



Actuaries & Insurance Management Advisors

CLLAS

Renewal Summary and Programs Update

September 24, 2024

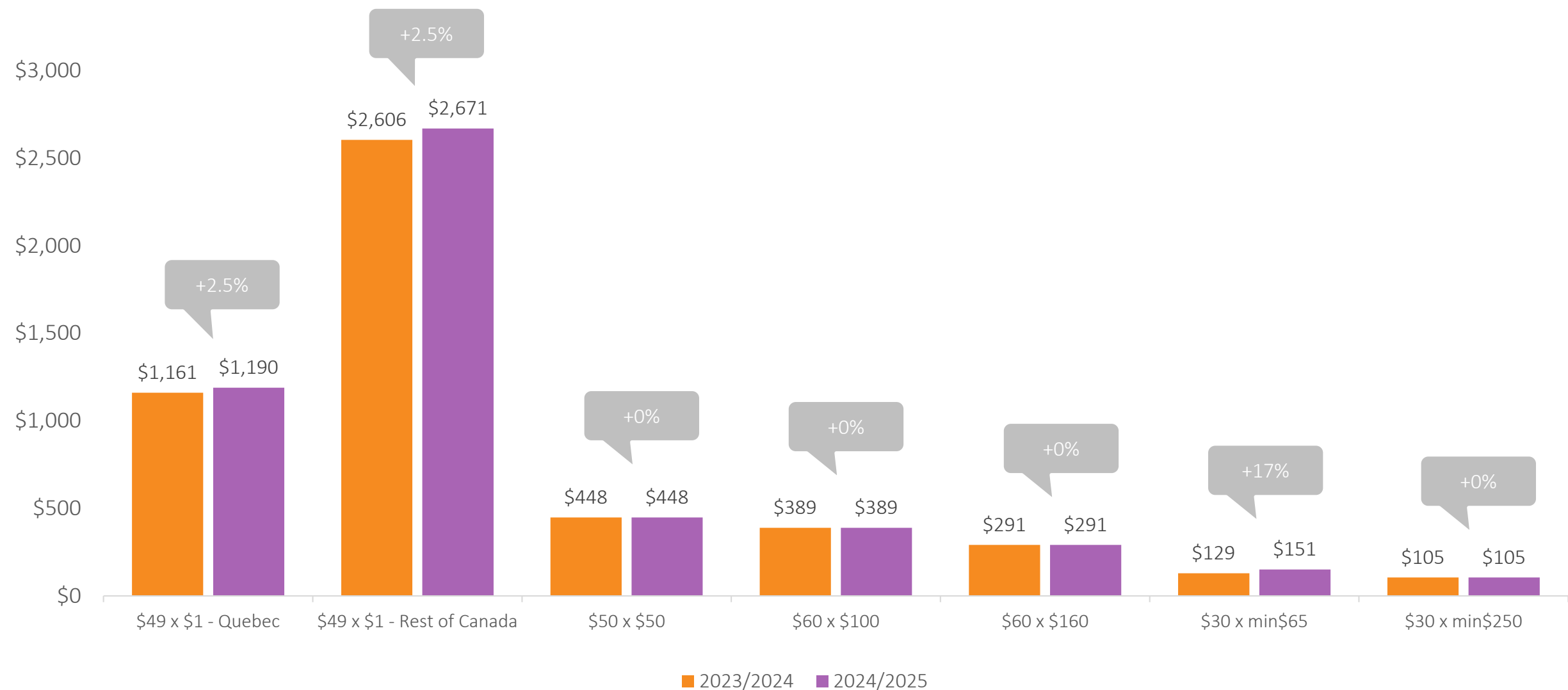
Agenda

- CLLAS Renewal Summary
 - Results Overview
 - Reinsurance Rates
 - CLLAS Rates
 - Reinsurance Markets and Capacity
 - Conclusion
- Cyber Program Update
- CLLAS Associate Member Program Update

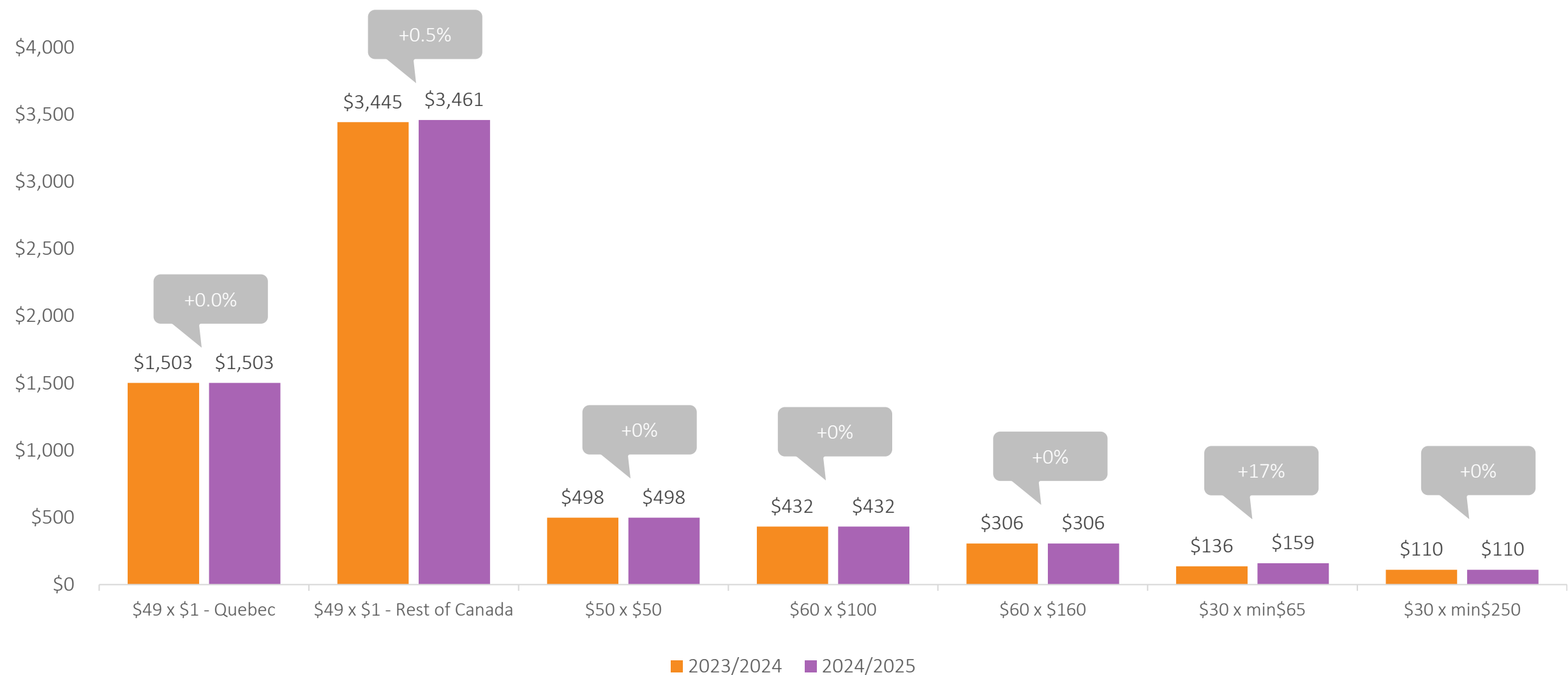
Renewal Results - Overview

- Reinsurance renewal negotiations went well, with inflation stabilizing and more competition for premium resulting in more favourable renewal conditions.
 - 2.5% increase in rates on the \$49MM x \$1MM primary layer
 - Brit was replaced as lead on the \$60MM x \$160MM optional excess layer with Swiss Re as we maintained the expiring rates
 - Pricing on the first umbrella was renewed with a 17% increase
 - The Second umbrella layer was renewed with no increase to rates
- New capacity for 2024
 - As a result of softer market conditions, CLLAS was able to attract new markets to participate on the Primary layer
 - CLLAS has been able to reduce reliance on Colchester, and reduce Westfield's share slightly who have the highest current claims liability.

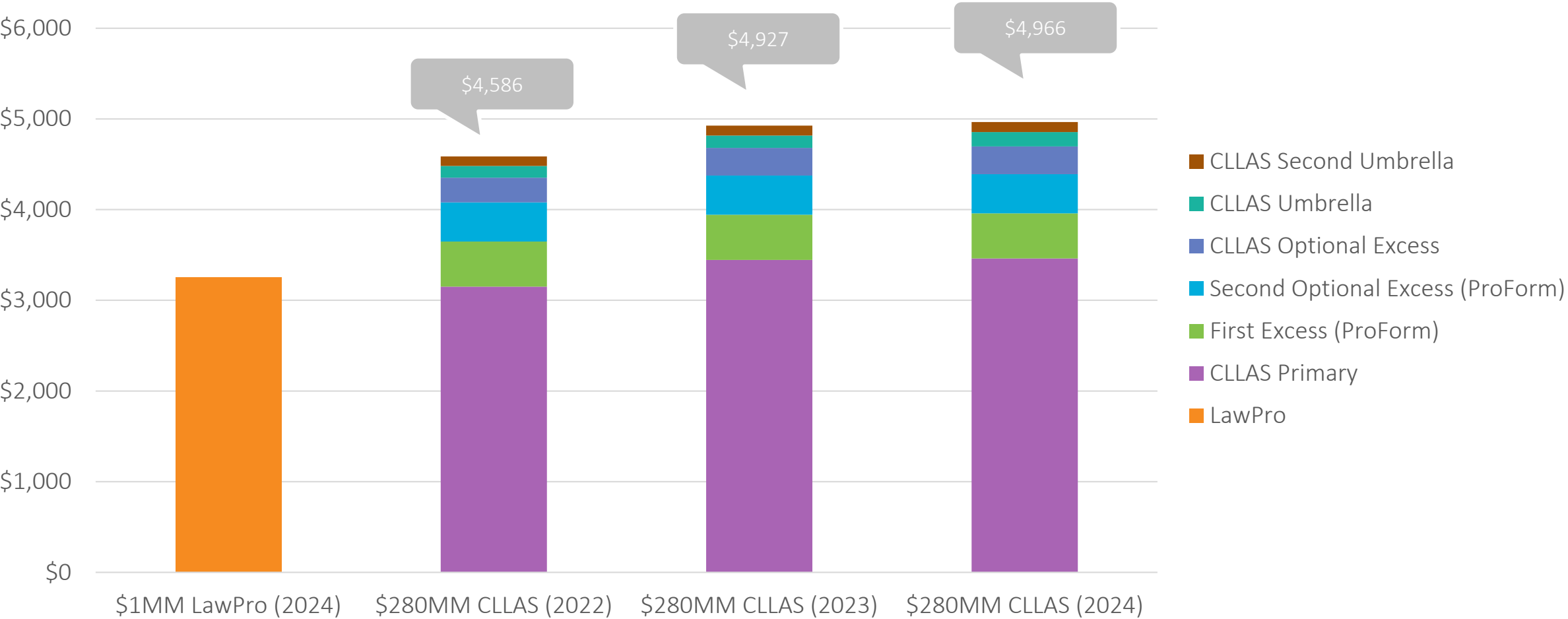
Reinsurance Rates per Lawyer



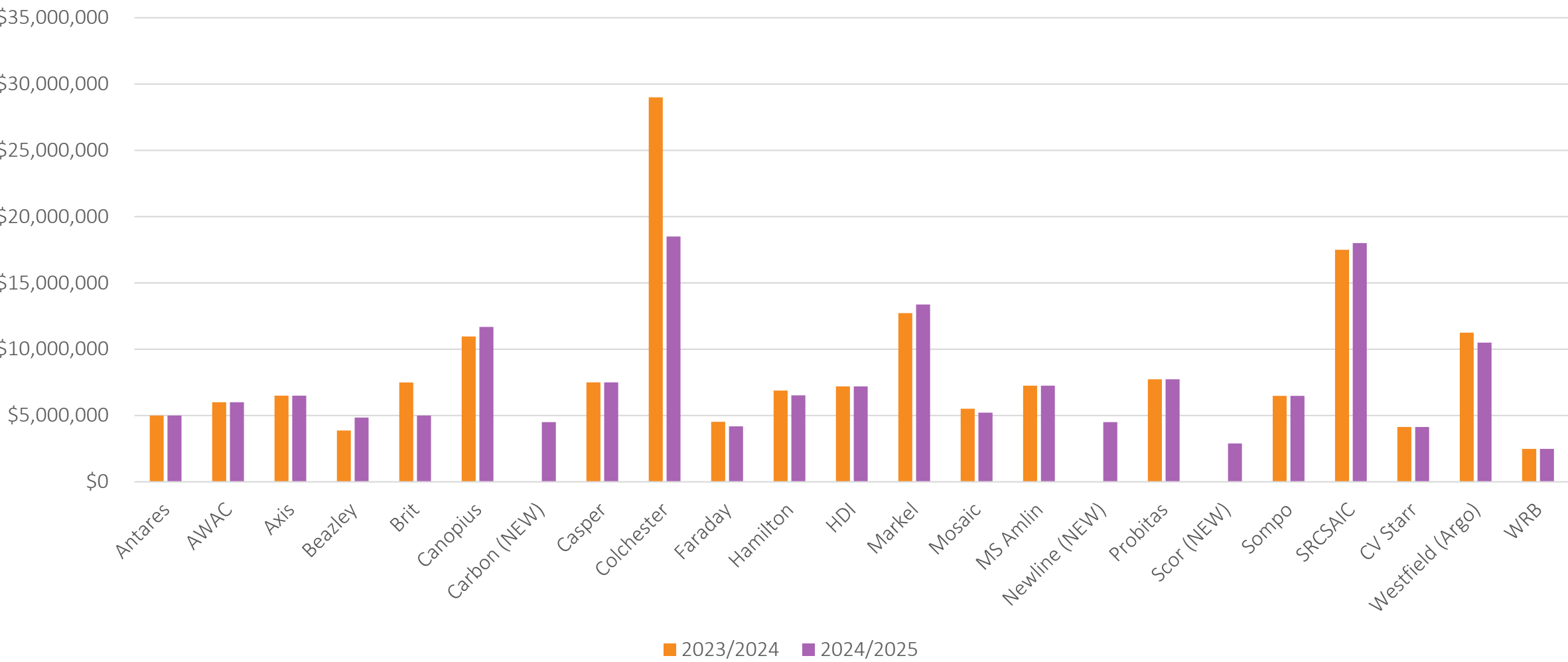
CLLAS Rates per Lawyer



CLLAS Rates per Lawyer - Total



Reinsurance Markets and Capacity



Conclusion

- While we continued to experience some pressure for increases, the reinsurance market is becoming more competitive with reinsurers seeking premium volume.
- Looking forward, looks like market conditions will continue to be favourable, particularly with inflation stabilized which was cited as a concern in recent years.
- Will watch to see if Canada dips into a recession which has historically been a concern for E&O carriers.

Cyber Program Update

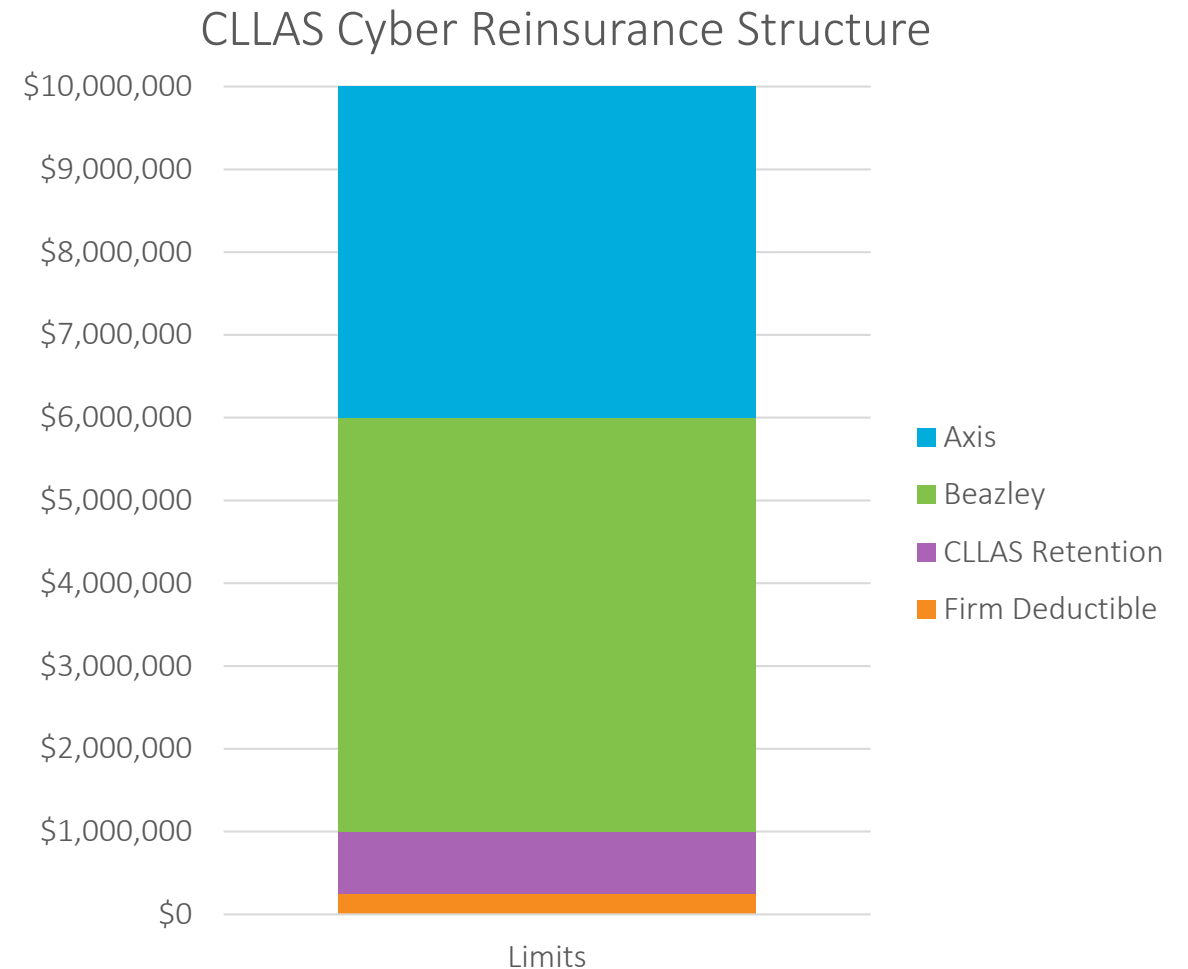
- Marketplace
 - The market for cyber insurance saw some rate easing through the first half of 2024, but rising incident rates have reversed this trend, with most renewals coming in flat
 - Underwriting guidelines largely stabilized, making applications more consistent year over year, but many organizations still have not implemented key controls so obtaining fulsome coverage remains a challenge for some entities

Cyber Program Update

- CLLAS Program Update
 - The second year of the cyber program has thus-far been as successful as the first, enjoying no losses to date
 - Applications have been distributed for October 15, 2024 renewals, which are the same as last year
 - Applications are due by September 30th, and ‘Kynd’ scan reports highlighting externally visible vulnerabilities have been provided to the firms for comments and/or correction

Cyber Program Update

- 2024 Reinsurance placement
 - Beazley renewed \$5MM excess of \$1MM for all firms on July 1
 - 6% premium reduction due to favourable experience
 - No changes to policy terms
 - Axis has indicated renewal of \$4MM excess of \$6MM with a matching 6% reduction, following Beazley

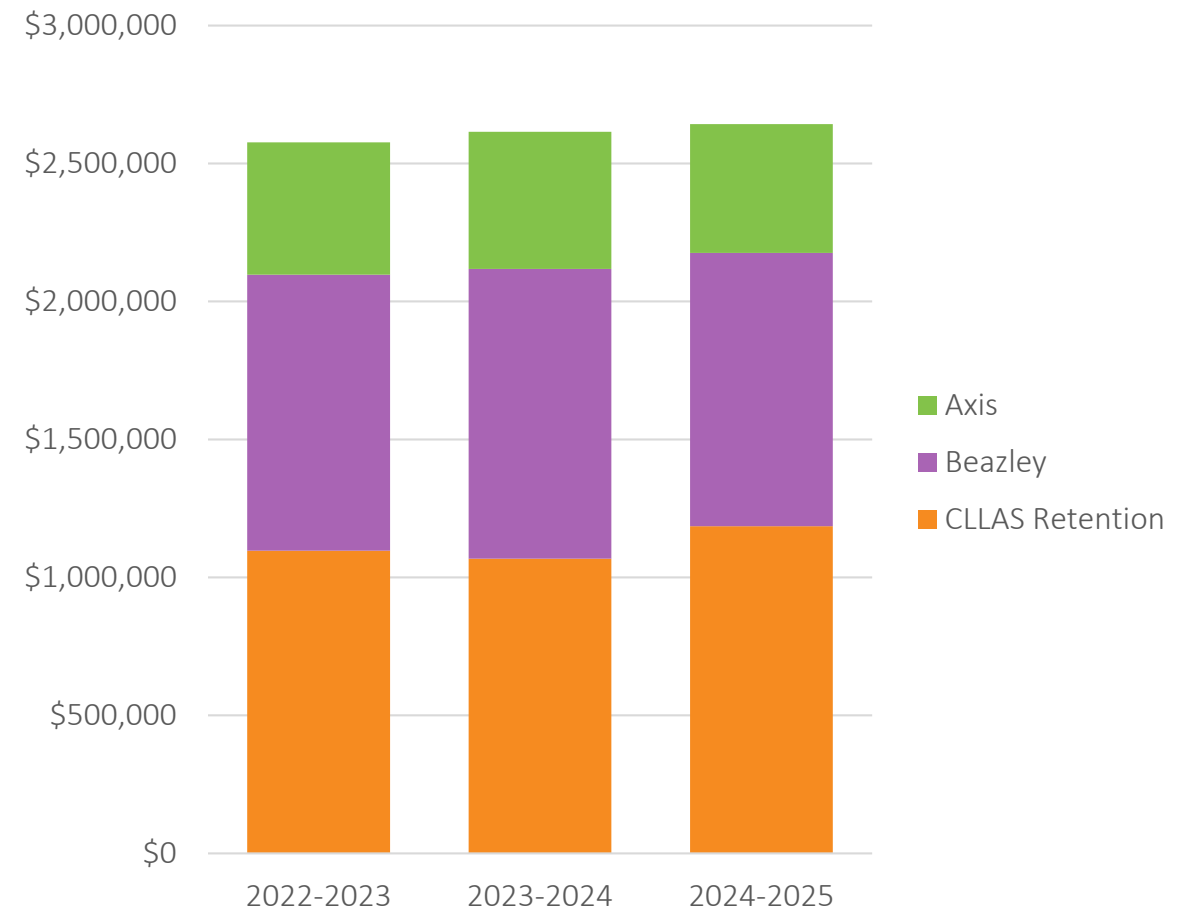


Cyber Program Update

– CLLAS Rates

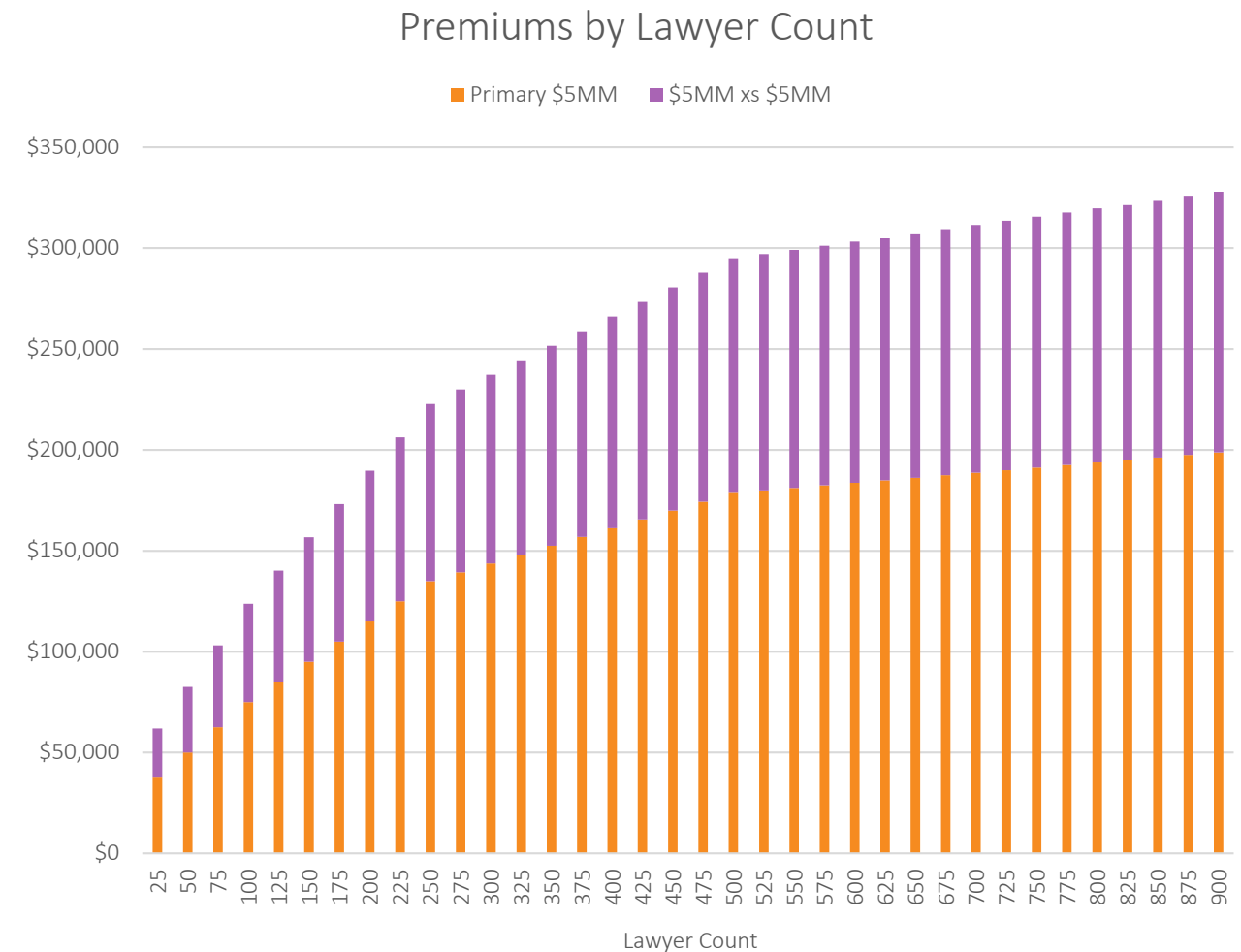
- Rates per lawyer remain static again for 2024-2025
- Gross premiums have increased on average by 1%, despite 1.8% increase in lawyer count
- Net of reinsurance costs, there is a modest increase in CLLAS' retained premium
 - Pricing was established to absorb one full limit loss in 2022-2023, assuming no losses before renewal, the program should have sufficient retained premium and surplus to pay for three full limit losses

CLLAS Cyber Premiums



Cyber Program Update

- Cyber Rates are as follows for 2024-2025:
 - Primary \$5,000,000
 - Base Premium (Fixed): \$25,000
 - Rate Per Lawyer:
 - First 100: \$500
 - Next 150: \$400
 - Next 250: \$175
 - Over 500: \$50
 - \$5,000,000 excess of \$5,000,000
 - 65% of Primary \$5,000,000



Cyber Program Update

- Market Benchmarking
 - We asked Ridge Canada to provide benchmark premiums at various firm sizes, and CLLAS' rates remain competitive with market premiums:

		\$5MM Primary Rate		
Revenue Band	Est. Lawyers*	CLLAS	Ridge	Savings
\$250,000,000	232	\$127,800	\$142,490	10%
\$500,000,000	465	\$172,625	\$186,642	8%
\$600,000,000	558	\$181,650	\$204,704	11%

In addition, cyber program equity retained to date has been approximately 30% of gross premiums

- Beazley and Axis were asked during renewals what limits larger law firms are carrying, and both independently stated \$30,000,000 was the typical limit level
- Excess Coverage
 - Placed commercially via program facilitated by Axxima through Ridge Canada
 - Premiums are based on CLLAS base premiums, and are inclusive of a 5% CLLAS-specific discount, streamlined underwriting and no broker commissions
 - Limits of up to \$20,000,000 excess of CLLAS' \$10,000,000 will be available

** Lawyers estimated using average revenue per lawyer of \$1,075,675 based on Seven Sister firm data provided on Wikipedia*

CLLAS Associate Member Program Update

- Both Lenczner Slaght LLP and Stockwoods LLP renewed for 2024/2025 via the CLLAS Associate Member program
- We have quoted Paliare Roland Rosenberg Rothstein LLP under the associate member program, and are hoping the firm will bind coverage within the next week – they received a policy extension under the expiring policy to September 30th
- Bennett Jones has expressed an interest in CLLAS, following several meetings with their general counsel, the CLLAS Chair and Ryan Durrell are presenting to the senior management team October 2, 2024