

COLCHESTER REINSURANCE LIMITED

PERIODIC REPORTING PACKAGE

FOR THE TWELVE MONTHS ENDED JUNE 30, 2021

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PREPARED BY: AON INSURANCE MANAGERS (BARBADOS) LTD

ACCOUNT EXECUTIVE: LEANNE KNIGHT

COLCHESTER REINSURANCE LIMITED
UNAUDITED BALANCE SHEET AS AT JUNE 30, 2021
(EXPRESSED IN CANADIAN \$)

| | | JUNE 30, 2021 | JUNE 30, 2020 |
|--|---|-----------------------------|-----------------------------|
| ASSETS | | | |
| Cash at bank - premier accounts | | 759,059.38 | 1,583,020.78 |
| Cash & cash equivalents | 1 | 759,059.38 | 1,583,020.78 |
| Royal Bank of Canada-Investments | 2 | 38,264,870.53 | 38,327,747.54 |
| Accrued interest receivable | 3 | 204,433.27 | 220,671.43 |
| Provision for Losses Recoverable | 4 | 7,342,050.00 | 7,042,000.00 |
| Deferred Reinsurance Premiums | 5 | 0.00 | 0.00 |
| Prepaid expenses | 6 | 8,003.00 | 8,204.00 |
| | | <u>45,819,356.80</u> | <u>45,598,622.97</u> |
| TOTAL ASSETS | | <u><u>46,578,416.18</u></u> | <u><u>47,181,643.75</u></u> |
| | | | |
| Accrued expenses | 7 | 106,908.41 | 174,576.00 |
| Claims payable | | 48,580.65 | 48,703.20 |
| | | <u>155,489.06</u> | <u>223,279.20</u> |
| RESERVES | | | |
| Unearned Premium Reserve | 9 | 0.00 | 0.00 |
| Outstanding losses | 8 | 9,015,913.00 | 8,777,000.00 |
| Outstanding losses - I.B.N.R. | 8 | 12,537,888.00 | 12,584,000.00 |
| | | <u>21,553,801.00</u> | <u>21,361,000.00</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 | | 20,798,983.81 | 22,086,550.12 |
| Net profit/(loss) for the period | | 121,170.83 | (1,287,566.31) |
| | | <u>24,235,254.64</u> | <u>24,114,083.81</u> |
| Accum. Other Comprehensive Income | | 633,871.48 | 1,483,280.74 |
| TOTAL SHAREHOLDERS EQUITY | | <u><u>24,869,126.12</u></u> | <u><u>25,597,364.55</u></u> |
| | | | |
| TOTAL LIABILITIES AND SHAREHOLDERS EQUITY | | <u><u>46,578,416.18</u></u> | <u><u>47,181,643.75</u></u> |

COLCHESTER REINSURANCE LIMITED
UNAUDITED STATEMENT OF INCOME
FOR THE PERIOD JULY 1 2020 TO JUNE 30, 2021
(EXPRESSED IN CANADIAN \$)

| | MOVEMENT DURING QTR | 12 MONTHS TO JUNE 30, 2021 | 12 MONTHS TO JUNE 30, 2020 |
|--|------------------------|-------------------------------|-------------------------------|
| UNDERWRITING INCOME | | | |
| Premiums written | 437.74 | 1,713,252.74 | 1,330,072.00 |
| Unearned premium transfer | 428,203.75 | 0.00 | 0.00 |
| GROSS EARNED PREMIUMS | 428,641.49 | 1,713,252.74 | 1,330,072.00 |
| Reinsurers' ceded premiums | (437.74) | (1,539,730.92) | (1,261,726.16) |
| Deferred ceded premiums | (384,823.30) | 0.00 | 0.00 |
| Reinsurers' ceded premiums earned | (385,261.04) | (1,539,730.92) | (1,261,726.16) |
| | 43,380.45 | 173,521.82 | 68,345.84 |
| TOTAL UNDERWRITING INCOME | 43,380.45 | 173,521.82 | 68,345.84 |
| UNDERWRITING EXPENSES | | | |
| Net losses paid | 58,751.89 | 543,027.63 | 62,687.65 |
| Outstanding losses adjustment | (59,126.00) | 238,913.00 | 1,210,000.00 |
| Transfer to IBNR | 17,684.00 | (46,112.00) | 1,232,000.00 |
| Transfer to prov. for losses recoverable | (108,582.00) | (300,050.00) | (618,000.00) |
| NET INCURRED LOSSES | (91,272.11) | 435,778.63 | 1,886,687.65 |
| OTHER UNDERWRITING EXPENSES (see schedule) | 19,313.00 | 77,250.00 | 77,250.50 |
| TOTAL UNDERWRITING EXPENSES | (71,959.11) | 513,028.63 | 1,963,938.15 |
| UNDERWRITING PROFIT / (LOSS) | 115,339.56 | (339,506.81) | (1,895,592.31) |
| GENERAL AND ADMIN EXPENSES (see schedule) | 54,519.33 | 219,412.76 | 234,413.12 |
| | 60,820.23 | (558,919.57) | (2,130,005.43) |
| INTEREST INCOME & EXCEPTIONAL ITEMS | | | |
| Interest income | 230,627.14 | 945,507.05 | 964,146.52 |
| Profit/(loss) on sale of invts | 0.00 | 22,572.24 | 181,020.53 |
| Amortisation of investments | (54,316.02) | (169,500.01) | (179,808.22) |
| Investment management fees | (23,772.06) | (95,252.24) | (88,363.68) |
| Investment Custody Fees | (5,018.20) | (23,236.64) | (17,982.76) |
| | 147,520.86 | 680,090.40 | 859,012.39 |
| NET PROFIT/(LOSS) BEFORE TAX | 208,341.09 | 121,170.83 | (1,270,993.04) |
| INCOME TAX | 0.00 | 0.00 | 16,573.27 |
| DIVIDEND PAID | 0.00 | 0.00 | 0.00 |
| NET PROFIT/(LOSS) AFTER TAX | 208,341.09 | 121,170.83 | (1,287,566.31) |

COLCHESTER REINSURANCE LIMITED

ANALYSIS OF EXPENSES AS AT JUNE 30, 2021 FOR THE PERIOD JULY 1 2020 TO JUNE 30, 2021

| | MOVEMENT DURING QTR | 12 MONTHS TO JUNE 30, 2021 | 12 MONTHS TO JUNE 30, 2020 |
|-------------------------------------|------------------------|-------------------------------|-------------------------------|
| UNDERWRITING EXPENSES | | | |
| Brokerage commission | 19,313.00 | 77,250.00 | 77,250.50 |
| | <u>19,313.00</u> | <u>77,250.00</u> | <u>77,250.50</u> |
| GENERAL & ADMIN EXPENSES | | | |
| Management fees | 22,250.00 | 89,000.00 | 89,000.00 |
| Directors fees | 3,600.00 | 14,517.45 | 16,291.00 |
| Audit fees | 6,675.00 | 28,253.42 | 34,803.76 |
| Tax consultancy fees | 1,915.00 | 1,915.00 | 4,325.66 |
| Actuarial fees | 10,770.58 | 46,121.59 | 58,294.92 |
| Legal fees | 0.00 | 0.00 | 3,105.00 |
| Insurance Costs - D&O | 2,527.13 | 10,106.25 | 7,987.50 |
| Secretarial fees | 613.82 | 7,250.10 | 6,641.62 |
| Licence fees | 4,767.89 | 16,973.52 | 0.00 |
| Bank and L.O.C charges | 520.92 | 1,620.96 | 1,097.71 |
| Communication expenses | 878.99 | 3,654.47 | 4,585.47 |
| Travel | 0.00 | 0.00 | 8,280.48 |
| | <u>54,519.33</u> | <u>219,412.76</u> | <u>234,413.12</u> |

COLCHESTER REINSURANCE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

1. CASH ON DEPOSIT

| | |
|--|--------------------------|
| Royal Bank - Canadian Dollar Call Account | 43,052.78 |
| Royal Bank - Premier Canadian Dollar Account | 716,006.60 |
| | <u>759,059.38</u> |

2. INVESTMENTS

| | |
|-----------------------------|-----------------------------|
| Investment at cost | 38,001,383.58 |
| Amortization | (370,384.52) |
| Portfolio at amortized cost | <u>37,630,999.06</u> |
| Unrealized gain / (loss) | 633,871.47 |
| Portfolio at market value | <u>38,264,870.53</u> |

3. ACCRUED INTEREST RECEIVABLE

| | |
|-------------------|--------------------------|
| Investments - RBC | 204,433.27 |
| | <u>204,433.27</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 | 0.00 | 0.00 |
| 2007/2008 | 0.00 | 0.00 | 0.00 |
| 2008/2009 | 0.00 | 8,025.00 | 8,025.00 |
| 2009/2010 | 0.00 | 0.00 | 0.00 |
| 2010/2011 | 0.00 | 0.00 | 0.00 |
| 2011/2012 | 0.00 | 84,335.00 | 84,335.00 |
| 2012/2013 | 0.00 | 89,325.00 | 89,325.00 |
| 2013/2014 | 0.00 | 94,957.00 | 94,957.00 |
| 2014/2015 | 0.00 | 81,719.00 | 81,719.00 |
| 2015/2016 | 0.00 | 191,549.00 | 191,549.00 |
| 2016/2017 | 0.00 | 543,031.00 | 543,031.00 |
| 2017/2018 | 0.00 | 834,065.00 | 834,065.00 |
| 2018/2019 | 0.00 | 1,134,396.00 | 1,134,396.00 |
| 2019/2020 | 0.00 | 1,948,002.00 | 1,948,002.00 |
| 2020/2021 | 0.00 | 2,332,646.00 | 2,332,646.00 |
| | <u>0.00</u> | <u>7,342,050.00</u> | <u>7,342,050.00</u> |

COLCHESTER REINSURANCE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

5. DEFERRED REINSURANCE PREMIUMS

| | | |
|----------------------------------|-----------------------|--------------------|
| Reinsurers' Premium to be earned | (\$1,539,293.18*12/0) | 0.00 |
| | | <u><u>0.00</u></u> |

6. PREPAID EXPENSES

| | | |
|-----------------------|-----------------|------------------------|
| Annual Government Tax | US\$12,500 p.a. | 8,003.00 |
| | | <u><u>8,003.00</u></u> |

7. ACCOUNTS PAYABLE/ACCRUED EXPENSES

| | |
|-------------------------|--------------------------|
| Audit fees | 29,100.00 |
| Investment Fees | 23,447.00 |
| Investment Custody Fees | 7,517.00 |
| Brokerage Commission | 19,313.00 |
| Actuarial Fees | 10,710.41 |
| Director's Fees | 14,906.00 |
| Consultancy Fee - Tax | 1,915.00 |
| | <u><u>106,908.41</u></u> |

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 | 0.00 | 0.00 |
| 2007/2008 | 3,500,000.00 | 374,989.00 | 3,874,989.00 |
| 2008/2009 | 0.00 | 44,652.00 | 44,652.00 |
| 2009/2010 | 2,480,439.00 | 410,844.00 | 2,891,283.00 |
| 2010/2011 | 122,587.00 | 243,557.00 | 366,144.00 |
| 2011/2012 | 346,829.00 | 247,615.00 | 594,444.00 |
| 2012/2013 | 0.00 | 168,066.00 | 168,066.00 |
| 2013/2014 | 1,176,491.00 | 268,767.00 | 1,445,258.00 |
| 2014/2015 | 0.00 | 125,027.00 | 125,027.00 |
| 2015/2016 | 912,937.00 | 375,405.00 | 1,288,342.00 |
| 2016/2017 | 131,630.00 | 833,639.00 | 965,269.00 |
| 2017/2018 | 0.00 | 1,195,861.00 | 1,195,861.00 |
| 2018/2019 | 0.00 | 1,661,095.00 | 1,661,095.00 |
| 2019/2020 | 345,000.00 | 3,038,120.00 | 3,383,120.00 |
| 2020/2021 | | 3,550,251.00 | 3,550,251.00 |
| | <u><u>9,015,913.00</u></u> | <u><u>12,537,888.00</u></u> | <u><u>21,553,801.00</u></u> |

9. UNEARNED PREMIUM RESERVE

| | | |
|----------|--------------------|--------------------|
| Premiums | (\$1,712,815/12*0) | 0.00 |
| | | <u><u>0.00</u></u> |

COLCHESTER REINSURANCE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

10. LOSS/EQUITY RATIO

| | |
|--------------------|---------------|
| Loss Reserves | 21,553,801.00 |
| Shareholder Equity | 24,235,254.64 |
| 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 | 68,345.84 |
| Minimum Solvency Margin re (2) above | 169,700.00 |
| Total Assets | 46,578,416.18 |
| Less: Non-admitted Assets | |
| Long Term Investments | 0.00 |
| Prepayments | 8,003.00 |
| Total Admitted Assets | 46,570,413.18 |
| Total Liabilities | 21,709,290.06 |
| Solvency Margin (Excess of Assets over Liabilities) | 24,861,123.12 |
| Excess over Minimum Solvency Margin | <u>24,691,423.12</u> |

COLCHESTER REINSURANCE LIMITED
UNDERWRITING ANALYSIS AS AT JUNE 30, 2021
FOR THE PERIOD APRIL 1, 2021 TO JUNE 30, 2021

| | Inward Reinsurance of CLLAS EOL 49Mx1M-23% | Inward Reinsurance of CLLAS Agg. Stop Loss 50Mx50M-5% | Inward Reinsurance of CLLAS ADD 50 to 89-011 60Mx160M-10% | Inward Reinsurance of CLLAS Excess Layers 60Mx160M-10% | Outward Retro. of Colchester EOL 5Mx5M-23% | Outward Retro. of Colchester EOL 40Mx10M-23% | Outward Retro. of Colchester Agg. Stop Loss 15Mx3M-100% | Outward Retro. of Colchester EOL 40Mx10M-100% | Outward Retro. of Colchester Excess Layers 60Mx160M-100% | Total |
|----------------------------------|--|---|---|--|--|--|---|---|--|--------------|
| Limits | | | | | | | | | | |
| Policy No. | | | | | | | | | | |
| Policy Period | CLLAS00120 1-Jul-20 to 30-Jun-21 | CLLAS00420 1-Jul-20 to 30-June-21 | ADD 50 to 89- 011 1-Jul-20 to 30-June-21 | CLLAS00220 1-Jul-20 to 30-June-21 | C206010 - CLLAS000120 1-Jul-20 to 30-June-21 | C206020 - CLLAS000120 1-Jul-20 to 30-June-21 | C206016 1-Jul-20 to 30-June-21 | C201016 - CLLAS000420 1-Jul-20 to 30-June-21 | C206008 - CLLAS000220 1-Jul-20 to 30-June-21 | |
| Premiums Written | - | 437.74 | - | - | | | - | | | 437.74 |
| Trfd from Unearned Prem. Reserve | 367,908.00 | 19,513.75 | 22,626.75 | 18,155.25 | | | | | | 428,203.75 |
| Premiums Earned | 367,908.00 | 19,951.49 | 22,626.75 | 18,155.25 | | | | | | 428,641.49 |
| Reinsurance Premiums Ceded | | | | | - | - | - | (437.74) | - | (437.74) |
| Trfd from Deferred Reins. Prem. | | | - | | (70,069.04) | (215,016.02) | (62,977.00) | (19,513.75) | (17,247.49) | (384,823.30) |
| Reinsurance Premiums Earned | | | - | | (70,069.04) | (215,016.02) | (62,977.00) | (19,951.49) | (17,247.49) | (385,261.04) |
| Net Premiums Earned | | | | | | | | | | 43,380.45 |

App. 1a

COLCHESTER REINSURANCE LIMITED
UNDERWRITING ANALYSIS AS AT JUNE 30, 2021
FOR THE PERIOD JULY 1, 2020 TO JUNE 30, 2021

| | Inward Reinsurance of CLLAS EOL 49Mx1M-23% | Inward Reinsurance of CLLAS Agg. Stop Loss 50Mx50M-5% | Inward Reinsurance of CLLAS ADD 50 to 89-011 60Mx160M-10% | Inward Reinsurance of CLLAS Excess Layers 60Mx160M-10% | Outward Retro. of Colchester EOL 5Mx5M-23% | Outward Retro. of Colchester EOL 40Mx10M-23% | Outward Retro. of Colchester Agg. Stop Loss 15Mx3M-100% | Outward Retro. of Colchester EOL 40Mx10M-100% | Outward Retro. of Colchester Excess Layers 60Mx160M-100% | Total |
|----------------------------------|--|---|---|--|--|--|---|---|--|-----------------------|
| Limits | | | | | | | | | | |
| Policy No. | | | | | | | | | | |
| Policy Period | CLLAS00120 1-Jul-20 to 30-Jun-21 | CLLAS00420 1-Jul-20 to 30-Jun-21 | ADD 50 to 89-011 1-Jul-20 to 30-Jun-21 | CLLAS00220 1-Jul-20 to 30-Jun-21 | C206010 - CLLAS000120 1-Jul-20 to 30-Jun-21 | C206020 - CLLAS000120 1-Jul-20 to 30-Jun-21 | C206016 1-Jul-20 to 30-Jun-21 | C201016 - CLLAS000420 1-Jul-20 to 30-Jun-21 | C206008 - CLLAS000220 1-Jul-20 to 30-Jun-21 | |
| Premiums Written | 1,471,632.00 | 78,492.74 | 90,507.00 | 72,621.00 | | | | | | 1,713,252.74 |
| Trfd from Unearned Prem. Reserve | - | - | - | - | | | | | | - |
| Premiums Earned | <u>1,471,632.00</u> | <u>78,492.74</u> | <u>90,507.00</u> | <u>72,621.00</u> | | | | | | <u>1,713,252.74</u> |
| Reinsurance Premiums Ceded | | | | | (280,276.16) | (860,064.07) | (251,908.00) | (78,492.74) | (68,989.95) | (1,539,730.92) |
| Trfd from Deferred Reins. Prem. | | | | | - | - | - | - | - | - |
| Reinsurance Premiums Earned | | | | | <u>(280,276.16)</u> | <u>(860,064.07)</u> | <u>(251,908.00)</u> | <u>(78,492.74)</u> | <u>(68,989.95)</u> | <u>(1,539,730.91)</u> |
| Net Premiums Earned | | | | | | | | | | <u>173,521.82</u> |

App. 1b