business

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

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

The Society does not have any employees and is managed by an independent third party that reports to the Advisory Board. The Advisory Board has the authority and responsibility for planning, directing and controlling the activities of the entity. The Chair of the Advisory Board receives an annual honorarium of \$75,000 (2012 - \$75,000) and the other members of the Advisory Board receive no compensation.

2. Basis of preparation

Statement of compliance

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

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

3. Significant accounting policies

These financial statements reflect the following policies:

Use of estimates and judgments

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

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

Note 3 and 8: Reinsurance (regarding insurance contract premium related to additional premium liability)

Note 3 and 5: Provision for unpaid claims and adjustment expenses

Insurance premiums and deferred acquisition costs

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

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

Canadian Lawyers Liability Assurance Society

Notes to the financial statements

For the year ended December 31, 2013

3. Significant accounting policies (continued)

Reinsurance

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

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

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

Provision for unpaid claims and adjustment expenses

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

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

Investments

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

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

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

Canadian Lawyers Liability Assurance Society

Notes to the financial statements

For the year ended December 31, 2013

3. Significant accounting policies (continued)

Impairments

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

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

New accounting policies adopted in 2013

IFRS 7 Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities ("IFRS 7")

The amendments to IFRS 7 require entities to disclose information about rights of offset and related arrangements for financial instruments.

The amendments have been applied retrospectively. As the Society does not have any offsetting arrangements in place, the application of the amendments has had no material impact on the disclosures or on the amounts recognised in the financial statements.

IFRS 13, Fair Value Measurements ("IFRS 13")

IFRS 13 establishes a single source of guidance for fair value measurements and disclosures. The scope of IFRS 13 applies to both financial instrument items and non-financial instrument items. IFRS 13 requires prospective application from January 1, 2013. In accordance with the transitional provisions, the Society has not made any new disclosures for the 2012 comparative period. The application of the IFRS 13 has not had any impact on the financial statements.

IAS 1, Presentation of Financial Statements ("IAS 1")

Amendments require entities to group together items within Other Comprehensive Income that may be reclassified to the Statement of Operations and to separately group together items that will not be reclassified to the Statement of Operations. The application of the IFRS 13 has not had any impact on the financial statements.

Future accounting changes

IFRS 4: The IASB issued a revised exposure draft ED/2013/7 Insurance Contracts (the "revised ED") on June 21, 2013. The revised proposals represent the first comprehensive IFRS accounting model for insurance contracts and aim to provide a consistent basis for accounting for insurance contracts. The final standard is expected in 2015, with implementation not expected before 2018.

IFRS 9: Financial Instruments ("IFRS 9"), (2009) introduces new requirements for the classification and measurements of financial assets. Under IFRS 9 (2009), financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows. IFRS 9 (2010) introduces additional changes related to financial liabilities. The IASB currently has an active project to make limited amendments to the classification and measurements requirements of IFRS 9 and add new requirements to address the impairment of financial assets and hedge accounting.

The effective date for IFRS 9 (2010) and (2009) has been deferred pending the finalization of the impairment and classification and measurement requirements, with early adoption permitted. The Reciprocal is currently evaluating the impact of IFRS 9.

Canadian Lawyers Liability Assurance Society

Notes to the financial statements

For the year ended December 31, 2013

4. Investments

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

	December 31, 2013		December 31, 2012	
	Fair value and carrying value	Amortized cost	Fair value and carrying value	Amortized cost
	\$	\$	\$	\$
Short term investments	10,535,050	10,538,302	13,253,831	13,263,843
Bonds	2,778,853	2,792,277	-	-
	13,313,903	13,330,579	13,253,831	13,263,843

The difference between amortized cost and market value of the AFS investments consists of gross unrealized gains of \$Nil (2012: \$ Nil) and gross unrealized losses of \$26,226 (2012: \$10,012).

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

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

b) Maturity profile of investments as at December 31:

	Term to maturity			
	Within 1 year	1 - 5 years	Over 5 years	Total
2013	\$	\$	\$	\$
Short-term investments	10,535,050	-	-	10,535,050
Government of Canada bonds	-	303,599	-	303,599
Canadian public authorities bonds	-	979,544	499,475	1,479,019
Canadian corporate bonds	-	598,154	398,081	996,235
Total fair value	10,535,050	1,881,297	897,556	13,313,903

	Term to maturity			
	Within 1 year	1 - 5 years	Over 5 years	Total
2012	\$	\$	\$	\$
Short-term investments	13,253,831	-	-	13,253,831
Total fair value	13,253,831	-	-	13,253,831

Canadian Lawyers Liability Assurance Society

Notes to the financial statements

For the year ended December 31, 2013

4. Investments (continued)

c) Net investment income has the following components:

	2013	2012
	\$	\$
Interest income		
Bonds	1,321	854,512
Cash, cash equivalents and short term investments	89,695	123,560
	91,016	978,072
Amortization of discount (premium) on investments	45,234	(58,516)
Realised gain (loss) on disposal	-	1,979,832
Total net investment income	136,250	2,899,388

d) Fair value measurements

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

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

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

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

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

December 31, 2013	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Cash at bank	4,349,462	-	-	4,349,462
Investments - available-for-sale				
Short term investments	-	10,535,050	-	
Bonds	-	2,778,853	-	
	-	13,313,903	-	-
	4,349,462	13,313,903	-	17,663,365

December 31, 2012	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Cash at bank	1,680,722	-	-	1,680,722
Investments - available-for-sale				
Short term investments	-	13,253,831	-	13,253,831
Bonds	-	-	-	-
	-	13,253,831	-	13,253,831
	1,680,722	13,253,831	-	14,934,553

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

Canadian Lawyers Liability Assurance Society

Notes to the financial statements

For the year ended December 31, 2013

5. Unpaid claims and adjustment expenses

a) Nature of unpaid claims and adjustments expenses

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

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

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

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

	Gross \$	Ceded \$	Net \$
Provision for unpaid claims and adjustment expenses, January 1, 2012	79,943,000	34,431,000	45,512,000
Incurred claims and claim adjustment expenses			
Provision for current year claims	8,134,000	7,268,000	866,000
Increase (decrease) in provision for claims of prior years	(5,552,964)	28,537,642	(34,090,606)
Increase (decrease) in provision due to discount rate change	1,905,691	1,717,691	188,000
Total incurred	4,486,727	37,523,333	(33,036,606)
Payments and recoveries attributable to			
Current year claims	-	-	-
Prior years claims	(9,639,727)	(3,345,333)	(6,294,394)
	(9,639,727)	(3,345,333)	(6,294,394)
Provision for unpaid claims and adjustment expenses, December 31, 2012	74,790,000	68,609,000	6,181,000
Incurred claims and claim adjustment expenses			
Provision for current year claims	7,343,000	6,591,000	752,000
Increase (decrease) in provision for claims of prior years	(3,507,762)	(2,981,762)	(526,000)
Increase (decrease) in provision due to discount rate change	(5,032,000)	(4,614,000)	(418,000)
Total incurred	(1,196,762)	(1,004,762)	(192,000)
Payments and recoveries attributable to			
Current year claims	-	-	-
Prior years claims	(512,238)	(512,238)	-
	(512,238)	(512,238)	-
Provision for unpaid claims and adjustment expenses, December 31, 2013	73,081,000	67,092,000	5,989,000

Canadian Lawyers Liability Assurance Society

Notes to the financial statements

For the year ended December 31, 2013

5. Unpaid claims and adjustment expenses (continued)

c) Provision for unpaid claims and adjustment expenses

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

December 31, 2013

	Undiscounted	Discounted at 2.40%	Provisions for adverse deviation	Value per accepted actuarial practice
	\$	\$	\$	\$
Provision for unpaid claims and adjustment expenses				
Gross	72,271,000	65,196,000	7,885,000	73,081,000
Recoverable from reinsurers	69,435,000	62,650,000	4,442,000	67,092,000
Net	2,836,000	2,546,000	3,443,000	5,989,000

December 31, 2012

	Undiscounted	Discounted at 0.85%	Provisions for adverse deviation	Value per accepted actuarial practice
	\$	\$	\$	\$
Provision for unpaid claims and adjustment expenses				
Gross	69,955,000	67,298,000	7,492,000	74,790,000
Recoverable from reinsurers	67,195,000	64,645,000	3,964,000	68,609,000
Net	2,760,000	2,653,000	3,528,000	6,181,000

d) Key assumptions

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

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

The estimated undiscounted outstanding liabilities are discounted to reflect the time value of money using a selected discount rate of 2.40% (2012: 0.85%) which is based on the expected market yield of the Society's investment portfolio of bonds and short term assets.

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

Canadian Lawyers Liability Assurance Society

Notes to the financial statements

For the year ended December 31, 2013

5. Unpaid claims and adjustment expenses (continued)

d) Key assumptions (continued)

Changes in the assumptions used in the December 31, 2013 actuarial valuation resulted in a total decrease in net liabilities of \$415,000 (2012: \$389,000), which is due to the change in loss development factors used in the Bornhuetter-Ferguson method and change in unallocated loss adjustment expense load from 3.75% to 3.15%. The change in the discount rate and provisions for adverse deviation assumptions led to a further decrease in the net liabilities of \$386,000 (2012: \$188,000).

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

6. Premiums receivable

All subscribers are large reputable Canadian law firms, and no significant credit risk is expected. All amounts are due by January 1, 2013.

7. Expenses by nature

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

	2013	2012
	\$	\$
Management services	1,034,836	1,147,341
Legal and professional	621,605	893,351
Other expenses	153,957	287,104
Total	1,810,398	2,327,796

8. Reinsurance program

a) The Society has obtained proportional reinsurance coverage which limits its net liability to a maximum amount of \$975,000 effective for the annual coverage period beginning on July 1, 2013 (July 1, 2012: \$975,000) on any one loss.

b) Colchester Reinsurance Limited (Colchester) is an off-shore captive reinsurer domiciled in Barbados. The shareholders of Colchester are eleven Toronto based legal firms or their related service corporations. Those eleven shareholders are unrelated to each other. However, each of Colchester's shareholders is, or is related to certain of the Society's subscribers. For the annual coverage period beginning on July 1, 2013, Colchester received from the Society premiums of \$2,878,831 (July 1, 2012: \$3,390,789).

Colchester provides aggregate stop-loss reinsurance protection for a portion of the Society's retained risk. On July 1, 2013 this reinsurance had an attachment point of \$5,000,000 (July 1, 2012: \$5,000,000), and an annual aggregate limit of \$10,000,000 (July 1, 2012: \$10,000,000). Starting July 1, 2011, the attachment point and limit were determined with reference to the combined net claim liabilities of the Society and Colchester. Starting on July 1, 2012 the attachment point and limit are solely determined with reference to the net claim liabilities of the Society.

c) In 2012, the Society initiated a Loss Portfolio Transfer (LPT) with Colchester to transfer the outstanding net retained liabilities for the policy year periods from inception to the period ended June 30, 2013 inclusive for a premium of \$44,260,000, the net retained liability was estimated as \$33,103,000 at the time of LPT. The Society recorded a net loss of \$11,157,000 at the inception of the LPT contract.

As at December 31, 2013, the total reserves held and recoverable on the Society's financial statements relating to LPT was \$30,329,000 (2012- \$31,370,000). A Reinsurance Security Agreement (RSA) is in place which requires Colchester to set up on behalf of the Society deposits equal to 115% of Colchester's share of claim liabilities. At December 31, 2013 the value of the security deposits exceeds the required amount.

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

Canadian Lawyers Liability Assurance Society

Notes to the financial statements

For the year ended December 31, 2013

9. Income taxes

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

10. Equity

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

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

11. Risk management

Insurance risk management

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

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

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

Canadian Lawyers Liability Assurance Society

Notes to the financial statements

For the year ended December 31, 2013

11. Risk management (continued)

Claim development

Uncertainty exists on reported claims in that all information may not be available at the reporting date; therefore, the claim cost may rise or fall at some date in the future when the information is obtained. In addition, claims may not be reported to the Society immediately; therefore, estimates are made as to the value of claims incurred but not yet reported, a value which may take some months to finally determine. In order to determine the liability, assumptions are developed considering the characteristics of the line of business, the historical pattern of payments, the amount of data available and any other pertinent factors. In general, the longer the term required for the settlement of a group of claims, the more variable the estimates. Short settlement term claims are those which are expected to be substantially paid within a year of being reported. The following table shows the development of claims over a 6 year period, on both a gross and net of reinsurance basis:

Analysis of claims development - net and gross

	2008	2009	2010	2011	2012	2013	Total
	\$	\$	\$	\$	\$	\$	\$
Estimate of ultimate (by underwriting year):							
End of year	8,150,000	8,797,000	8,322,000	4,665,000	463,000	206,000	
One year later	7,626,000	9,329,000	9,795,000	107,000	423,000		
Two years later	5,524,000	8,299,000	2,073,000	107,000			
Three years later	4,419,000	20,000	2,073,000				
Four years later	5,000	20,000					
Five years later	5,000						
Current estimate of ultimate	5,000	20,000	2,073,000	107,000	423,000	206,000	2,834,000
Cumulative payments	(5,000)	(20,000)	(2,073,000)	(107,000)	-	-	(2,205,000)
Net liability	-	-	-	-	423,000	206,000	629,000
Total all years							
Six years net liability							629,000
Effect of discounting and PFAD							3,153,000
Unallocated loss adjustment expense							2,207,000
Provision for unpaid claims and adjusting expenses recoverable from reinsurers							67,092,000
Gross liability in statement of financial position							73,081,000

Canadian Lawyers Liability Assurance Society

Notes to the financial statements

For the year ended December 31, 2013

11. Risk management (continued)

Sensitivities

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

The table below shows the effect on net income and equity of a +/- 5% change in the expected losses and the effect of a +/- 0.5% change in the discount rate applied to claims provisions for the year ended December 31, 2013.

	2013		2012	
	Net income for the year	Equity	Net income for the year	Equity
5% increase in expected losses	(224,000)	(224,000)	(256,298)	(256,298)
5% decrease in expected losses	224,000	224,000	256,298	256,298
0.5% increase in discount rate	124,000	124,000	137,727	137,727
0.5% decrease in discount rate	(129,000)	(129,000)	(143,533)	(143,533)

Financial risk management

The Society has policies related to the identification, monitoring and mitigation of risks associated with financial instruments. The key risks related to financial instruments are credit risk, liquidity risk and market risk (interest rate, equity and currency). The following describes how the Society manages each of these risks.

a) Credit risk

Credit risk is the risk of loss due to the failure of debtors to make payments when due. Credit risks are primarily associated with invested assets and amounts due from policyholders and reinsurance counterparties. The investment portfolio's exposure to credit risk is managed through policies and procedures including a credit evaluation by the investment manager and investment guidelines which specify investment quality and exposure limits. The portfolio is monitored and reviewed regularly by the Board. Premiums due from policyholders present minimal risk due to the short term nature of the receivable and the historic/financial relationship with the Society as a Reciprocal Insurance Exchange. The Society evaluates the financial condition of its reinsurers and monitors concentrations of credit risk of the reinsurers to minimize its exposure to significant losses from their insolvency. The Society believes that it has taken appropriate steps to manage credit risk and has made appropriate provision for any such exposures. One of the primary reinsurers is Colchester Reinsurance Limited as discussed in Note 8. The credit risk related to Colchester is managed by maintaining a security account pursuant to the RSA and a quarterly review of Colchester's financial condition. The balance held in the account at December 31, 2013 is \$74,377,000.

Canadian Lawyers Liability Assurance Society

Notes to the financial statements

For the year ended December 31, 2013

11. Risk management (continued)

a) Credit risk (continued)

i) Exposure to credit risk

The following table summarizes the exposure to credit risk related to financial instruments and certain insurance assets at carrying value.

	2013 \$	2012 \$
Short term investments	10,535,050	13,253,831
Bonds	2,778,853	-
Interest income due and accrued	14,914	-
Premiums receivable	4,522,408	6,359,506
Reinsurance recoverable	120,021	1,869,508
Provision for unpaid claims and adjustment expenses recoverable from reinsurers	67,092,000	68,609,000
Total credit exposure	85,063,246	90,091,845

ii) Concentration of credit risk

The Society utilizes an investment policy to minimize the concentration of credit risk by ensuring diversification across asset classes. The following table summarizes the distribution of investments by credit risk:

	2013 %	2012 %
Bonds, treasury bills and cash (< 1 year)	79.0	100.0
Government of Canada (> 1 year)	2.0	-
Canadian provincials (> 1 year)	11.0	-
Corporates (> 1 year)	8.0	-
Total portfolio	100.0	100.0

b) Liquidity risk

Liquidity risk is the risk that the Society will not be able to meet all cash outflow obligations as they come due. The primary potential cash outflow is the payment of insurance claims and is represented by the provision for unpaid claims and adjustment expenses liability on the statement of financial position. In order to manage the liquidity risk associated with this liability, an investment policy is in place. A summary of the invested assets by term to maturity is provided in Note 4. The following table summarizes the exposure to liquidity risk:

Canadian Lawyers Liability Assurance Society

Notes to the financial statements

For the year ended December 31, 2013

11. Risk management (continued)

b) Liquidity risk (continued)

	December 31, 2013			
	Due within 1 year	1 to 5 years	Over 5 years	Total
	\$	\$	\$	\$
Provision for unpaid claims and adjustment expenses (net)	844,000	2,995,000	2,150,000	5,989,000
Due to reinsurers	1,524,104	-	-	1,524,104
Accounts payable and accrued charges	412,738	-	-	412,738
Total	2,780,842	2,995,000	2,150,000	7,925,842

	December 31, 2012			
	Due within 1 year	1 to 5 years	Over 5 years	Total
	\$	\$	\$	\$
Provision for unpaid claims and adjustment expenses (net)	1,552,000	3,662,000	967,000	6,181,000
Due to reinsurers	3,338,523	-	-	3,338,523
Accounts payable and accrued charges	471,184	-	-	471,184
Total	5,361,707	3,662,000	967,000	9,990,707

c) Market risk

Market risk is the risk of loss arising from adverse changes in market rates and prices, such as interest rates, equity markets and foreign currency rates. The primary market risk exposures are discussed below.

i) Interest rate risk

Interest rate risk is the risk of financial loss arising from changes in interest rates. Fluctuations in interest rates will impact the market value of the fixed income portion of the investment portfolio. Interest rate fluctuations may create unrealized gains or losses which are recorded as OCI, however, these assets are ordinarily held until maturity which would result in a recovery of par value. A portion of these assets support the net provision for unpaid claims and adjustment expenses which is calculated, in part, using a discount factor based on the market rate of return of the investment portfolio.

The Society is exposed to interest rate risk if the cash flows from the investments are not matched to the liabilities that they support. This risk is partially mitigated by the investment policy which specifies that the timing of the settlement of unpaid claims be considered when selecting the duration of invested assets.

The estimated impact of a 1% increase in interest rates would decrease the market value of the fixed income portion of the investment portfolio by \$210,171 (2012: \$Nil) which would be recorded in OCI. This impact would be more than offset on an economic basis by a decrease in the estimated unpaid claims and adjustment expense of \$244,000 (2012: \$Nil) recorded through income. Conversely, a 1% decrease in interest rates would increase the market value of the fixed income portion of the investment portfolio by \$147,728 (2012: \$Nil) which would be recorded in OCI. This impact would be more than offset on an economic basis by an increase in the estimated unpaid claims and adjustment expense of \$263,000 (2012: \$Nil) recorded through net income.

Canadian Lawyers Liability Assurance Society

Notes to the financial statements

For the year ended December 31, 2013

11. Risk management (continued)

c) Market risk (continued)

ii) Equity risk

Equity risk is the uncertainty associated with the valuation of assets arising from changes in equity markets. To mitigate this risk, the Society's investment policy does not allow exposure to equity markets.

iii) Currency risk

The Society does not have any material exposure to foreign currency.

12. Surplus management and adequacy

Equity is comprised of minimum and additional surplus and AOCI. At December 31, 2013, the equity was \$13,185,460 (2012: \$11,799,736). The Society's objectives for the management of surplus are for the prudent operation of the reciprocal and to provide relatively predictable premium costs for its members over time. A surplus management policy is approved by the Advisory Board which oversees the surplus management process.

As a reciprocal insurance exchange, the requirement for surplus is lower than that of an incorporated insurance company. A reciprocal may rely on the contractual agreement among its members to contribute to the losses incurred by other members and to make assessments for additional contributions to surplus if required and accordingly, can rely on the credit worthiness of its subscribers.

The Society is regulated by the Superintendent of Insurance, Alberta and in British Columbia and Ontario where licenses are held, all of which expect incorporated insurance companies to meet a Minimum Capital Test ("MCT") ratio of capital available to capital required of at least 150%. As of December 31, 2013, the Society's MCT was 328% (2012: 297%). However, the minimum regulatory standard for reciprocals in Alberta is adjusted equity exceeding \$50,000. The Society's practice is to maintain a surplus level which is significantly higher than the regulatory minimum. The Society's surplus adequacy is evaluated regularly and this evaluation takes into account the gross exposure to risk, the level and nature of reinsurance purchased and the resulting net exposure to members. Input from the appointed actuary, which includes an assessment of loss volatility, is factored into this evaluation.

In accordance with sections 99 & 100 of the Alberta Insurance Act, the Society is required to maintain a reserve and guarantee fund. At December 31, 2013 the total reserve and guarantee funds required are as follows:

	2013 (000's)	2012 (000's)
	\$	\$
Reserve fund		
Net premiums written during the period	13,770	14,229
Less: Amounts paid to licensed reinsurers	10,548	54,933
	3,222	(40,704)
Requirement	50%	50%
	1,611	(20,352)
Guarantee fund		
Total liabilities	81,852	85,656
Less: Unearned premiums	6,834	7,056
Recoverable from licensed reinsurers	66,613	67,826
Add: Statutory margin	50	50
	8,455	10,824
Total of reserve and guarantee fund	10,066	(9,528)
Cash and approved securities	17,663	14,935
Excess of cash and securities over reserve and guarantee fund	7,597	24,463

Canadian Lawyers Liability Assurance Society

Notes to the financial statements

For the year ended December 31, 2013

13. Fair value disclosure

The fair value of the following classes of financial instruments is deemed to approximate carrying value due to the immediate or short term maturity of the financial instruments.

- a) Cash at bank
- b) Interest income due and accrued
- c) Premiums receivable
- d) Premium taxes receivable
- e) Reinsurance recoverable
- f) Due to reinsurers
- g) Accounts payable and accrued charges

14. Date of authorization for issue

The financial statements were authorized for issue by the Advisory Board on _____.

D
R
A
F
T



Canadian Lawyers Liability Assurance Society

Year-end communication of 2013 Audit



To be presented to the Audit Committee
at the meeting on February 19, 2014



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

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

February 14, 2014

Private and confidential

To the Chair and members of the Audit Committee of Canadian Lawyers Liability Assurance Society

Dear Audit Committee Members:

Report on audited annual financial statements and Minimum Capital Test Return

We are pleased to present our year-end communication on the results of our audits of the financial statements and the Minimum Capital Test Return (MCT Return) of Canadian Lawyers Liability Assurance Society (the "Society") as of and for the year ended December 31, 2013.

Our audits were conducted in accordance with Canadian Generally Accepted Auditing Standards (GAAS) and the results of our audits are summarized in this report.

Use of our report

This report is intended solely for the information and use of the Audit Committee, management and others within the Society and is not intended to be, and should not be, used by anyone other than these specified parties. Accordingly, we disclaim any responsibility to any other party who may rely on it.

We would like to express our appreciation for the cooperation we received from the management of the Society with whom we worked to discharge our responsibilities.

We look forward to discussing this report with you and answering any questions you may have.

Yours truly,

A handwritten signature in black ink that reads "Deloitte LLP". The signature is written in a cursive, flowing style.

Chartered Professional Accountants, Chartered Accountants
Licensed Public Accountants

Table of contents

Executive summary.....	1
Appendix A – Audit results.....	4
Appendix B – Significant audit risks.....	7
Appendix C – Management judgments and accounting estimates.....	9
Appendix D – Reportable matters to the Audit Committee	11
Appendix E – Draft Independent Auditor’s Reports	13
Appendix F – Independence letter	17
Appendix G – Schedule of uncorrected misstatements.....	19

Executive summary

This report summarizes the main findings arising from our audits.

Audit findings and other matters	
Audit scope	<p>Our audit of the Society's financial statements was designed to obtain reasonable, rather than absolute, assurance as to whether the financial statements are free of material misstatement.</p> <p>We confirm that no limitations were placed on the scope of our work and there have been no significant amendments to the audit scope and approach communicated in the audit plan.</p> <p>A description of our audit results has been included in Appendix A of this report.</p>
Significant audit risks	<p>In accordance with our audit plan, our procedures focused on the following areas that we identified as being subject to risk of material misstatement in the current year:</p> <ul style="list-style-type: none">• Provision for unpaid claims and adjustment expenses (valuation); and• Revenue recognition; and• Management override of controls <p>We satisfactorily addressed these significant risks in our audit and have summarized the results of our audit procedures for these risk areas in Appendix B of this report.</p>
Internal control over financial reporting	<p>Our audit was not designed to provide a high degree of assurance that significant deficiencies, if any, would be detected. Accordingly, we are unable to and do not provide any assurance on the design or effective operation of internal control over financial reporting.</p> <p>No matters have come to our attention which indicates a significant deficiency in internal control over financial reporting.</p>
Fraud and illegal acts	<p>Based on the procedures we performed as recommended by Canadian Auditing Standard 240, <i>The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements</i>, we are not aware of any illegal acts or fraudulent events with respect to the Society during the year.</p>
Management judgment and accounting estimates	<p>Accounting estimates and interpretations are an integral part of the financial statements prepared by management. They reflect management's current judgments, based on knowledge and experience about past and current events, assumptions about future events and interpretations of the financial reporting standards.</p> <p>During the year ended December 31, 2013 management advised us that there were no changes made in the methodology of calculating the unpaid claims and adjustment expenses.</p> <p>In our judgment, the significant accounting estimates made by management are in all material respects, free of possible management bias and of material misstatement. The disclosure in the financial statements around estimation uncertainty is in accordance with International Financial Reporting Standards (IFRS) and is appropriate to the particular circumstances of the Society.</p> <p>Our views on the significant quantitative and qualitative aspects of the judgments and estimates made by management are presented in Appendix C of this report.</p>

Audit findings and other matters

Significant accounting policies	<p>The Society's significant accounting policies are set forth in Note 3 to the December 31, 2013 financial statements.</p> <p>In our judgment, the significant accounting practices, selected and applied by management are, in all material respects, acceptable under IFRS and are appropriate to the particular circumstances of the Society.</p>
Audit adjustments and uncorrected misstatements	<p>We have aggregated all uncorrected misstatements greater than our clearly trivial amount of \$74,000, those that are quantitatively insignificant but qualitatively material, and adjustments identified as a result of our audit and corrected by management.</p> <p>Our initial estimate of materiality as communicated to the Audit Committee on December 9, 2013 was \$1,480,000, and was based on the Q2 2013 internal financial statements. This materiality amount remained appropriate based on the year-end financial statements of the Society.</p> <p>During the audit, we identified a misclassification error related to the recording of cash and payables. Refer to Appendix G. We request that all misstatements be corrected.</p> <p>We have discussed all misstatements with management, who at this point, have concluded that, individually and in the aggregate, they would not be material to the Society's financial statements taken as a whole.</p>
Disclosure deficiencies	<p>We made various recommendations to management regarding financial statement disclosures, which have been reflected in the financial statements.</p> <p>To date there are no disclosure deficiencies. Disclosure deficiencies that are more than inconsequential, if any, noted during the course of completion of our audit will be presented at the Audit Committee meeting.</p>
Use of the work of experts	<p>We used the work of our actuarial expert as described in our audit plan document.</p> <p>There were no significant issues noted impacting our audits of the Society's financial statements including the MCT Return.</p>
Formal reporting responsibilities	<p>We are required by professional standards to report to you on certain matters to the extent we become aware of them during the performance of our audits.</p> <p>We have summarized the matters that are reportable to the Audit Committee in Appendix D and confirm to you that, as of the date of this report, there are no material matters included in Appendix D requiring your attention.</p>
Representation letters	<p>Management is responsible for the fair presentation of the financial statements of the Society in accordance with IFRS.</p> <p>We expect to receive a representation letter from management, dated February 26, 2014, acknowledging this responsibility.</p>
Independent Auditor's Reports	<p>We intend to issue unmodified audit reports on the financial statements of the Society, the Annual Return Form P&C-1 for the year ended December 31, 2013 and on the MCT Return as at December 31, 2013 once the outstanding items referred to on page 3 are satisfactorily completed and the financial statements are approved by the Advisory Board. Draft of our Independent Auditor's Reports on these financial statements are included in Appendix E.</p>
Independence	<p>We have developed appropriate safeguards and procedures to eliminate threats to our independence or to reduce them to an acceptable level.</p> <p>As required under Canadian GAAS, we have reported all relationships and other relevant matters that, in our professional judgment, may reasonably be thought to bear on our independence and confirmed our independence to the Audit Committee for the year ended December 31, 2013.</p> <p>Our independence letter is included in Appendix F.</p>

Audit findings and other matters

Outstanding items

As of the date of writing, certain aspects of our audit and file documentation are outstanding including:

- Receipt of signed management's representations letter
- Signed Appointed Actuary report
- Performance of subsequent event procedures up to February 26, 2014
- Completion of final partner and Engagement Quality Control reviews.

We plan to issue our audit opinions dated February 26, 2014, following completion of the above procedures and approval of the financial statements by the Advisory Board.

In conclusion

We would like to thank management for their contribution towards creating a constructive relationship between our respective teams and in helping us discharge our duties and responsibilities in a comprehensive and efficient manner.

We also thank you for the interest you have continuously shown in the scope and results of our audits. We regard your interest as a critical component in positioning the audit to provide the maximum benefit to you and your stakeholders.

Appendix A – Audit results

Status of deliverables

In our audit plan document, we identified a number of deliverables to be provided to you throughout the course of our audits. The status, as of February 19, 2013, of these items for the Society is as follows:

Deliverables	Status
2013 Audit scope and plan	Complete Dated December 9, 2013
Confirmation of our independence and reporting on non-audit services and relationships	Complete Dated February 14, 2014
Audit results	Complete Dated February 14, 2014
Auditor's report on the following statements: Annual financial statements Annual Return Form P&C-1 Minimum Capital Test Return	(a)
Letter of significant recommendations for management	No items of significance noted
Other requests the Audit Committee may have	No such requests

(a) Subject to Advisory Board approval and completion of items referred to on Page 3 of this report.

Use of the work of experts

The following expert assisted in our audits:

Provision for claims and adjustment expenses and asset/liability duration for the MCT Return	Our actuarial expert assisted in assessing the adequacy of the valuation of the provision for claims and adjustment expenses. The actuarial expert also assisted in the testing of duration of interest rate sensitive assets/liabilities for the MCT Return.
---	---

Internal control matters

An audit is planned and performed to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement, whether caused by error or fraud.

We obtained an understanding of internal control relevant to the audits; however, not all controls are relevant to every audit. We evaluated the design of controls relevant to the audit and determined whether they have been implemented. We are not, however, required to determine whether all relevant controls are operating effectively. Although not required by Canadian GAAS, we may decide that, for a particular engagement, it makes sense to rely on the effective operation of some controls to determine our planned substantive procedures. In such cases, we would go beyond evaluating the design of relevant controls and determining whether they have been implemented to also test whether the controls on which we intend to rely are operating effectively.

During the course of our audits, we did not identify any significant deficiencies in the internal control over financial reporting. Our audits were not designed to provide a high degree of assurance that significant deficiencies, if any, would be detected. Accordingly, we are unable to and do not provide any assurance on the design or effective operation of internal control over financial reporting.

Because of the inherent limitations of internal controls, including the possibility of collusion or management override of controls, material misstatements due to fraud may occur and not be detected. Also, projections of any evaluation of the internal controls to future periods are subject to the risk that the internal control may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Significant events and related party transactions

During the course of our audits of the Society's financial statements, we have not identified any related party transactions that are not in the normal course of operations and that involve significant judgments by management concerning measurement or disclosure.

Legal and regulatory compliance

Management is responsible for ensuring that Society's operations are conducted in accordance with applicable laws and regulations. The responsibility for preventing and detecting non-compliance rests with management. The auditor is not and cannot be held responsible for preventing non-compliance with laws and regulations. In the course of our audits, we did not identify any illegal or possibly illegal acts or any areas of material non-compliance with laws and regulations by the Society.

Post-balance sheet events

Management is responsible for assessing subsequent events up to the date of release of the financial statements.

At the date of finalizing this report, we are not aware of any significant post balance sheet events that require disclosure or adjustment to the financial statements. We will update this assessment to February 26, 2014, the date of our auditor's report.

It should be noted that under Canadian Auditing Standard 560, *Subsequent Events*, the auditor is not obligated to perform any audit procedures regarding the financial statements after the date of the auditor's report. However, if, after the date of our reports but before the date the financial statements are released, a fact becomes known which could impact our auditor's reports, we will discuss the matter with management and, where appropriate, the Audit Committee to determine whether the financial statements need amendment and our auditor's reports need updating.

Compliance with IFRS

The audit allows us to express an opinion on whether the financial statements were prepared, in all material respects, in accordance with IFRS. The audit also includes evaluating the appropriateness of accounting policies and the reasonableness of accounting estimates made by management, and evaluating the overall presentation of the financial statements. Our report on the financial statements and communications required by Canadian GAAS are in accordance with our findings.

The results of our audits indicate that the financial statements of the Society are prepared in all material respects in accordance with IFRS.

Appendix B – Significant audit risks

Significant audit risks

The results of our audit work on areas of significant audit risks are set out below:

Areas of significant audit risk	Our audit response	Our findings
<p>Provision for Unpaid Claims and Adjustment Expenses (valuation)</p> <p>Risk of measurement uncertainty due to a significant amount of judgment required by the Appointed Actuary and management with respect to the assumptions and methodologies underlying the reserves.</p> <p>Estimates are complex and subject to variability. Relatively small variations in assumptions, selections of best estimate and margins for adverse deviations can have a significant impact on the Society's overall financial results.</p> <p>We assessed whether the reserves are appropriately established, carried and released.</p>	<p>This is an area subject to a significant amount of management judgment with respect to the assumptions and methodologies underlying the reserves. The actuarial reserving process utilizes a multitude of data sources and complex models to develop the estimate of policy liabilities.</p> <p>We performed the following audit procedures:</p> <ul style="list-style-type: none"> Utilized actuarial experts in the planning and execution of our audit procedures Tested internal controls over the actuarial and claims processes Selected and tested a representative sample of claims to ensure reserved amounts were properly supported and payments were properly authorized and accurately recorded Tested underlying data used in the valuation including claims reserves, claims paid and premium data Tested the reconciliation of the reserves, with focus on the reconciliation between the administrative and valuation systems Reviewed the draft opinion of the Appointed Actuary Assessed the reasonableness of key assumptions and methodologies Carried out independent recomputations of the gross and net policy liabilities and compared to the Society's valuation Reviewed the security in place for the amounts ceded to determine if it is sufficient to cover non-payments by the reinsurers Reviewed the discount factor used and the application of discounting Reviewed trends in the development of prior years' ultimate and performed a retrospective assessment (a look back test) to determine whether management judgments and assumptions relating to the estimates indicated a possible bias on the part of management. 	<ul style="list-style-type: none"> We did not identify any significant deficiencies in internal control. Our audit testing did not identify any discrepancies in the claims data. Our audit tests are based on sampling considering materiality and our risk assessment. Our Actuarial expert reviewed actuarial methodologies and assumptions and has conducted various recomputation tests. The results of conducting these procedures were satisfactory and differences in computed amounts were within the range of acceptable actuarial practice. The net difference between Deloitte and the Appointed Actuary is 4.4% (2012: 3.2%) (Deloitte \$6,255,000 (2012: \$6,379,000) compared to Appointed Actuary \$5,989,000 (2012: \$6,181,000) Security in place for amounts ceded is sufficient to cover non-payments by reinsurers <p>Subject to the completion of the outstanding items referred to on Page 3 of this report, the results of our audit procedures to date have been satisfactory.</p>

Areas of significant audit risk	Our audit response	Our findings
Revenue recognition Revenue streams are contractually driven, although the level of manual intervention increases the risks.	We performed the following audit procedures: <ul style="list-style-type: none"> • Tested management's controls over significant revenue streams • Performed a combination of analytical procedures and test of details • Agreed, on a sample basis, the insurance premiums recorded in the administration system to supporting documentation • Obtained confirmation from the insured and tested reconciling items, if any • For investment income performed test of details by selecting a sample of transactions and traced income to the source document and compared the individual income components to the prior year for any unusual movements. 	The results of our audit procedures were satisfactory.
Management override of controls We are obliged under the auditing standard, <i>The auditor's responsibilities relating to fraud in the audit of financial statements</i> , to consider and report on the risk associated with the potential for management override of controls. Due to the unpredictable way in which such override could occur, it is a risk of material misstatement due to fraud, and thus a significant risk.	We performed the following audit procedures: <ul style="list-style-type: none"> • Assessed the effectiveness of controls over the financial close process including the preparation and posting of journal entries and other adjustments • Examined accounting estimates for biases and evaluated whether the circumstances producing the bias, if any, represented a risk of material misstatement due to fraud. • Selected journal entries for review that displayed characteristics of which could be indicative of fraud. 	The results of our audit procedures were satisfactory.

Appendix C – Management judgments and accounting estimates

Management judgments and accounting estimates

The financial statements of the Society are prepared by management who are responsible for the integrity and fairness of the data presented. The preparation of the financial statements requires management to exercise judgment in the selection and application of accounting policies including the determination of related amounts that must of necessity be based on estimates and judgments. These estimates and judgments are normally based on knowledge and experience about past and current events and on assumptions about future events.

Accounting policies involving significant management judgments and accounting estimates include those for valuation of the provision for unpaid claims and adjustment expenses and collectability of reinsurance receivable.

We have set out in the table on the following page our comments with respect to these significant management judgments and accounting estimates as at December 31, 2013 (with December 31, 2012 comparatives).

Management judgments and accounting estimates	2013 (in '000)	2012 (in '000)	Comments
Provision for unpaid claims and adjustment expenses – Gross	\$73,081	\$74,790	Management's estimate of actuarial liabilities is the most significant area of measurement uncertainty which utilizes complex models and significant management judgment for assumptions.
Provision for unpaid claims and adjustment expenses recoverable from reinsurer	\$67,092	\$68,609	We did not identify any significant reinsurance disputes, Our tests also did not identify any concerns related to the reinsurer credit defaults. Moreover, the security deposit in place for unregistered reinsurer exceeded the provision of unpaid claims and adjustment expenses recoverable balance.
Impact of changes in assumptions, provisions for adverse deviations and discount rate- Net	\$801	\$577	<p>There were no changes made in the methodology of calculating provision for unpaid claims and adjustment expenses between last year and current year end. The Bornhuetter-Ferguson Method (BF) which is based on expected claims development patterns and expected losses continues to be the primary method relied upon by the Appointed Actuary. While there were no changes in the methodology, the Appointed Actuary has changed the basis of some key assumptions used in actuarial methods. These changes include loss development factor used in BF and changes in unallocated loss adjustment load. The changes were made to reflect the Society's emerging specific experience and changes in risk profile.</p> <p>The discount rate was increased to 2.4% (2012:0.85%). This is due to change in the reference portfolio. The current year's discount rate was based on bond investments compared to prior year which is based on Canada T-bills.</p> <p>We noted no changes to the provision for adverse deviations "PfAD" factor as compared to prior year.</p>

In our judgment, the significant accounting estimates made by management are in all material respects, free of possible management bias and of material misstatement. The disclosure in the financial statements around estimation uncertainty is in accordance with IFRS and is appropriate to the particular circumstances of the Society.

Appendix D – Reportable matters to the Audit Committee

We are required by professional standards and regulatory requirements to report to you any of the following matters to the extent we become aware of them during the course of the audits. Our findings are based on the audit work considered necessary by us to render our opinion on the Society's financial statements and the MCT Return.

Reportable matters	Comments
Fraud or possible fraud identified through the audit process	None noted
Illegal or possibly illegal acts	None noted
Related party transactions that are not in the normal course of business	None noted
Responsibility assumed by Deloitte Our Audit Strategy and Scope	As per our audit plan presented to the Audit Committee on December 9, 2013
Management judgments and accounting estimates	See management judgments and accounting estimates in Appendix C
Audit adjustments (non-trivial adjustments whether or not corrected)	None noted
Uncorrected misstatements determined by management to be immaterial	See misclassification misstatement identified in Appendix G
Significant accounting policies and unusual transactions	See significant accounting policies on page 2. No unusual transactions were noted
Critical accounting policies and practices	
Alternative treatments under IFRS for accounting policies and practices related to material items (including specific transactions) that have been discussed with Management during the current audit period, including: Ramifications of the use of such alternative disclosures and treatments The treatment preferred by Deloitte.	No material items noted
Deloitte's judgments about the quality, not just the acceptability, of the Society's accounting principles as applied in its financial reporting	See management judgments and accounting estimates in Appendix C
Disagreements with management	None

Reportable matters	Comments
Consultation with other accountants	None noted
Major issues discussed with management prior to retention	None
Problems or difficulties encountered in performing the audits and management's response	None
Significant deficiencies in internal control, if any, identified by us during the year, in the conduct of the audit of the financial statements.	None noted. See internal control matters in Appendix A
Material written communications between Deloitte and management	See status of deliverables in Appendix A
All relationships between Deloitte and the Society that, in our professional judgment, may reasonably be thought to bear on independence.	See Independence Letter in Appendix F
A confirmation that Deloitte is independent with respect to the Society within the meaning of the Rules of Professional Conduct of the Institute of Chartered Accountants of Ontario.	
Discuss the results of the procedures performed to identify fraud/illegal acts.	To be discussed at the meeting of the Audit Committee on February 19, 2014
Discuss the Society's annual audited financial statements with the Audit Committee.	To be discussed at the meeting of the Audit Committee on February 19, 2014

Appendix E – Draft Independent Auditor's Reports

Our report on the financial statements is expected to be in the following form. However, the final form may need to be adjusted to reflect the final results of our audits.

1. Draft audit report on the IFRS financial statements

Independent Auditor's Report

To the Advisory Board of Canadian Lawyers Liability Assurance Society

We have audited the accompanying financial statements of Canadian Lawyers Liability Assurance Society, which comprise the statement of financial position as at December 31, 2013, and the statements comprehensive income (loss), changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Canadian Lawyers Liability Assurance Society as at December 31, 2013, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

(To be signed Deloitte LLP)

Chartered Professional Accountants, Chartered Accountants
Licensed Public Accountants
February 26, 2014

2. Draft audit report on the P&C-1

Independent Auditor's Report

To the Provincial Superintendents of Financial Institutions/Insurance

We have audited the accompanying financial statements of Canadian Lawyers Liability Assurance Society (the "Society"), which comprise the statements of Assets and Liabilities and Equity as at December 31, 2013 and the statements of Income, Retained Earnings, Reserves, Comprehensive Income (Loss) and Accumulated Other Comprehensive Income (Loss), Cash Flows and Changes in Equity for the year then ended on pages 20.10 through 20.60 of the Society's Annual Return P&C-1, which include a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Canadian Lawyers Liability Assurance Society as at December 31, 2013 and its financial performance and its cash flows for the year then ended, in accordance with International Financial Reporting Standards.

Unaudited Information

We have not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the schedules or exhibits referenced on pages 20.10 through 20.60 of the Society's Annual Return P&C-1.

(To be signed Deloitte LLP)

Chartered Professional Accountants, Chartered Accountants
Licensed Public Accountants
February 26, 2014

3. Draft audit report on the MCT Return

Independent Auditor's Report

To the Provincial Superintendents of Financial Institutions/Insurance

We have audited the accompanying Minimum Capital Test Return (MCT Return) on page 30.70 of the Annual Return P&C-1 of Canadian Lawyers Liability Assurance Society as at December 31, 2013. The MCT Return has been prepared by management based on the provisions of the Office of the Superintendent of Financial Institutions Canada's (OSFI) Guideline – Minimum Capital Test for Federally Regulated Property and Casualty Insurance Companies (the Guideline).

Management's Responsibility for the MCT Return

Management is responsible for the preparation of the MCT Return in accordance with the provisions of the Guideline, and for such internal control as management determines is necessary to enable the preparation of an MCT Return that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the MCT Return of Canadian Lawyers Liability Assurance Society as at December 31, 2013 is prepared, in all material respects, in accordance with the provisions of the Guideline.

Basis of Accounting and Restriction on Use

Without modifying our opinion, we draw attention to the fact that the MCT Return has been prepared in accordance with the basis of accounting set out in the Guideline. The MCT Return is prepared to assist Canadian Lawyers Liability Assurance Society to meet the requirements of the Provincial Superintendents of Financial Institutions/Insurance. As a result, the MCT Return may not be suitable for another purpose. Our report is intended solely for the use of Canadian Lawyers Liability Assurance Society and the Provincial Superintendents of Financial Institutions/Insurance and should not be used by parties other than Canadian Lawyers Liability Assurance Society and the Provincial Superintendents of Financial Institutions/Insurance.

(To be signed Deloitte LLP)

Chartered Professional Accountants, Chartered Accountants
Licensed Public Accountants
February 26, 2014

Appendix F – Independence letter



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

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

February 14, 2014

To the Chair and Members of 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 (Society) for the year ended December 31, 2013.

You have requested that we communicate in writing with you regarding our compliance with relevant ethical requirements regarding independence as well as all relationships and other matters between Society, our Firm and network firms that, in our professional judgment, may reasonably be thought to bear on our independence. You have also requested that we communicate the related safeguards that have been applied to eliminate identified threats to independence or reduce them to an acceptable level.

In determining which relationships to report, these standards require us to consider relevant rules and related interpretations prescribed by the appropriate provincial institute / ordre 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.

We have prepared the following comments to facilitate our discussion with you regarding independence matters arising since February 19, 2013, the date of our last letter.

We are aware of the following relationships between the Society and our Firm and network firms that, in our professional judgment, may reasonably be thought to bear on our independence. The following relationships represent matters that have occurred from February 19, 2013 to February 14, 2014.

- The fees chargeable to the Society for audit services are \$79,000 for the period February 19, 2013 to February 14, 2014.

We hereby confirm that, we are independent with respect to the Society within the meaning of the Rules of Professional Conduct of the Chartered Professional Accountants of Ontario as at February 14, 2014.

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 the matters addressed in this letter with you at our upcoming meeting on February 19, 2014.

Yours truly,

A handwritten signature in black ink that reads "Deloitte LLP". The signature is written in a cursive, flowing style.

Chartered Professional Accountants, Chartered Accountants
Licensed Public Accountants

Appendix G – Schedule of uncorrected misstatements

Statement of financial position

(amounts in \$)

	Balances as reported	Uncorrected Misstatements (1)	Balances, if corrected
Assets			
Cash at bank	4,349,462	1,494,595	5,844,057
Short term investments	10,535,050		10,535,050
Bonds	2,778,853		2,778,853
Interest income due and accrued	14,915		14,915
Premiums receivable	4,522,408		4,522,408
Prepaid expenses	139,500		139,500
Deferred policy acquisition costs	192,969		192,969
Reinsurers' share of unearned premiums	5,292,272		5,292,272
Reinsurance receivable	120,021		120,021
Provision for unpaid claims and adjustment expenses recoverable from reinsurers	67,092,000		67,092,000
Total assets	95,037,450	1,494,595	96,532,045
Liabilities			
Accounts payable and accrued charges	412,738		412,738
Unearned premiums	6,834,148		6,834,148
Due to reinsurers	1,524,104	1,494,595	3,018,699
Provision for unpaid claims and adjustment expenses	73,081,000		73,081,000
Total liabilities	81,851,990	1,494,595	83,346,585
Equity			
Minimum surplus	50,000		50,000
Additional surplus	13,161,687		13,161,687
Accumulated other comprehensive income	(26,227)		(26,227)
Total equity	13,185,460	-	13,185,460
Total liabilities and equity	95,037,450	1,494,595	96,532,045

(1) Includes two cheques that were recorded during 2013 but not issued until 2014. These uncorrected misstatements do not affect the other statements included in the financial statements, the MCT ratio nor the excess of cash and securities over reserve and guarantee fund disclosed in Note 12 of the financial statements.

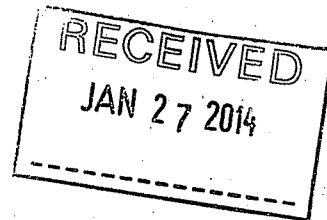


www.deloitte.ca

Deloitte, one of Canada's leading professional services firms, provides audit, tax, consulting, and financial advisory services. Deloitte LLP, an Ontario limited liability partnership, is the Canadian member firm of Deloitte Touche Tohmatsu Limited.

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee, and its network of member firms, each of which is a legally separate and independent entity. Please see www.deloitte.com/about for a detailed description of the legal structure of Deloitte Touche Tohmatsu Limited and its member firms.

© Deloitte LLP and affiliated entities.



CLLAS
CANADIAN LAWYERS LIABILITY
ASSURANCE SOCIETY

INVESTMENT REPORT
DECEMBER 31, 2013

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, 2013

Review of Market Yields

Early in the fourth quarter, the Bank of Canada shifted its monetary stance from a tightening bias to a neutral stance. Following this announcement, yields at the shorter end of the curve turned lower and closed the year slightly below their levels at the end of September. For issues due in 5 years and longer, yields also eased lower during the first half of the quarter. However, yields began edging higher during the second half and were given a further boost late in December, when the U.S. Federal Reserve announced a modest reduction in its monthly bond purchase program. The yield on the 10-year Canada issue showed the largest increase of 23 basis points.

As a result of these shifts, the yield curve steepened, and at the end of December the yield advantage of 10-year issues over Treasury Bills was 1.86%, up from 1.56% three months earlier.

	Jan. 1/95	Jun. 30/13	Sep. 30/13	Dec. 31/13
3-Month Treasury Bills	6.80%	1.01%	0.98%	0.91%
5-year Canadas	8.99%	1.80%	1.86%	1.95%
10-year Canadas	9.09%	2.44%	2.54%	2.77%

During the quarter, in the Short Term Investment Fund, activity involved the roll-over of money market securities. Late in the quarter the proceeds from maturities and sales in the Short Term Fund were used to re-establish the Long Term Investment Fund. The cash transfers to the Long Term Fund were used to purchase a Canada credit, five provincial issues and five corporate holdings. In addition, at the close of the quarter part of a Canada Treasury Bill was also transferred from the Short to the Long Term Fund in order to provide liquidity to expand the Long Term Fund holdings.

During the opening period, the market value of the Long Term Investment Fund holdings declined \$12,979, or 0.5% on a capital basis.

At December 31, 2013, the average term to maturity of the Long Term Investment Fund stood at 3.5 years.

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

<i>Distribution at December 31, 2013</i>	<i>Valuation</i>	<i>%</i>
Short Term Investment Fund	\$9,542,598	71.6%
Long Term Investment Fund	3,779,024	28.4%
TOTAL COMBINED VALUATION	\$13,321,622	100.0%

CLLAS

LONG TERM INVESTMENT FUND

TIME-WEIGHTED RATES OF TOTAL RETURN FOR PERIOD ENDING DECEMBER 31, 2013

	Since Inception Dec. 17/13
<i>Long Term Investment Fund</i> – Gross of Fees	-0.53%
<i>Long Term Investment Fund</i> – Net of Fees	-0.55%
Benchmark Portfolio **	-0.22%

** The Benchmark Portfolio is based on the sum of the following total return indices:
60% DEX Short Bond Index
40% DEX Mid Bond Index

SHORT TERM INVESTMENT FUND

TIME-WEIGHTED RATES OF TOTAL RETURN FOR PERIOD ENDING DECEMBER 31, 2013

	Since Inception Oct. 1/08 *	Three Years*	Two Years *	One Year	Last 3 Months
<i>Short Term Investment Fund</i> – Gross of Fees	0.83%	0.92%	0.91%	0.92%	0.23%
<i>Short Term Investment Fund</i> – Net of Fees	0.70%	0.80%	0.80%	0.81%	0.21%
Benchmark Portfolio **	0.78%	0.92%	0.93%	0.96%	0.24%

* Annualized

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

CLLAS

COMPLIANCE WITH INVESTMENT POLICY STATEMENT

AT DECEMBER 31, 2013

	Investment Limits	Investment Funds	Compliance
<i>Short Term Investment Fund</i>			
Maximum Term of Any Issue	1 year	0.1 years	Yes
Minimum Percentage of Total Fund (Short & Long)	40% of Total	71.6%	Yes
Minimum Canada & Provincial Percentage	50%	58.0%	Yes
Minimum Provincial Quality	A	N/A	Yes
Minimum Bank CD & BA Quality	R1	R1	Yes
<i>Long Term Investment Fund</i>			
Maximum Term of Any Issue	10 years	8.4 years	Yes
Maximum Percentage of Total Fund (Short & Long)	60% of Total	28.4%	Yes
Minimum Canada Percentage	20%	34.5%	Yes
Maximum Provincial Percentage	40%	39.1%	Yes
Minimum Canada & Provincial Percentage	60%	73.6%	Yes
Minimum Provincial Quality *	A	AA (low)	Yes
Maximum Corporate Percentage	40%	26.4%	Yes
Minimum Corporate Quality *	A	AA	Yes

* At time of purchase

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

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

CLLAS

BOND MARKET COMMENTARY AND FUTURE POLICY

The global economic expansion remained on track last year with overall growth of approximately 3%, which is close to the gain recorded during the previous year. While the rate of recovery remained subpar on a historical basis, in many respects the world economy became better balanced in 2013. Several regions moved out of recession and growing momentum across most developed economies offset softer growth rates among many emerging markets.

Among the developed nations, the U.S. was a leading performer. Despite a variety of domestic headwinds, including higher taxes, the spending sequester, a rise in long term yields and considerable political uncertainty, aggregate growth accelerated from 1.8% in the first half to over 3% in the second half of 2013. Meanwhile, Canada's rate of expansion consistently lagged the U.S. last year. However, the domestic economy also built some upward momentum in the latter half of the year, with GDP growth forecasted to reach 2-1/2%, up from just under 2% in the first half.

Among the major offshore economies, the trends last year were mixed, although several important regions recorded encouraging results. In China, the possibility of a serious slump in growth diminished as the world's second largest economy managed to rebound from a slowdown during the first half of 2013. Meanwhile, Japan's economy continued to recover and deflationary pressures abated, although aggregate growth did slow in the latest quarter and a looming tax increase may weigh on their recovery going forward. There was also some upward progress made in Europe. Growth in the UK moved noticeably higher and the European financial crises receded as the year progressed. Easing financial conditions and some lessening in fiscal austerity helped turn growth in the euro zone slightly positive in the second half, following six consecutive quarters of contraction.

The incremental improvements in global growth, combined with minimal inflation and unprecedented monetary stimulus from the world's central banks, helped to fuel solid gains across most equity markets. Investor enthusiasm was given a further boost as many widely held worries that periodically weighed down the markets last year went unrealized. The U.S. avoided a debt default, there was no hard landing in China, administered interest rates remained historically low and the euro zone held together as Europe's debt crises abated.

Looking ahead, most forecasters expect global growth will strengthen in 2014. While the economic recovery since the great recession has consistently fallen short of consensus expectations, we believe the outlook has brightened, particularly in the U.S. Consumer incomes are expected to benefit from the gains made in employment and reduced leverage in the private sector, along with the recovery in confidence and the housing sector, also bodes well for consumer spending. In the public sector, this year will see a meaningful reduction in fiscal restraint, and continued monetary accommodation will provide further support.

CLLAS

In our last report, we felt that bond yields would remain range bound over the short term and that over the longer term yields would gradually normalize by shifting higher as the economic backdrop improves. Developments over the past few months have been supportive of these expectations and our forecast that bond yields will move higher remains our base case scenario. Following the upward shift in longer term yields that occurred late last year, much of this increase has been retraced and bond prices are back near the midpoint of the sideways trading range that has prevailed for the past six months. Over the near term, we believe yields will continue to drift sideways as upward pressure from the improved economic backdrop has been offset by minimal inflation, forward guidance by the monetary authorities and renewed demand for safe haven assets due to growing concerns surrounding a slowdown in emerging markets.

Late in the quarter, cash transfers from the Short Term Fund were used to re-establish the Long Term Fund, with maturities laddered from the very short term out to approximately 9-1/2 years. In view of our outlook, the portfolio was initially structured with a defensive duration of 3.2 years. In the period ahead, we will be looking for favourable opportunities to utilize the cash reserve in the Long Term Fund by expanding the list of bond holdings.

RWB/mab
January 24, 2014

As stipulated in our Investment Management Agreement, please let ML&S know if there are major changes in your financial circumstances, income needs or risk tolerance in order for us to review the suitability of your investment objectives.

Martin, Lucas & Seagram Ltd.

CLLAS - SHORT TERM INVESTMENT FUND

Portfolio Holdings at December 31, 2013

<u>Quantity</u>	<u>Security</u>	<u>Unit Cost</u>	<u>Price</u>	<u>Market Value</u>	<u>Annual Income</u>
CASH					
	Cash Account			4,554	0
MONEY MARKET ISSUES					
1,300,000	Canada Treasury Bill .81% due January 16, 2014	99.91	99.96	1,299,498	10,520
1,000,000	Bank of Nova Scotia BDN Dis. Note .999% due January 20, 2014	99.80	99.94	999,398	9,970
2,010,000	CIBC BA 1.022% due January 20, 2014	99.75	99.94	2,008,790	20,492
2,500,000	Canada Treasury Bill .78% due January 30, 2014	99.82	99.93	2,498,233	19,465
1,000,000	FirstBank BA 1.048% due February 4, 2014	99.75	99.89	998,944	10,453
715,000	Canada Treasury Bill .789% due February 13, 2014	99.80	99.90	714,251	5,630
1,020,000	Canada Treasury Bill .829% due February 13, 2014	99.81	99.90	1,018,931	8,440
				<u>9,538,044</u>	<u>84,970</u>
TOTAL PORTFOLIO				9,542,598	84,970

Martin, Lucas & Seagram Ltd.
PURCHASE AND SALE
CLLAS - SHORT TERM INVESTMENT FUND
From 10-01-13 To 12-31-13

Trade Date	Settle Date	Quantity	Security	Unit Price	Amount
11-21-13	11-21-13	1,020,000	Toronto Dominion Bank BA 1.022% due November 21, 2013	100.00	1,020,000.00
12-05-13	12-05-13	2,500,000	Canada Treasury Bill .869% due December 5, 2013	100.00	2,500,000.00
12-16-13	12-16-13	500,000	CIBC BA .999% due December 16, 2013	100.00	500,000.00
12-16-13	12-16-13	605,000	CIBC BA 1.01% due December 16, 2013	100.00	605,000.00
12-20-13	12-23-13	1,500,000	Bank of Nova Scotia BDN Dis. Note 1.01% due January 8, 2014	99.95	1,499,265.00
12-20-13	12-23-13	200,000	Canada Treasury Bill .81% due January 16, 2014	99.94	199,876.00
					19,029,141.00

Martin, Lucas & Seagram Ltd.
SECURITIES WITHDRAWN
CLLAS - SHORT TERM INVESTMENT FUND
From 10-01-13 To 12-31-13

SECURITIES WITHDRAWN

12-31-13	12-31-13	1,000,000	Canada Treasury Bill .81% due January 16, 2014	99.96	999,614.00
					999,614.00

Martin, Lucas & Seagram Ltd.
CASH RECONCILIATION
CLLAS - SHORT TERM INVESTMENT FUND
From 10-01-13 to 12-31-13

Cash Balance at October 1, 2013			1,006,817.24
ADD: Proceeds from Sales	19,029,141.00		
Interest on Balance	<u>208.74</u>	<u>19,029,349.74</u>	
			20,036,166.98
LESS: Cost of Purchases	17,217,724.09		
Transfer to Long Term Investment Fund	2,805,981.63		
Investment Counsel Fees	3,764.55		
Trust Company Charges	<u>4,143.13</u>	<u>20,031,613.40</u>	
Cash Balance at December 31, 2013			<u>4,553.58</u>

Martin, Lucas & Seagram Ltd.									
EXTERNAL INDIVIDUAL CREDIT RATING REPORT - DECEMBER 31, 2013									
CLLAS - SHORT TERM INVESTMENT FUND									
Quantity	Security		Rating	Unit	Total	Price	Market	Pct.	
				Cost	Cost		Value	Assets	
CASH									
	Cash Account				4,554		4,554	0.0	
MONEY MARKET ISSUES									
1,300,000	Canada Treasury Bill .81%	due January 16, 2014	R-1 (high)	99.91	1,298,790	99.96	1,299,498	13.6	
1,000,000	Bank of Nova Scotia BDN Dis. Note .999%	due January 20, 2014	R-1 (high)	99.80	997,977	99.94	999,398	10.5	
2,010,000	CIBC BA 1.022%	due January 20, 2014	R-1 (high)	99.75	2,005,059	99.94	2,008,790	21.1	
2,500,000	Canada Treasury Bill .78%	due January 30, 2014	R-1 (high)	99.82	2,495,520	99.93	2,498,233	26.2	
1,000,000	FirstBank BA 1.048%	due February 4, 2014	R-1 (high)	99.75	997,450	99.89	998,944	10.5	
715,000	Canada Treasury Bill .789%	due February 13, 2014	R-1 (high)	99.80	713,579	99.90	714,251	7.5	
1,020,000	Canada Treasury Bill .829%	due February 13, 2014	R-1 (high)	99.81	1,018,056	99.90	1,018,931	10.7	
					9,526,431		9,538,044	100.0	
TOTAL PORTFOLIO									
					9,530,985		9,542,598	100.0	

CLLAS - LONG TERM INVESTMENT FUND

Portfolio Holdings at December 31, 2013

Quantity	Security	Unit Cost	Price	Market Value	Annual Income
MONEY MARKET ISSUES					
1,000,000	Canada Treasury Bill .81% due January 16, 2014	99.91	99.96	999,614	8,092
GOVERNMENT BONDS					
300,000	Canada Housing Trust 1.85% Series 43 due December 15, 2016	101.30	101.19	303,579	5,550
PROVINCIAL BONDS					
300,000	Alberta 1.85% due September 1, 2016	101.35	101.30	303,888	5,550
330,000	Ontario 1.90% due September 8, 2017	100.18	99.78	329,267	6,270
350,000	Ontario 2.1% due September 8, 2018	99.57	98.92	346,227	7,350
250,000	British Columbia 3.25% due December 18, 2021	102.30	101.39	253,468	8,125
250,000	Ontario 3.15% due June 2, 2022	99.04	98.36	245,908	7,875
				<hr/> 1,478,757	<hr/> 35,170
CORPORATE BONDS					
200,000	Bank of Nova Scotia Dep. Note 2.1% due November 8, 2016	100.32	100.27	200,546	4,200
200,000	Toronto Dominion Bank Dep. Note 2.433% due August 15, 2017	100.73	100.38	200,756	4,866
200,000	Royal Bank Dep. Note 2.26% due March 12, 2018	99.28	98.63	197,266	4,520
200,000	Wells Fargo Canada 2.944% due July 25, 2019	100.02	99.40	198,794	5,888
200,000	Bank of Montreal 3.4% due April 23, 2021	100.65	99.86	199,712	6,800
				<hr/> 997,074	<hr/> 26,274
TOTAL PORTFOLIO				3,779,024	75,086

Martin, Lucas & Seagram Ltd.
PURCHASE AND SALE
CLLAS - LONG TERM INVESTMENT FUND
From 12-17-13 To 12-31-13

Trade Date	Settle Date	Quantity	Security	Unit Price	Amount
PURCHASES					
12-17-13	12-20-13	250,000	British Columbia 3.25% due December 18, 2021	102.30	255,750.00
12-18-13	12-23-13	200,000	Bank of Montreal 3.4% due April 23, 2021	100.65	201,300.00
12-18-13	12-23-13	350,000	Ontario 2.1% due September 8, 2018	99.57	348,495.00
12-18-13	12-23-13	200,000	Royal Bank Dep. Note 2.26% due March 12, 2018	99.28	198,560.00
12-19-13	12-24-13	200,000	Bank of Nova Scotia Dep. Note 2.1% due November 8, 2016	100.32	200,640.00
12-19-13	12-24-13	300,000	Canada Housing Trust 1.85% Series 43 due December 15, 2016	101.30	303,900.00
12-19-13	12-24-13	250,000	Ontario 3.15% due June 2, 2022	99.04	247,600.00
12-19-13	12-24-13	200,000	Wells Fargo Canada 2.944% due July 25, 2019	100.02	200,040.00
12-20-13	12-27-13	300,000	Alberta 1.85% due September 1, 2016	101.35	304,050.00
12-20-13	12-27-13	330,000	Ontario 1.90% due September 8, 2017	100.18	330,594.00
12-20-13	12-27-13	200,000	Toronto Dominion Bank Dep. Note 2.433% due August 15, 2017	100.73	201,460.00
					2,792,389.00

Martin, Lucas & Seagram Ltd.
SECURITIES ADDED
CLLAS - LONG TERM INVESTMENT FUND
From 12-17-13 To 12-31-13

SECURITIES ADDED					
12-31-13	12-31-13	1,000,000	Canada Treasury Bill .81% due January 16, 2014	99.96	999,614.00
					999,614.00

Martin, Lucas & Seagram Ltd.
CASH RECONCILIATION
CLLAS - LONG TERM INVESTMENT FUND
From 12-17-13 to 12-31-13

Cash Balance at December 17, 2013		1,112,712.00
ADD: Transfer from Short Term Investment Fund		<u>1,693,269.63</u>
		2,805,981.63
LESS: Cost of Purchases	2,792,389.00	
Bond Interest Debited	<u>13,592.63</u>	<u>2,805,981.63</u>
Cash Balance at December 31, 2013		0.00

Martin, Lucas & Seagram Ltd.
DATE TO DATE GAINS AND LOSSES
CLLAS - LONG TERM INVESTMENT FUND
From 12-16-13 to 12-31-13

Security	12-16-13 Market Value	Additions Withdrawals	12-31-13 Market Value	12-31-13 Cost Basis	Realized Gain or Loss		Unrealized Gain or Loss	
					Cost	Market	Cost	Market
CASH								
Cash Account	1,112,712	-1,112,712	0	0				
MONEY MARKET ISSUES								
Canada Treasury Bill .81% due January 16, 2014	0	999,614	999,614	999,069	0	0	545	0
GOVERNMENT BONDS								
Canada Housing Trust 1.85% Series 43 due December 15, 2016	0	304,022	303,579	303,900	0	0	-321	-321
PROVINCIAL BONDS								
Alberta 1.85% due September 1, 2016	0	305,829	303,888	304,050	0	0	-162	-162
Ontario 1.90% due September 8, 2017	0	332,484	329,267	330,594	0	0	-1,327	-1,327
Ontario 2.1% due September 8, 2018	0	350,630	346,227	348,495	0	0	-2,268	-2,268
British Columbia 3.25% due December 18, 2021	0	255,795	253,468	255,750	0	0	-2,283	-2,283
Ontario 3.15% due June 2, 2022	0	248,075	245,908	247,600	0	0	-1,693	-1,693
PROVINCIAL BONDS Total	0		1,478,757	1,486,489	0	0	-7,732	-7,732
CORPORATE BONDS								
Bank of Nova Scotia Dep. Note 2.1% due November 8, 2016	0	201,169	200,546	200,640	0	0	-94	-94
Toronto Dominion Bank Dep. Note 2.433% due August 15, 2017	0	203,246	200,756	201,460	0	0	-704	-704
Royal Bank Dep. Note 2.26% due March 12, 2018	0	199,823	197,266	198,560	0	0	-1,294	-1,294
Wells Fargo Canada 2.944% due July 25, 2019	0	202,492	198,794	200,040	0	0	-1,246	-1,246
Bank of Montreal 3.4% due April 23, 2021	0	202,418	199,712	201,300	0	0	-1,588	-1,588
CORPORATE BONDS Total	0		997,074	1,002,000	0	0	-4,926	-4,926
TOTAL PORTFOLIO	1,112,712		3,779,024	3,791,458	0	0	-12,434	-12,979
TOTAL DATE TO DATE GAIN OR LOSS								-12,979
% CHANGE DURING PERIOD								-1.17

Martin, Lucas & Seagram Ltd.										
EXTERNAL INDIVIDUAL CREDIT RATING REPORT - DECEMBER 31, 2013										
CLLAS - LONG TERM INVESTMENT FUND										
Quantity	Security		Rating	Unit Cost	Total Cost	Price	Market Value	Pct. Assets		
MONEY MARKET ISSUES										
1,000,000	Canada Treasury Bill .81%	due January 16, 2014	R-1 (high)	99.91	999,069	99.96	999,614	26.5		
					999,069		999,614			
GOVERNMENT BONDS										
300,000	Canada Housing Trust 1.85% Series 43	due December 15, 2016	AAA	101.30	303,900	101.19	303,579	8.0		
					303,900		303,579	8.0		
PROVINCIAL BONDS										
300,000	Alberta 1.85%	due September 1, 2016	AAA	101.35	304,050	101.30	303,888	8		
330,000	Ontario 1.90%	due September 8, 2017	AA (high)	100.18	330,594	99.78	329,267	8.7		
350,000	Ontario 2.1%	due September 8, 2018	AA (low)	99.57	348,495	98.92	346,227	9.2		
250,000	British Columbia 3.25%	due December 18, 2021	AA (low)	102.30	255,750	101.39	253,468	6.7		
250,000	Ontario 3.15%	due June 2, 2022	AA (low)	99.04	247,600	98.36	245,908	6.5		
					1,486,489		1,478,757	39.1		
CORPORATE BONDS										
200,000	Bank of Nova Scotia Dep. Note 2.1%	due November 8, 2016	AA	100.32	200,640	100.27	200,546	5.3		
200,000	Toronto Dominion Bank Dep. Note 2.433%	due August 15, 2017	AA	100.73	201,460	100.38	200,756	5.3		
200,000	Royal Bank Dep. Note 2.26%	due March 12, 2018	AA	99.28	198,560	98.63	197,266	5.2		
200,000	Wells Fargo Canada 2.944%	due July 25, 2019	AA	100.02	200,040	99.40	198,794	5.3		
200,000	Bank of Montreal 3.4%	due April 23, 2021	AA	100.65	201,300	99.86	199,712	5.3		
					1,002,000		997,074	26.4		
TOTAL PORTFOLIO										
					3,791,458		3,779,024	100		