

COLCHESTER REINSURANCE LIMITED

PERIODIC REPORTING PACKAGE

FOR THE TWELVE MONTHS ENDED JUNE 30, 2020

INDEX TO CONTENTS

2. STATEMENTS OF INCOME & RETAINED EARNINGS

3. NOTES TO THE FINANCIAL STATEMENTS

PREPARED BY: AON INSURANCE MANAGERS (BARBADOS) LTD

ACCOUNT EXECUTIVE: LEANNE KNIGHT

COLCHESTER REINSURANCE LIMITED
UNAUDITED BALANCE SHEET AS AT JUNE 30, 2020
(EXPRESSED IN CANADIAN \$)

		JUNE 30, 2020	JUNE 30, 2019
ASSETS			
Cash at bank - premier accounts		1,583,020.78	2,349,059.79
Cash & cash equivalents	1	1,583,020.78	2,349,059.79
Royal Bank of Canada-Investments	2	38,327,747.54	35,828,293.88
Accrued interest receivable	3	220,671.43	184,891.24
Claims-Ins Recoverable		0.00	0.00
Provision for Losses Recoverable	4	7,042,000.00	6,424,000.00
Deferred Reinsurance Premiums	5	0.00	0.00
Prepaid expenses	6	8,204.00	5,066.88
		<u>45,598,622.97</u>	<u>42,442,252.00</u>
TOTAL ASSETS		<u><u>47,181,643.75</u></u>	<u><u>44,791,311.79</u></u>
Insurance balances payable		0.00	0.00
Accrued expenses	7	174,576.00	79,059.50
Claims payable		48,703.20	24,292.71
		<u>223,279.20</u>	<u>103,352.21</u>
RESERVES			
Unearned Premium Reserve	9	0.00	0.00
Outstanding losses	8	8,777,000.00	7,567,000.00
Outstanding losses - I.B.N.R.	8	12,584,000.00	11,352,000.00
		<u>21,361,000.00</u>	<u>18,919,000.00</u>
SHAREHOLDERS EQUITY			
Share capital-common shares		1,100.00	1,100.00
Class A preference shares		3,314,000.00	3,314,000.00
Earned surplus at start of year		22,086,550.12	28,514,484.81
Net profit/(loss) for the period		(1,287,566.31)	(6,427,934.69)
		<u>24,114,083.81</u>	<u>25,401,650.12</u>
Accum. Other Comprehensive Income		1,483,280.74	367,309.46
TOTAL SHAREHOLDERS EQUITY		<u><u>25,597,364.55</u></u>	<u><u>25,768,959.58</u></u>
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY		<u><u>47,181,643.75</u></u>	<u><u>44,791,311.79</u></u>

COLCHESTER REINSURANCE LIMITED
UNAUDITED STATEMENT OF INCOME
FOR THE PERIOD JULY 1 2019 TO JUNE 30, 2020
(EXPRESSED IN CANADIAN \$)

	MOVEMENT DURING QTR	12 MONTHS TO JUNE 30, 2020	12 MONTHS TO JUNE 30, 2019
UNDERWRITING INCOME			
Premiums written	0.00	1,330,072.00	428,717.05
Unearned premium transfer	332,518.00	0.00	0.00
GROSS EARNED PREMIUMS	332,518.00	1,330,072.00	428,717.05
Reinsurers' ceded premiums	0.00	(1,261,726.16)	(1,068,609.99)
Deferred ceded premiums	(315,431.54)	0.00	0.00
Reinsurers' ceded premiums earned	(315,431.54)	(1,261,726.16)	(1,068,609.99)
	17,086.46	68,345.84	(639,892.94)
TOTAL UNDERWRITING INCOME	17,086.46	68,345.84	(639,892.94)
UNDERWRITING EXPENSES			
Net losses paid	15,617.19	62,687.65	22,049,195.17
Outstanding losses adjustment	283,000.00	1,210,000.00	(15,664,000.00)
Transfer to IBNR	820,000.00	1,232,000.00	463,000.00
Transfer to prov. for losses recoverable	(248,000.00)	(618,000.00)	(342,000.00)
NET INCURRED LOSSES	870,617.19	1,886,687.65	6,506,195.17
OTHER UNDERWRITING EXPENSES (see schedule)	19,313.00	77,250.50	75,562.50
TOTAL UNDERWRITING EXPENSES	889,930.19	1,963,938.15	6,581,757.67
UNDERWRITING PROFIT / (LOSS)	(872,843.73)	(1,895,592.31)	(7,221,650.61)
GENERAL AND ADMIN EXPENSES (see schedule)	45,657.56	234,413.12	193,704.47
	(918,501.29)	(2,130,005.43)	(7,415,355.08)
INTEREST INCOME & EXCEPTIONAL ITEMS			
Interest income	217,732.89	964,146.52	1,278,798.65
Profit/(loss) on sale of invts	126,573.34	181,020.53	104,864.31
Amortisation of investments	(49,482.08)	(179,808.22)	(247,222.31)
Investment management fees	(23,578.00)	(88,363.68)	(111,796.33)
Investment Custody Fees	(4,695.58)	(17,982.76)	(22,711.99)
	266,550.57	859,012.39	1,001,932.33
NET PROFIT/(LOSS) BEFORE TAX	(651,950.72)	(1,270,993.04)	(6,413,422.75)
INCOME TAX	4,102.00	16,573.27	14,511.94
DIVIDEND PAID	0.00	0.00	0.00
NET PROFIT/(LOSS) AFTER TAX	(656,052.72)	(1,287,566.31)	(6,427,934.69)

COLCHESTER REINSURANCE LIMITED

ANALYSIS OF EXPENSES AS AT JUNE 30, 2020 FOR THE PERIOD JULY 1 2019 TO JUNE 30, 2020

	MOVEMENT DURING QTR	12 MONTHS TO JUNE 30, 2020	12 MONTHS TO JUNE 30, 2019
UNDERWRITING EXPENSES			
Brokerage commission	19,313.00	77,250.50	75,562.50
	<u>19,313.00</u>	<u>77,250.50</u>	<u>75,562.50</u>
GENERAL & ADMIN EXPENSES			
Management fees	22,250.00	89,000.00	87,500.00
Directors fees	4,600.00	16,291.00	19,070.60
Audit fees	7,475.00	34,803.76	31,848.58
Tax consultancy fees	0.00	4,325.66	0.00
Actuarial fees	4,884.00	58,294.92	30,876.15
Legal fees	3,105.00	3,105.00	0.00
Insurance Costs - D&O	1,997.00	7,987.50	7,987.50
Secretarial fees	0.00	6,641.62	6,827.34
Bank and L.O.C charges	225.56	1,097.71	1,030.31
Communication expenses	1,121.00	4,585.47	3,772.35
Travel	0.00	8,280.48	4,791.64
	<u>45,657.56</u>	<u>234,413.12</u>	<u>193,704.47</u>

COLCHESTER REINSURANCE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

1. CASH ON DEPOSIT

Royal Bank - Canadian Dollar Call Account	22,771.29
Royal Bank - Premier Canadian Dollar Account	1,560,249.49
	<u>1,583,020.78</u>

2. INVESTMENTS

Investment at cost	37,120,926.78
Amortization	(276,459.98)
Portfolio at amortized cost	<u>36,844,466.80</u>
Unrealized gain / (loss)	1,483,280.74
Portfolio at market value	<u>38,327,747.54</u>

3. ACCRUED INTEREST RECEIVABLE

Investments - RBC	220,671.43
	<u>220,671.43</u>

4. PROVISION FOR LOSS RECOVERABLES (DISCOUNTED)

Canadian Lawyers Liability Assurance Society

U/W Year	CASE RESERVES	IBNR	TOTAL
2004/2005	0.00	0.00	0.00
2005/2006	0.00	0.00	0.00
2006/2007	0.00	6,000.00	6,000.00
2007/2008	0.00	16,000.00	16,000.00
2008/2009	0.00	22,000.00	22,000.00
2009/2010	0.00	0.00	0.00
2010/2011	0.00	0.00	0.00
2011/2012	0.00	100,000.00	100,000.00
2012/2013	0.00	122,000.00	122,000.00
2013/2014	0.00	126,000.00	126,000.00
2014/2015	0.00	215,000.00	215,000.00
2015/2016	0.00	529,000.00	529,000.00
2016/2017	0.00	909,000.00	909,000.00
2017/2018	0.00	1,111,000.00	1,111,000.00
2018/2019	0.00	1,609,000.00	1,609,000.00
2019/2020	0.00	2,277,000.00	2,277,000.00
	<u>0.00</u>	<u>7,042,000.00</u>	<u>7,042,000.00</u>

COLCHESTER REINSURANCE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

5. DEFERRED REINSURANCE PREMIUMS

Reinsurers' Premium to be earned	(\$1,261,726.16*12/0)	0.00
		0.00

6. PREPAID EXPENSES

Annual Government Tax	US\$12,500 p.a.	8,204.00
		8,204.00

7. ACCOUNTS PAYABLE/ACCRUED EXPENSES

Audit fees	29,900.00
Management Fees	22,250.00
Investment Fees	70,000.00
Investment Custody Fees	4,684.00
Brokerage Commission	19,313.00
Actuarial Fees	11,017.00
Director's Fees	16,291.00
Office Expenses	1,121.00
	174,576.00

8. OUTSTANDING LOSSES (DISCOUNTED)

Canadian Lawyers Liability Assurance Society

U/W Year	CASE RESERVES	IBNR	TOTAL
2004/2005	0.00	0.00	0.00
2005/2006	0.00	0.00	0.00
2006/2007	0.00	57,000.00	57,000.00
2007/2008	3,500,000.00	540,000.00	4,040,000.00
2008/2009	0.00	213,000.00	213,000.00
2009/2010	2,500,000.00	514,000.00	3,014,000.00
2010/2011	124,000.00	283,000.00	407,000.00
2011/2012	367,000.00	323,000.00	690,000.00
2012/2013	0.00	230,000.00	230,000.00
2013/2014	910,000.00	303,000.00	1,213,000.00
2014/2015	0.00	329,000.00	329,000.00
2015/2016	900,000.00	903,000.00	1,803,000.00
2016/2017	131,000.00	1,390,000.00	1,521,000.00
2017/2018	0.00	1,593,000.00	1,593,000.00
2018/2019	0.00	2,355,000.00	2,355,000.00
2019/2020	345,000.00	3,551,000.00	3,896,000.00
	8,777,000.00	12,584,000.00	21,361,000.00

9. UNEARNED PREMIUM RESERVE

Premiums	(\$1,330,072/12*0)	0.00
		0.00

COLCHESTER REINSURANCE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

10. LOSS/EQUITY RATIO

Loss Reserves	21,361,000.00
Shareholder Equity	24,114,083.81
Ratio	89%

An actuarial report is required to be submitted to the Supervisor of Insurance when the Loss Reserve/Equity Ratio exceeds 200%.

11. MARGIN OF SOLVENCY

Assets must exceed liabilities by:

- (1) (US\$125,000 in the first year of operation)
- (2) (US\$125,000, if premium Income of the previous year < US\$750,000)
- (3) (20% of premium income of the previous year, if premium income > US\$750,000 but < US\$5,000,000)
- (4) (US\$1,000,000 + 1/10 of premium income of the previous year, if premium income > US\$5,000,000)

Premiums Earned at December 31, 2018	639,892.94
--------------------------------------	------------

Minimum Solvency Margin re (2) above	163,650.00
--------------------------------------	------------

Total Assets	47,181,643.75	
Less: Non-admitted Assets		
Long Term Investments	0.00	
Prepayments	8,204.00	
Total Admitted Assets	47,173,439.75	
Total Liabilities	21,584,279.20	
Solvency Margin (Excess of Assets over Liabilities)		25,589,160.55
Excess over Minimum Solvency Margin		<u>25,425,510.55</u>

COLCHESTER REINSURANCE LIMITED
UNDERWRITING ANALYSIS AS AT JUNE 30, 2020
FOR THE PERIOD APRIL 1, 2020 TO JUNE 30, 2020

	Inward Reinsurance of CLLAS EOL 49Mx1M-20%	Inward Reinsurance of CLLAS Agg. Stop Loss 10Mx5M-100%	Inward Reinsurance of CLLAS Excess Layers 40Mx160M-7.5% 60Mx160M-7.5%	Outward Retro. of Colchester EOL 5Mx5M-20%	Outward Retro. of Colchester EOL 40Mx10M-20%	Outward Retro. of Colchester Agg. Stop Loss 15Mx2.5M-100%	Outward Retro. of Colchester Excess Layers 40Mx160M-5% 60Mx160M-5%	Total
Limits								
Policy No.	CLLAS00117	ADD 47 to 89-011	CLLAS00217	PCOLC000116	PCOLC000216	PCOLC000316	PCOLC000816	
Policy Period	1-Jul-19 to 30-Jun-20	1-Jul-19 to 30-Jun-20	1-Jul-19 to 30-Jun-20	1-Jul-19 to 30-Jun-20	1-Jul-19 to 30-Jun-20	1-Jul-19 to 30-Jun-20	1-Jul-19 to 30-Jun-20	
Premiums Written	-	-	-			-		-
Trfd from Unearned Prem. Reserve	295,594.50	22,137.50	14,786.00					332,518.00
Premiums Earned	295,594.50	22,137.50	14,786.00					332,518.00
Reinsurance Premiums Ceded				-	-	-	-	-
Trfd from Deferred Reins. Prem.		-		(246,622.39)	-	(54,762.50)	(14,046.65)	(315,431.54)
Reinsurance Premiums Earned		-		(246,622.39)	-	(54,762.50)	(14,046.65)	(315,431.54)
Net Premiums Earned								17,086.46

App. 1a

COLCHESTER REINSURANCE LIMITED
UNDERWRITING ANALYSIS AS AT JUNE 30, 2020
FOR THE PERIOD JULY 1, 2019 TO JUNE 30, 2020

	Inward Reinsurance of CLLAS EOL 49Mx1M-20%	Inward Reinsurance of CLLAS Agg. Stop Loss 10Mx5M-100%	Inward Reinsurance of CLLAS Excess Layers 40Mx160M-5% 60Mx160M-5%	Outward Retro. of Colchester EOL 5Mx5M-20%	Outward Retro. of Colchester EOL 40Mx10M-20%	Outward Retro. of Colchester Agg. Stop Loss 15Mx2.5M-100%	Outward Retro. of Colchester Excess Layers 40Mx160M-5% 60Mx160M-5%	Total
Limits								
Policy No.	CLLAS00116	ADD 46 to 89-011	CLLAS00216	PCOLC000116	PCOLC00021	PCOLC000316	PCOLC000816	
Policy Period	1-Jul-19 to 30-Jun-20	1-Jul-19 to 30-Jun-20	1-Jul-19 to 30-Jun-20	1-Jul-19 to 30-Jun-20	1-Jul-19 to 30-Jun-20	1-Jul-19 to 30-Jun-20	1-Jul-19 to 30-Jun-20	
Premiums Written	1,182,378.00	88,550.00	59,144.00			-		1,330,072.00
Trfd from Unearned Prem. Reserve	-	-	-					-
Premiums Earned	<u>1,182,378.00</u>	<u>88,550.00</u>	<u>59,144.00</u>					<u>1,330,072.00</u>
Reinsurance Premiums Ceded				(986,489.55)	-	(219,050.00)	(56,186.61)	(1,261,726.16)
Trfd from Deferred Reins. Prem.		-		-		-	-	-
Reinsurance Premiums Earned		<u>-</u>		<u>(986,489.55)</u>	<u>-</u>	<u>(219,050.00)</u>	<u>(56,186.61)</u>	<u>(1,261,726.16)</u>
Net Premiums Earned								<u>68,345.84</u>

App. 1b