

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

**Minutes of the meeting of the Audit Committee held by videoconferencing on  
February 15, 2022, 9:00 a.m. Toronto time.**

**Present:**

Gordon Goodman (Chair)  
Margaret McNee  
Michael Swartz

Cassels Brock & Blackwell LLP  
McMillan LLP  
WeirFoulds LLP

**Also Present:**

Ken Crofoot (CLLAS Chair)  
Elaine Hultzer  
Tess Collins  
Julie-Linda Laforce  
Patrick Mahoney  
Cecilia Jeganathan

Goodmans LLP  
Deloitte  
Deloitte  
Axxima  
Office of the General Manager  
Office of the General Manager

**1. Constitution of Meeting**

The Chair, Gordon Goodman, called the meeting to order.

**2. Secretary of the Meeting**

Cecilia Jeganathan acted as Secretary.

**3. Approval of the Minutes of the Audit Committee**

It was moved by Margaret McNee and seconded by Gordon Goodman that the minutes of the November 8, 2021 meeting of the Audit Committee be approved. The motion was carried unanimously.

#### **4. Report of the Actuary**

Julie-Linda Laforce presented the Report on the Valuation of Policy Liabilities as at December 31, 2021.

The expected loss costs for each layer were discussed. The details of the CLLAS/Colchester arrangements for 2021/2022 and the Loss Portfolio Transfer (LPT) made as of June 30, 2012 were highlighted. A 3.40% assumption was selected to determine the ULAE provision as of December 31, 2021; this is a decrease from 3.55% as of December 31, 2020. The provision for ULAE at December 31, 2021 is \$2,288,000 and is entirely retained by CLLAS.

Other changes in assumptions, including an increase in the discount rate from 0.45% to 1.30% (selected based on the market yield of CLLAS' fixed income portfolio classified as available for sale per IFRS 9 at December 31, 2021) were identified. There were no changes in methodology for the valuation at December 31, 2021. The impact of the change in loss development factors, ULAE load and discount rate led to an increase of \$423,000 in the net discounted claim liabilities. A premium deficiency of \$0 and a deferred policy acquisition expense asset of \$41,179 at December 31, 2021 was recorded.

#### **5. Report of the General Manager**

Patrick Mahoney discussed the financial results of CLLAS and highlighted the key items in the balance sheet, income statement and the notes to the financials. The surplus management and adequacy note in the audited financials relating to minimum capital test (MCT) and total reserve and guarantee funds required in accordance with sections 99 & 100 of the Alberta Insurance Act were discussed.

He also highlighted some of the key pages of the P&C-1.

#### **6. Audit Findings Report**

Elaine Hultzer and Tess Collins reported on the audit and advised that an unqualified opinion would be issued.

She advised that Deloitte's actuary had reviewed and tested the work of the appointed actuary and this review concluded that assumptions were reasonable and estimates of claims and premium liabilities were within the range of accepted actuarial practice.

It was also noted that during the audit no misstatements were identified.

At this point, management left the meeting and Deloitte met in-camera with the Audit Committee members.

**After the in-camera meeting, a motion was passed to recommend to the Board that the Financial Statements at December 31, 2021 be approved.**

7. Termination of Meeting

There being no other business, the meeting was terminated.

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Chair

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Secretary