



CLLAS AUDIT COMMITTEE MEETING

Gordon Goodman

Michael Swartz

Carl De Vuono

Videoconference Meeting - Zoom coordinates in electronic meeting invitation

Tuesday, October 31, 2023 @ 10.00 a.m.

AGENDA

		<u>Responsibility</u>	<u>Tab</u>
1.	Constitution of Meeting	Gordon Goodman	
2.	Appointment of Secretary	Gordon Goodman	
3.	Minutes of February 14, 2023 Meeting Proposed Motion: To approve the minutes.	Gordon Goodman	A
4.	Audit Plan for December 31, 2023 Year End and Engagement Letter	Deloitte	B
	<i>(Auditors Leave Meeting)</i>		
5.	Peer Review of 2023 Actuarial Valuation	Carrie Green	C
6.	Colchester Management Financials at June 30, 2023	Carrie Green	D
7.	Reinsurance Security Report Note: Select appendices attached, full report on CLLAS website.	Ryan Durrell	E
8.	Other Business – Proposed Dates of Next Meetings		
	a. February XX, 2024 TBA – 30 minute teleconference to review December 31, 2023 Management Financial Statements (Committee and General Manager's office only)		
	b. February 22, 2024 - Audit Committee meeting		

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

**Minutes of the meeting of the Audit Committee held by videoconferencing on
February 14, 2023, 9:00 a.m. Toronto time.**

Present:

Gordon Goodman (Chair)
Michael Swartz
Carl De Vuono

Cassels Brock & Blackwell LLP
WeirFoulds LLP
McMillan LLP

Also Present:

Ken Crofoot (CLLAS Chair)
Brigitte Chartier
Ankit Jain
Julie-Linda Laforce
Patrick Mahoney
Carrie Green
Cecilia Jeganathan

Goodmans LLP
Deloitte
Deloitte
Axxima
Office of the General Manager
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

The motion was carried unanimously to approve the minutes of the October 21, 2022 meeting of the Audit Committee.

4. Report of the Actuary

Julie-Linda Laforce presented the Report on the Valuation of Policy Liabilities as at December 31, 2022.

The expected loss costs for each layer were discussed. The details of the CLLAS/Colchester arrangements for 2022/2023 and the Loss Portfolio Transfer (LPT) made as of June 30, 2012 were highlighted. A 3.0% assumption was selected to determine the ULAE provision as of December 31, 2022; this is a decrease from 3.40% as of December 31, 2021. The provision for ULAE at December 31, 2022 is \$2,459,000 and is entirely retained by CLLAS.

Other changes in assumptions, including an increase in the discount rate from 1.30% to 3.95% (selected based on the market yield of CLLAS' fixed income portfolio classified as available for sale per IFRS 9 at December 31, 2022) were identified. There were no changes in methodology for the valuation at December 31, 2022. The development during 2022 was favorable by \$676,000, mainly due to a favorable claims development for all policy years. A premium deficiency of \$0 and a deferred policy acquisition expense asset of \$258,468 at December 31, 2022 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.

Note 10 of the financials relating to the initial refund paid to the departed subscribers was highlighted.

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

6. Audit Findings Report

Brigitte Chartier 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.

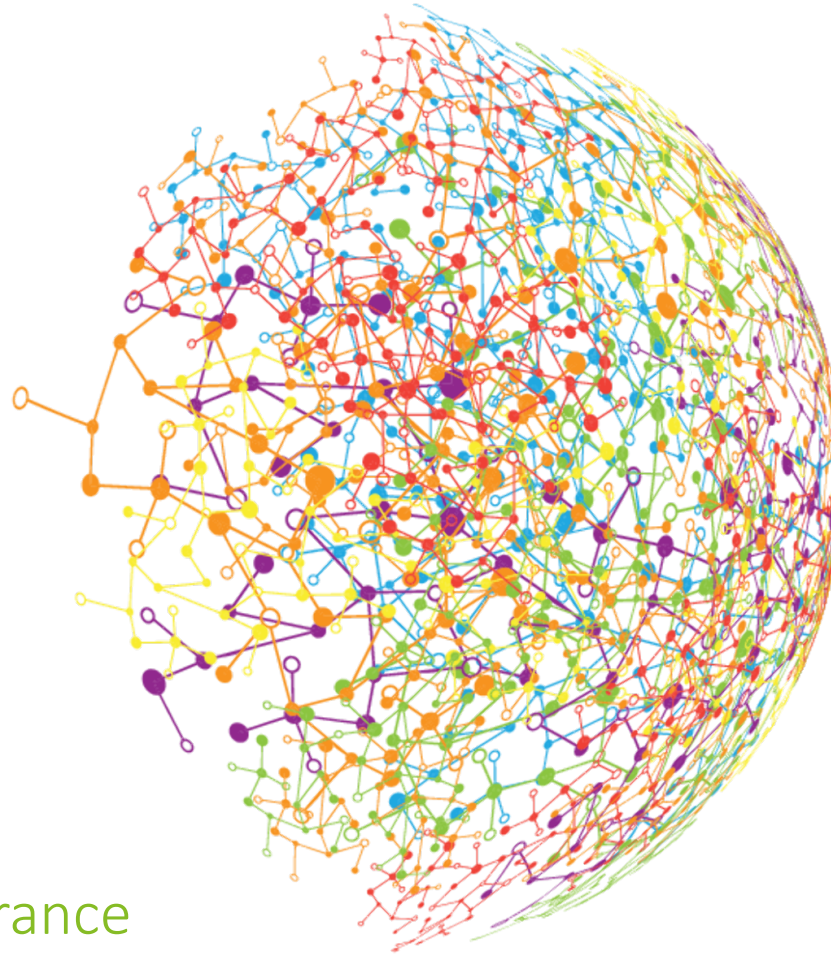
After the in-camera meeting, a motion was passed to recommend to the Board that the Financial Statements at December 31, 2022 be approved.

7. Termination of Meeting

There being no other business, the meeting was terminated.

Chair

Secretary



Canadian Lawyers Liability Assurance
Society

Audit Service Plan for the year ended

December 31, 2023

To the Chairman and Members of Canadian Lawyers Liability Assurance Society (the “Audit Committee”)

Dear Audit Committee Members:

We are pleased to provide you with our audit service plan for Canadian Lawyers Liability Assurance Society for the year ending December 31, 2023. We understand our responsibility to you, and we have developed a tailored audit plan that summarizes the key aspects of our audit scope and approach, our team and our planned communications with you and an estimate of our fees.

We understand your expectations for high-quality client service and attention, and our team is committed to delivering on those expectations. We will engage our Actuarial Specialists to assist in our procedures on certain actuarial areas. In addition, we will also issue a report on the Minimum Capital Test (MCT).

Our audit plan reflects our commitment to providing you with high-quality, proactive service that is delivered with integrity, objectivity and independence. Our audit addresses financial statement risks through targeted procedures that are responsive to the nature of the risks, including changes in the Society, the business environment and the regulatory landscape. The plan also outlines Deloitte’s audit approach of the insurance contract liabilities following the transition to IFRS 17.

In our judgment, the scope and approach for the 2023 engagement are well designed and comply with all applicable professional standards, including the communications required by Canadian generally accepted auditing standards (“Canadian GAAS”).

We appreciate the opportunity to serve the Society. We hope the accompanying information will be useful to you, and we look forward to answering your questions about our plan.

This report has been provided to the Audit Committee on a confidential basis. It is intended solely for the use of the Audit Committee and the Board of Directors to assist you in discharging your responsibilities with respect to the financial statements for the year ending December 31, 2023 (the “financial statements”) and is not intended for any other purpose.

Yours truly,



Chartered Professional Accountants
Licensed Public Accountants



Brigitte Chartier
Engagement Signing
Partner
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Executive summary

IFRS 17 – Transition

You will find in this document our preliminary risks assessment regarding IFRS 17. Since we are still in the planning phase of the audit, we will bring back to you any adjustment of our plan, if needed.

Simultanouesly to the adoption of IFRS 17, CLLAS also adopted IFRS 9 – *Financial instruments: Recognition and Measurement* (“IAS 39”).

Significant risks


Status


1 Insurance Contracts Liabilities



2 Management override of controls



 Continued from prior year

 New from prior year



Matters of interest

Use of Service Organizations



The Society uses RBC Investor & Treasury Services for investments custody and record keeping. We will obtain the service provider’s controls report and review the results to assess whether we can place reliance on relevant controls, where appropriate.

Involvement of Specialists



We will use our actuarial specialists to assist in assessing the appropriateness of the valuation of provision for unpaid and unreported claims liabilities, gross and net of amounts recoverable from reinsurers.

Controls in the key business cycles



We will understand and test the design and implementation of relevant controls in the key business cycles.



Preliminary Materiality

CY \$720,000
PY \$750,000

CLLAS

\$36,000

Reporting threshold

Materiality is based on 1% of liability for insurance contracts liabilities adjusted figures reflecting the adoption of IFRS 17 standard. Previously materiality was 1% of unpaid claims and adjustment expense.

We will report to the Audit Committee all uncorrected misstatements greater than our current year reporting threshold of 5% of materiality and any misstatements that are, in our judgment, qualitatively material.

The Society's Audit Plan

Significant risks



Significant risk	Fraud risk	Control testing planned	Level of management judgment	Specialist involvement	Audit innovation leveraged	Planned audit response
Management Override of Controls Management is in a unique position to override internal controls resulting in manipulation of the accounting records which could result in Financial Statements that are materially misstated. Management override of controls is a presumed fraud risk per Canadian Auditing Standards.		D&I		None		<ul style="list-style-type: none"> Engage in periodic fraud discussions with certain members of senior management and others, including the Audit Committee – refer Slide 6 for inquiries to be made of the Audit Committee Consider the potential for bias in judgments and estimates Test the appropriateness of large or unusual journal entries recorded in the general ledger and other adjustments using data analytical tools to identify journal entries of audit interest
Insurance Contracts Liabilities Methodology and assumptions used in the calculation of the Insurance Contract Liabilities and Assets including the risk adjustment and discounting components used are not appropriate.		D&I		Actuarial Specialists	N/A	<ul style="list-style-type: none"> Engage our actuarial specialists in the planning and execution of our audit procedures related to this balance Assess the reasonableness of key assumptions and methodologies Assess the yield curve used and application of discounting Perform independent recomputations of the actuarial reserves Test the consistency of risk adjustment over time Test underlying data used in the valuation including claims reserves, claims paid and premium data Perform tests of details by selecting a sample of claims to ensure the reserved amounts are properly supported and payments are appropriately authorized and accurately recorded Perform audit procedures on the opening balance sheet as of January 1st, 2022, for the transition of IFRS 17

Legend



Significant level of management judgment involved



Yes



No



Management judgment required



Spotlight – journal entry analytic tool



Minimal/No management judgment involved

D+I: Planned testing of the design and implementation of key controls
OE: Planned testing of the operating effectiveness of key controls

2023 audit service plan (cont'd)

Significant risks – Insurance Contract Liabilities

Our preliminary significant risk

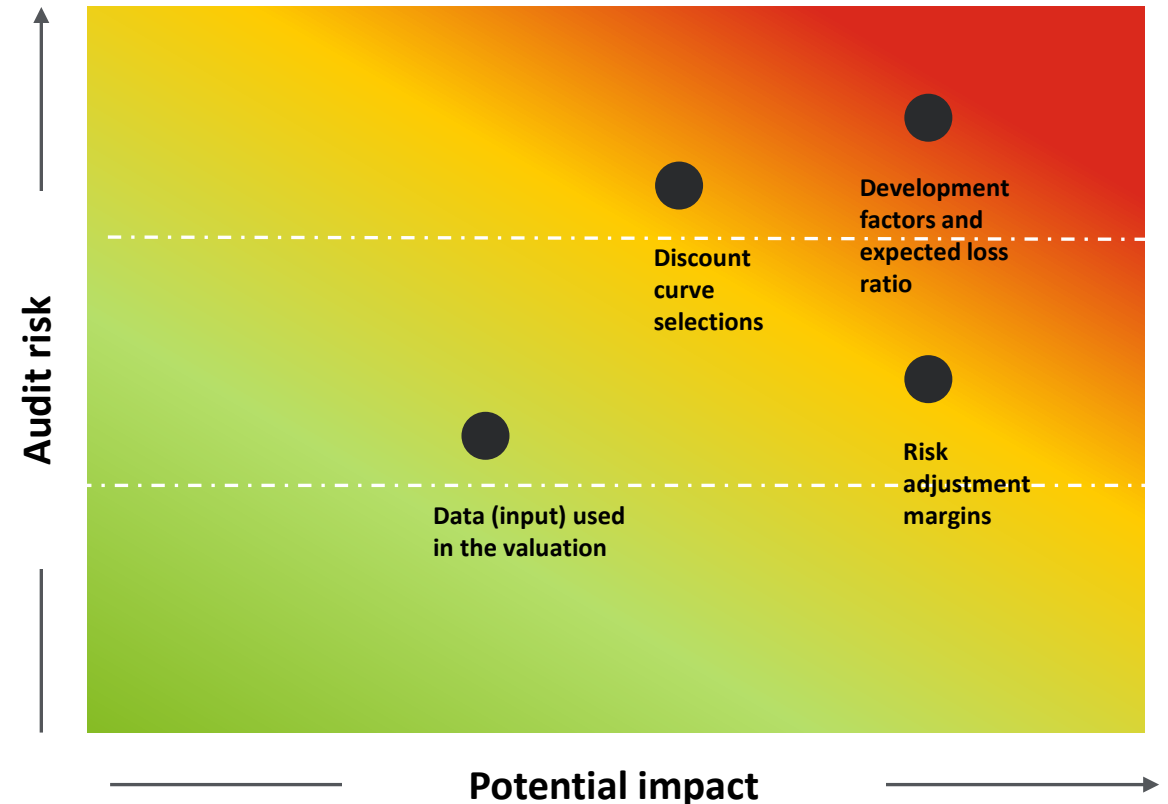
- 1) Significant assumptions used in the calculation of insurance contract liability :
- Development factors
 - Expected loss ratio
 - Discount curve selections
 - Risk adjustment margin

Planned response

- Inquire with management about any changes in the methods and key assumptions used in the valuation
 - Understand why changes have been made in the methods or assumptions
 - Assess the appropriateness of revised key assumptions made by management
 - Challenge the ongoing appropriateness of significant assumptions
- Assess and challenge the various methodology and key significant assumptions, including development factors (LDF), expected loss ratio selections (ELR). Further challenge the methodology behind the risk adjustment margins, and discount curve selections, with particular attention to the judgement around liquidity premium selection
- Assess the implications on the balance sheet (insurance contract liabilities) as well as the income statement (insurance service and insurance finance expense), with particular focus on the appropriateness of the inclusion/exclusion of a loss component, as applicable
- Perform recalculations of actuarial liabilities and independent analysis of actuarial liabilities for specified material lines of business (as determined through the risk assessment process) and compare to those disclosed by the appointed actuary, focusing on key significant judgement areas such as loss development factors and loss ratio selections
- Examine and assess the impact of any qualification or findings in the opinion of the appointed actuary

Use the work of specialists

Deloitte actuarial specialists will assess and test management estimates.



The Society's Audit Plan (cont'd)

Significant risks – Management override of controls



Audit risk

There is a **presumed risk of fraud related to management override of controls**.



Why this is a risk?

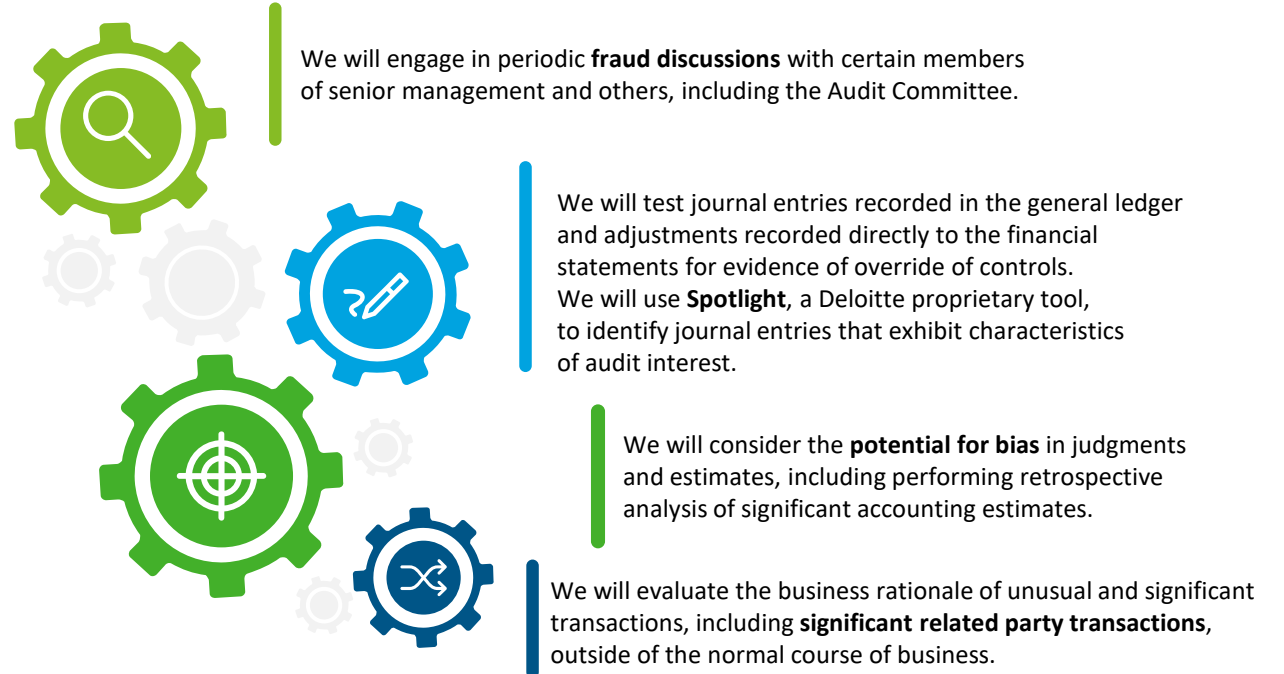
Due to the **unpredictable way** in which management could override controls, it is considered a presumed risk of fraud under current auditing standards.



Our planned audit response

We will use data analytics to identify journal entries that have **characteristics of audit interest ("COAI")**.

Specific procedures to address the risk of fraud



Our approach to address fraud risks

- Professional scepticism
- Unpredictability in testing
- Information produced by entity ("IPE") testing – ensure to review accuracy and completeness of reports received from management
- Obtain an understanding of the business rationale for significant transactions
- Journal entry testing
- Review accounting estimates and judgments for biases
- Discussions with senior management and Audit Committee members about risk areas of fraud
- Careful consideration is required in assessing the impact of any past audit misstatements and the accounting for unusual transactions on reported revenue and net earnings, as these may impact management and employee compensation

COAI include

- Entries containing key words of audit interest or unusual account names
- Entries posted with recurring digits
- Back-posted and pre-posted entries
- Large Income statement entries posted around period-end

The Society's Audit Plan (cont'd)

Fraud questionnaire – Audit Committee

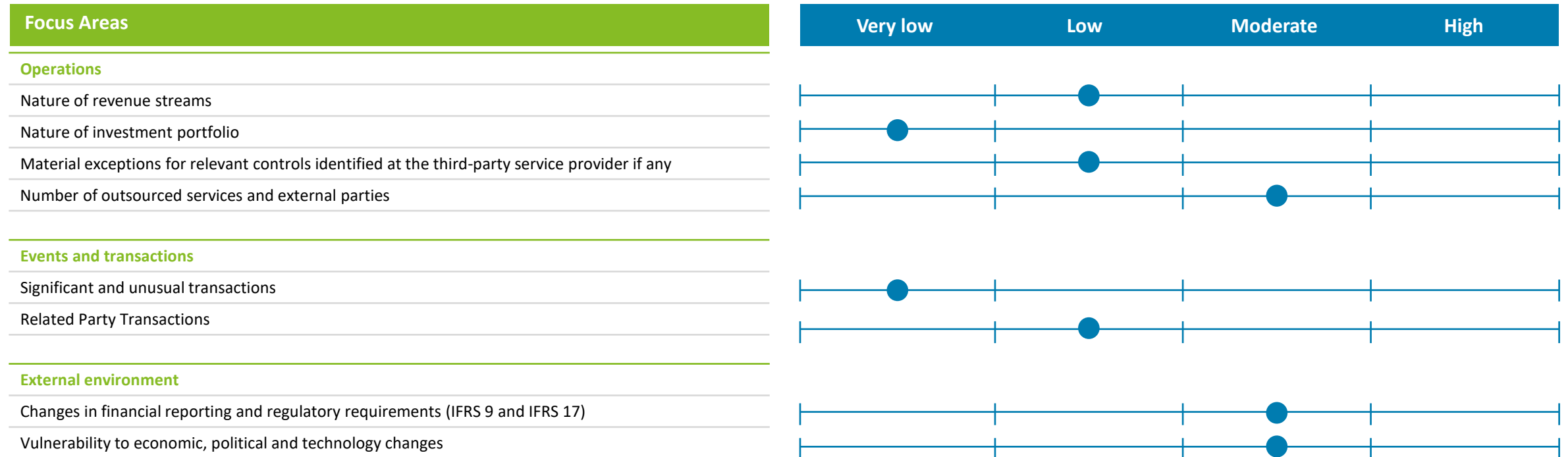


Questionnaire

- What are your views about fraud risks within the Society?
 - How do you exercise oversight over the Society's assessment of fraud risks and the establishment of controls to address fraud risks?
 - Do you have knowledge of any actual, suspected, or alleged fraud affecting the Society?
 - Are you aware of any tips or complaints regarding the Society's financial reporting (including those received through an internal whistleblower program, if such program exists)? If so, what were your responses to such tips and complaints?
 - Are you aware of instances in which the Society has entered any significant transactions that are outside the normal course of business for the entity or that otherwise appear to be unusual due to their timing, size or nature ("significant unusual transactions")?
 - Are you aware of instances of the Society's noncompliance with laws and regulations?
 - How do you exercise oversight over management's processes for identifying and responding to the risks of fraud in the entity and the internal control that management has established to mitigate these risks?
 - What are your views surrounding the risk of cybersecurity breaches? How has the anti-fraud program evolved to respond to cyber threats?
 - What is your understanding of the related party relationships and transactions? Are there any significant changes in the current year?
 - How do you monitor identification and approval of related party transactions?
 - Any related parties with dominant influence? Or any concerns around related party transactions?
-

The Society's Audit Plan (cont'd)

Drivers of Audit Complexity



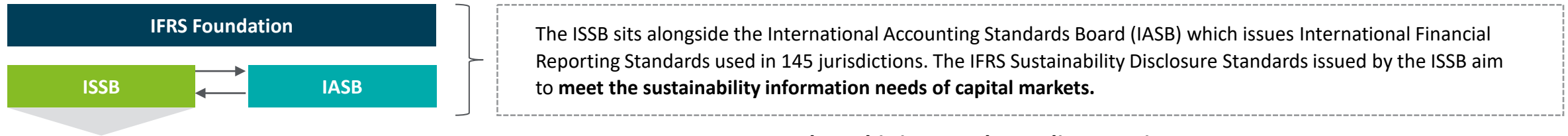


ESG Reporting



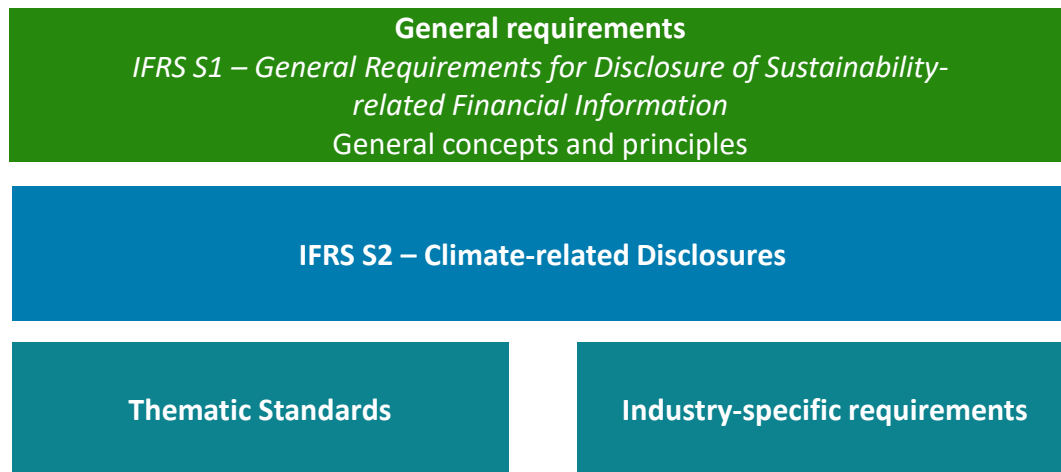
ISSB publishes first IFRS Sustainability Disclosure Standards

On June 26, 2023 the International Sustainability Standards Board (ISSB) released its finalized IFRS S1 and IFRS S2 standards, creating a global baseline for sustainability information.



Structure of the standards

IFRS S1 and IFRS S2 are designed to set a global baseline to enable companies to provide information about sustainability-related risks and opportunities that is useful for investors' decision-making.



How does this impact the Audit Committee?

- Our expectation is that the ISSB standards will be endorsed and adopted in Canada based on a press release issued by the Canadian Securities Administrators on July 5, 2023.
- Once adopted in Canada, sustainability disclosures under ISSB will likely reside in regulatory filings (e.g., AIF or MD&A) and therefore bring the disclosures firmly within the scope of the Audit Committee.

Action steps for the entity

- Other jurisdictions are moving quickly to mandate reporting in accordance with ISSB or other equivalent jurisdictional standards, which means, investors are beginning to expect this type and level of disclosure.
- The level of effort that will be required to report may be significant; we recommend readiness activities start now.
- Companies can accelerate their readiness preparation by assessing their existing sustainability reporting against the finalized ISSB standards and prioritizing the identified gaps. For example, climate scenario analysis and quantification of Scope 3 greenhouse gas emissions are complex areas expected to require significant time and focus by companies.
- As investor focus over sustainability information increases, so does the need for robust processes & controls over sustainability reporting. Companies should consider formalizing their Internal Controls over Sustainability Reporting as part of their preparation for the new standards.

Delivering Audit quality

Our commitment to you

Our commitment to audit quality means more than just “meeting the standard”.

How we will innovate our audit approach

- **Process innovations** – Continue to use the Milestone and Deloitte Way Workflows.
- **Innovation tools** – Implementation of Omnia; continued use of Spotlight, Deloitte Connect, Analytics
- **Audit quality indicators** – Continue to maximize audit quality imperatives to deliver a high-quality audit.



How we will deliver professional excellence

- **Professional skepticism** – Professional skepticism is the heart of everything we do. Team will incorporate a more rigorous review of potential contradictory audit evidence in the areas of insurance contracts liabilities.
- **Independence** – Independence is critical to the integrity of our audit. We will request and obtain pre-approval for all permissible audit and non-audit services with the Audit Committee of the Company, prior to the commencement of such services.
- **New auditor reporting standards** – Implement a new auditors report.
- **Accounting developments** – Audit of IFRS 17 implementation.

Where we will focus to deliver insights

- IFRS 17 transition

Audit Quality

Focused on Great

2022/2023 Audit Quality Report

Our 2022/2023 report highlights that when we focus on being great in all that we do, exceptional audit quality is a natural output. Quality goes well beyond compliance with technical accounting and auditing standards. At Deloitte, we view audit quality to encompass the quality of the audit experience, the insights we provide to our clients, the proprietary processes and controls we develop and employ and a world-class talent experience for our people.

This report is meant to be interactive and facilitate discussion with our stakeholders, which is why we included video clips and sample questions within the report to engage and stimulate a robust dialogue.



To learn more, click [here](#) to read our **2022/2023 Audit Quality Report**

Transparency Report

At Deloitte, we respect and embrace the trust and confidence placed by the public in our profession and our brand. For that reason, we have put in place guiding strategies for our firm that deliberately set the bar high in our expectations around professionalism, quality and leadership in serving our profession.

Our Transparency Report describes some of the principles, policies, standards and actions we have implemented to support our commitment to quality and professional excellence.



To learn more, click [here](#) to read our **Deloitte Canada Transparency Report**

CPAB Audit Quality Insights Report

The Canadian Public Accountability Board (CPAB) is charged with assessing the state of audit quality in Canada through an annual inspection process by which it inspects all Firms serving Canada's reporting issuers. CPAB's inspection methodology includes the inspection of engagement files and an assessment of the effectiveness of the Firms' existing quality management system.

CPAB's public reporting takes the form of an annual report on its views following the inspections of all Firms. CPAB issued an Interim Inspections Results Report in October 2022 and their 2021 Annual Inspection Results in March 2022. The 2022 Annual Inspection Results are expected in March 2023. These reports provide a snapshot of themes and insights with respect to audit quality. In addition, following each inspection cycle, CPAB privately reports to each Firm on the results of its inspection.



Follow this [link](#) to read the **CPAB 2022 Interim Inspections Results Report**



Follow this [link](#) to read the **CPAB 2021 Annual Inspections Results**

Engagement team



Team Leadership



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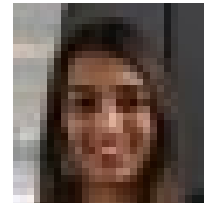


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Proposed Audit fees



Description	2022 (actual)	2023*	2024*	2025*
Audit of Financial Statements	\$102,400	\$109,550	\$112,830	\$116,210
Audit of MCT	\$12,250	\$13,100	\$13,500	\$13,900
Total fees	\$114,650	\$122,650	\$126,330	\$130,110
IFRS 17 – First time adoption	\$30,000¹	\$15,400-\$25,300¹	-	-
Recurring IFRS 17 Costs (as presented last year)	-	\$18,525-\$22,230	\$18,525-\$22,230	\$18,525-\$22,230

*In line with our fee arrangement with the Society, our fees have been fixed for several prior years with a small annual inflationary adjustment in line with the Canadian inflation rate. The inflation rate in 2023 is at 7%. Our proposed fees above are adjusted to consider the current year inflation. The fees for 2024 and 2025 include an annual 3% inflationary adjustment similar to the inflationary adjustment in the past and will be adjusted for 2024 and 2025 if needed.

The fees above exclude the following:

- Harmonized Sales Tax (HST), and
- Administrative charge at 7%

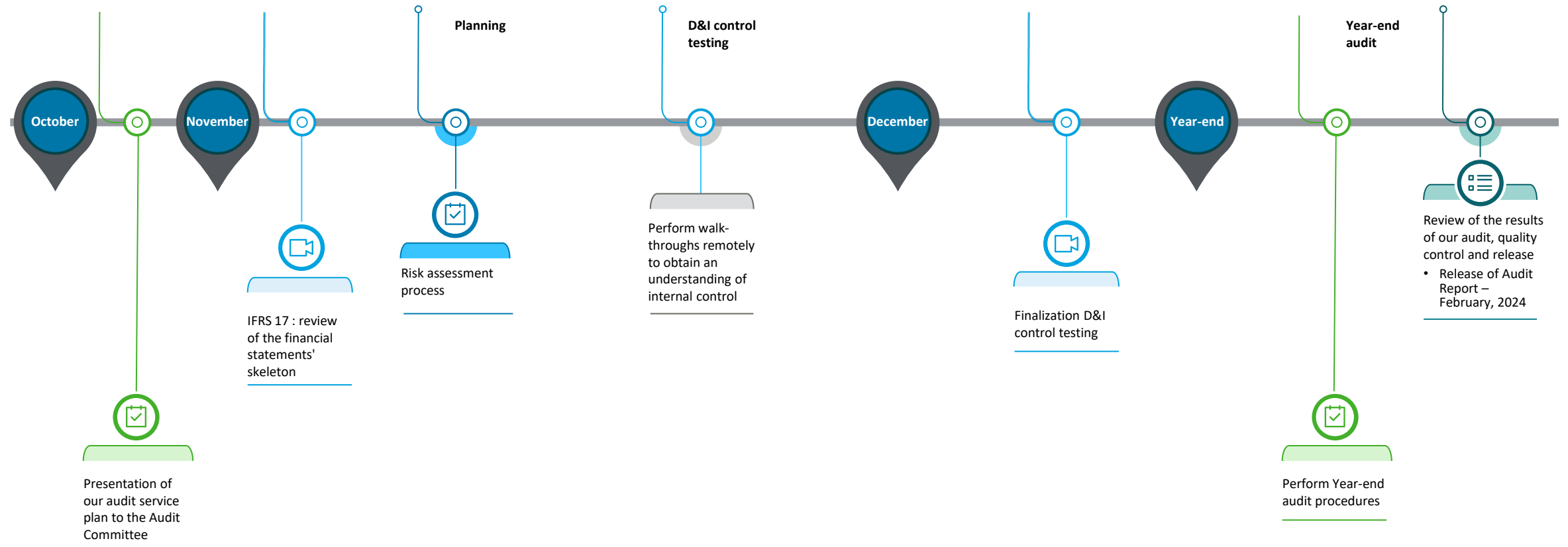
Please note that the above base fees exclude any scope changes (change in the business, accounting or auditing standards, unusual transactions, etc.). If the scope changes have a recurring impact on future years, the base fee will be adjusted with mutual consent and approval.

¹Fees related to the transition to IFRS 17 which were presented last year (ranged between \$ 49,900-\$59,800) and were billed based on completion rate. Deloitte billed \$34,500 for the audit work performed in 2021 and 2022 and expected to bill the remaining in 2023. The remaining is shown for 2023 and will be \$15,400-\$25,300.

Audit timeline and deliverables

Tailoring our timeline and approach

Deloitte expects to perform the year-end audit of CLLAS remotely and continue to provide excellent audit quality.



Throughout 2023, Deloitte will monitor scoping and our audit timeline and adjust as needed to ensure we meet reporting deadlines.

Appendix 1 – Required communications with those Charged with Governance



Canadian GAAS require that we communicate to Those Charged with Governance (TCWG) on the following matters:

Required communication	Reference/comments
How TCWG exercise oversight over management's process for identifying and responding to the risk of fraud and the internal control that management has established to mitigate these risks.	Required inquiry of the Audit Committee
Whether TCWG have any knowledge of any actual, suspected or alleged fraud affecting the entity, and whether they are aware of any violations or possible violations of laws or regulations and whether they have any information that is important to our identification and assessment of risks of material misstatement.	Required inquiry of the Audit Committee
Enquire with TCWG about their understanding of the company's relationships and transactions with related parties that are significant to the company and whether they have any concerns regarding relationships or transactions with related parties and, if so, the substance of those concerns.	Required inquiry of the Audit Committee
<ul style="list-style-type: none">Objectives of the audit engagement and our responsibilities under the audit, as well as management's responsibilities.Form, timing and expected general content of communications, including a reference to the expected form and content of the auditor's report.The identity and role of the engagement partner.	Engagement Letter
An overview of the overall audit strategy, addressing: <ul style="list-style-type: none">a. Scope and timing of the auditb. Significant risks, including fraud risksc. Nature and extent of specialized skill or knowledge needed to perform the planned audit procedures or evaluate the audit results related to significant risks (includes the use of experts/specialists)d. Extent to which we plan to use the work of the company's internal auditors, company personnel (in addition to internal auditors), and third parties working under the direction of management or the audit committee when performing the financial statement audite. Extent to which we plan to use the work of others when performing the financial statement auditf. Names, locations, and planned responsibilities of other independent public accounting firms or others that perform audit procedures in the audit (including firms that perform audit procedures in the current-period audit, regardless of whether they otherwise have any relationship with us or other persons, who are not employed by us, that perform audit procedures in the current-period audit)	
All relationships between the entity and us that, in our professional judgment, may reasonably be thought to bear on our independence and related safeguards that have been applied to eliminate identified threats to independence or reduce them to an acceptable level. A statement that, in our judgment, the engagement team and others in our firm and, when applicable, network firms have complied with relevant ethical requirements regarding independence. Any breaches to our independence.	Independence letter in the audit report at year end



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October 31, 2023

Private and confidential

Mr. Gordon Goodman
Chair of the Audit Committee
Canadian Lawyers Liability Assurance Society

And

Ms. Carrie Green
General Manager
Canadian Lawyers Liability Assurance Society c/o Axxima
Berkeley Castle 250 The Esplanade
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Dear Sir and Madame,

Deloitte LLP ("Deloitte" or "we" or "us") is pleased to serve as your auditors for the year ending December 31, 2023. Ms. Brigitte Chartier will be responsible for the services that we perform for Canadian Lawyers Liability Assurance Society (the "Society"). She will, as considered necessary, call upon other individuals with specialized knowledge, either in this office or elsewhere in our firm to assist in the performance of our services.

In addition to the financial statement audit we are engaged to provide under this engagement letter, we would also be pleased to assist the Society on issues as they arise throughout the year. Hence, we hope that you will call Ms. Brigitte Chartier whenever you believe Deloitte can be of assistance.

We will perform this engagement subject to the terms and conditions set forth herein and in the accompanying appendices.

The objective and scope of the audit

You have requested that we audit the financial statements of the Society (the "Financial Statements"), which comprise the statement of financial position as at December 31, 2023, and the statements of 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 and other explanatory information, and the financial information contained on pages 20.10, 20.11 and 20.22 through 20.60 of the Core Financial Statement Return (PC1).

In addition, you have requested that we audit the Minimum Capital Test ("MCT") which is contained in the P&C MCT/BAAT Quarterly Return (PC4) as at December 31, 2023.

We are pleased to confirm our acceptance and our understanding of this audit engagement by means of this letter. Our audit will be conducted with the objective of our expressing an opinion on the Financial Statements.

Appendix A provides further information about the objective and scope of the audit.

The responsibilities of the auditor

We will conduct our audit in accordance with Canadian generally accepted auditing standards (“Canadian GAAS”). 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. 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.

Because of the inherent limitations of an audit, together with the inherent limitations of internal control, there is an unavoidable risk that some material misstatements may not be detected, even though the audit is properly planned and performed in accordance with Canadian GAAS.

In making our risk assessments, we consider internal control relevant to the Society’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 Society’s internal control. However, we will communicate to you in writing concerning any significant deficiencies in internal control relevant to the audit of the Financial Statements that we have identified during the audit.

The audit of the Financial Statements by Deloitte does not relieve management or the Audit Committee of their respective responsibilities.

Appendix A provides more information about Deloitte’s responsibilities in respect of the audit.

The responsibilities of management and identification of reporting framework

Our audit will be conducted on the basis that management, under the oversight of the Audit Committee, acknowledges and understands that it has responsibility:

- for the preparation and fair presentation of the Financial Statements in accordance with the *Chartered Professional Accountants of Canada (“CPA Canada”) Handbook – Accounting*, International Financial Reporting Standards (“IFRS”);
- For the preparation and fair presentation of the MCT which will be prepared in accordance and in compliance with the provision of the Office of the Superintendent of Financial Institutions (“OSFI”) Guideline A – Minimum Capital Test for Federally Regulated Property and Casualty Insurance Companies (the “Guideline”);
- 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; and

- to provide us with:
 - access to all information of which management is aware that is relevant to the preparation of the Financial Statements such as records, documentation and other matters;
 - additional information that we may request from management for the purpose of the audit; and
 - unrestricted access to persons within the Society from whom we determine it necessary to obtain audit evidence.

As part of our audit process, we will request from management written confirmation concerning representations made to us in connection with the audit.

We look forward to full cooperation from your staff during our audit.

Management's responsibilities in connection with this engagement are further described in Appendix B.

Use of third parties by management

Where management has engaged another party to assist it in fulfilling any of its responsibilities, management will continue to retain the responsibility for the preparation of its Financial Statements in accordance with IFRS.

Audit Committee's responsibilities and auditor communications

As auditors of the Society, we report directly to the Audit Committee as it is directly responsible for the oversight of our work. We acknowledge that the Audit Committee is also responsible for recommending our appointment and compensation. The Audit Committee is also responsible for reviewing and approving the Society's hiring policies regarding current and former partners and employees of Deloitte LLP and Deloitte Touche Tohmatsu Limited, including related member firms and affiliates.

In accordance with Canadian GAAS, we are required to communicate with the Audit Committee about various matters in connection with our audit.

The Audit Committee's responsibilities and our communications with the Audit Committee are described in Appendix C.

Subscription services

Deloitte makes available to clients and non-clients for free or for a nominal fee, various educational, informational and other tools in the form of, among other things, newsletters, webcasts, podcasts, conferences, websites, business centre/hospitality services, database subscriptions (including access to Deloitte proprietary information and tools), checklists, research reports, surveys and similar or related tools and services ("Subscriptions"). In some cases, Deloitte may include complimentary rooms or meals as part of the programs or seminars. The Society hereby confirms that any use or receipt by the Society or its affiliates of these Subscriptions is approved by the Audit Committee in accordance with the Audit Committee's established pre-approval policies and procedures.

Inclusion of Deloitte reports in documents and public oral statements or references to Deloitte in other documents and on electronic sites

If the Society intends to publish or otherwise reproduce in any document our report on the Society's Financial Statements, or otherwise make reference to Deloitte in a document that contains other information in addition to the audited Financial Statements (e.g., in a periodic filing with a regulator, in a debt or equity offering circular or in a private placement memorandum), thereby associating Deloitte with such document, the Society agrees that its management will provide Deloitte with a draft of the document to read and obtain our written consent for the inclusion or incorporation by reference of our report, or the reference to Deloitte, in such document before the document is printed and distributed. No other form of document is to be considered to signify our consent. The inclusion or incorporation by reference of our report in any such document would constitute the re-issuance of our report. Management agrees to provide adequate notice of the preparation of any such public documents. The Society also agrees that it will notify us and obtain our written approval prior to including our report or financial statements with which we are associated on an electronic site. Further, it is agreed that in any electronic distribution, for example on the Society's website, management is solely responsible for the accurate and complete reproduction of our report and the subject matter on which we reported.

This engagement letter, and our agreement to perform the services described in this engagement letter, does not constitute our consent to the use of our report in, or our agreement to be associated with any such documents published or reproduced by or on behalf of the Society. Any request by the Society to re-issue our report, to consent to its inclusion or incorporation by reference in an offering or other document, or to agree to its inclusion on an electronic site, will be considered based on the facts and circumstances existing at the time of such request. The estimated fees outlined herein do not include any services that would need to be performed in connection with any such required services or modifications needed to our report for summarized financial statements. Fees for such services (and their scope) would be subject to our mutual agreement at such time and would be described in a separate engagement letter.

Reporting

In accordance with Canadian GAAS, we expect to issue a report at the completion of our audit in the form shown in Appendix D. The form and content of our report may need to be amended in light of our audit findings.

Our ability to express an opinion and the wording of our opinion will, of course, be dependent on the facts and circumstances at the date of our report. If, for any reason, we are unable to complete the audit or are unable to form or have not formed an opinion, we may decline to express an opinion or decline to issue a report as a result of this engagement. If we are unable to complete our audit or if our audit report requires modification, the reasons therefor will be discussed with the Audit Committee and the Society's management.

Since the MCT is prepared in accordance with the Guideline, it is not intended for the use of or distribution to users other than the Superintendent of Financial Institutions of Canada and the Provincial Superintendents of Financial Institutions/Insurance, the “intended users” or “specified users”. Accordingly, our audit report of the MCT will include an Emphasis of Matter paragraph indicating that the MCT is prepared in accordance with a special purpose framework and as a result, may not be suitable for another purpose. Our audit report will also indicate that our audit report is intended solely for the specified users and should not be distributed to or used by anyone other than the specified users.

Should the Society distribute the MCT to anyone other than the specified users, we accept no responsibility for any loss or damage suffered by the addressee or any other reader as a result of using the MCT for any other purpose. Our report on the MCT is solely for the Society and the specified users identified above. This engagement does not create privity between us and any other person or party (“third party”). This engagement is not intended for the express or implied benefit of any third party. No third party is entitled to rely, in any manner or for any purpose, on the advice, opinions, reports, or other services of our firm.

Additional audit procedures related to the implementation of new/amended accounting standards

The Society is adopting the following new and amended accounting standard effective for the Financial Statements for the year ending 31 December 2023, with comparatives for 2022 prepared on the same basis (“IFRS 17 Adoption”):

- IFRS 17 – Insurance Contract
- IFRS 9 – Financial Instruments

As a result, additional audit procedures will need to be performed to assess compliance with the new and/or amended accounting standard, to obtain assurance over the quantification of any transition adjustments and to assess the appropriateness of the revised financial statement disclosures. These changes will result in additional audit work and therefore additional fees.

In addition, the adoption of this standard may result in a significant or material change to the statements of financial position in which case IAS 1, *Presentation of Financial Statements*, will require the presentation of an opening statement of financial position as at January 1, 2023, for the Financial Statements. In this circumstance we may need to amend the audit report that we expect to issue at the completion of our audit to make reference to the opening statement of financial position.

Fees

We estimate that our base fees for this engagement, as contemplated as of the date hereof, will be \$122,650 (which exclude recurring \$18,525 - \$22,230 in fees for additional audit procedures related to the implementation of new accounting standards described in the preceding paragraphs), plus reasonable expenses, a 7% administrative charge and applicable taxes (such as Tax). The fees for the audit work performed in respect to the first-time adoption of Insurance Contract Accounting Standard, IFRS 17, amounting to a range of \$49,900-\$59,800 has been agreed as part of the 2021 Audit Service Plan. These fees are based upon our understanding of the engagement scope as outlined in this letter. We anticipate sending invoices according to the audit work performed. Invoices shall be due upon receipt.

If circumstances arise, such as those described in Appendix F, and as a result the fees for any of the services outlined are expected to be greater than indicated due to the need for additional work, we will contact you to discuss the reason and seek your approval for this additional work in writing.

Appendix E provides an estimated timetable for the services included in this engagement letter and the responsibilities of both Deloitte and the Society's management with respect to the successful completion of the engagement. Deloitte will monitor all work and assess fees (time and expenses) as they are incurred throughout the engagement.

Other matters

This engagement letter, including the appendices A through G attached hereto and made a part hereof, constitutes the entire agreement between the parties with respect to this engagement and supersedes all other prior and contemporaneous agreements or understandings between the parties, whether written or oral, relating to this engagement.

This engagement letter will continue in force for subsequent audits unless amended by the mutual consent of ourselves and the Society.

Please sign and return the attached copy of this letter to indicate your acknowledgement of, and agreement with, the arrangements for our audit of the Financial Statements and MCT including our respective responsibilities.

Yours truly,

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

Chartered Professional Accountants
Licensed Public Accountants

Enclosure

Canadian Lawyers Liability Assurance Society:
October 31, 2023
Page

The services and terms set forth in this letter are acknowledged and approved by the Audit Committee of
Canadian Lawyers Liability Assurance Society:

Signature

Title

Date

The services and terms set forth in this letter are accepted and agreed to by
Canadian Lawyers Liability Assurance Society management

Signature

Title

Date

Appendix A

The objective and scope of a financial statement audit and the responsibilities of the auditor

Canadian Lawyers Liability Assurance Society
December 31, 2023

The objective and scope of a financial statement audit

We will plan and perform the audit to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error. The Financial Statements subject to audit are those of the Society, prepared by management, with oversight from the Audit Committee. The audit will enable us to express an opinion on whether the Financial Statements are fairly presented, 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, as well as evaluating the overall presentation of the Financial Statements. Our report on the Financial Statements and communications required by Canadian GAAS will be in accordance with our findings.

It is important to recognize that there are inherent limitations of an audit, where most of the audit evidence obtained is of a persuasive, rather than a conclusive nature. These limitations arise from the nature of financial reporting, the nature of audit procedures and the need for the audit to be conducted within a reasonable period of time and at a reasonable cost.

Financial reporting involves judgment by management in applying the requirements of IFRS to the facts and circumstances of the Society. Many financial statement items will involve a degree of uncertainty, and there may be a range of acceptable interpretations or judgments that may be made.

The audit procedures we perform will be selected based on our judgment, including the assessment of the risks of material misstatement of the Financial Statements, whether due to fraud or error. Because of the nature of fraud, including attempts at concealment and forgery, an audit designed and executed in accordance with Canadian GAAS may not detect a material fraud.

The performance of the audit within a reasonable period of time and at a reasonable cost requires us to plan the audit so that it will be performed in an effective manner, with audit effort directed to areas most expected to contain risks of material misstatement, whether due to fraud or error, and using selective testing and other means of examining populations for misstatements and drawing conclusions thereon.

Internal control over financial reporting

An independent audit conducted by Deloitte in accordance with Canadian GAAS is not a substitute for the maintenance of internal control necessary for the preparation of financial statements by management. Management's acknowledgment of its responsibility for the maintenance of internal control necessary for the preparation of financial statements does not imply that Deloitte will find that the internal control maintained by management has achieved its purpose or will be free of deficiencies.

We obtain an understanding of internal control relevant to the audit; however, not all controls are relevant to every audit. We evaluate the design of controls relevant to the audit and determine whether they have been implemented. We are not, however, required to determine whether relevant controls are operating effectively. Although it is 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 in determining the substantive procedures we will perform. In this case, 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. Accordingly, while Canadian GAAS requires us to report to the Audit Committee any significant deficiencies that have come to our attention, we may not be aware of all significant deficiencies in internal control that do, in fact, exist.

Reporting considerations

Going concern

We will conclude on the appropriateness of management's use of the going-concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Society's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our audit report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our audit report.

Other information

Other information includes financial and non-financial information included in a document, or combination of documents, that comprises the annual report that is typically prepared on an annual basis, with the purpose of providing the shareholders and other stakeholders with information on the Society's operations and the Society's financial results and financial position as set out in the financial statements. It should be noted that our responsibility also extends to other information that accompanies the Financial Statements (i.e. does not necessarily include the Financial Statements) and we are required to consider other information issued after the date of our audit report.

Where the Society issues other information, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Financial Statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we will perform, we conclude that there is an uncorrected material misstatement of the other information, our response will be as follows:

- In respect of the other information obtained prior to the date of our audit report, we will report this material misstatement in our audit report; and
- In respect of the other information obtained after the date of our audit report, we will consider our legal rights and obligations to seek to have the uncorrected material misstatement appropriately brought to the attention of users.

The work performed on the other information in connection with the Financial Statement audit may not be sufficient to enable us to provide a comfort letter to an underwriter if, at some future date, the other information is included in a prospectus or offering document. In such circumstances, additional work may be required to be performed on the other information and would be the subject of a separate engagement letter and additional fees in connection with that prospectus or offering document.

Appendix B

Management's responsibilities

Canadian Lawyers Liability Assurance Society
December 31, 2023

Financial statements and the effectiveness of internal control over financial reporting

The Society's internal control, including its accounting books and records or accounting systems, will reflect the needs of management, the complexity of its businesses, the nature of its risks and relevant laws or regulations. Management must determine what internal control is required, including how it is designed, implemented and maintained to achieve the Society's objectives. Internal control, no matter how effective, can provide the Society with only reasonable assurance about achieving its financial reporting objectives due to the inherent limitations of internal control.

The preparation and overall accuracy of the Financial Statements and their fair presentation in accordance with IFRS, together with all required disclosures concerning internal control over financial reporting, is the responsibility of the Society's management. Among other things, management has the responsibility for:

1. establishing and maintaining effective internal control over financial reporting necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and informing Deloitte of deficiencies identified in the design or operation of internal control over financial reporting;
2. informing Deloitte of any changes in the Society's internal control over financial reporting that occurred during the year that have materially affected, or are reasonably likely to materially affect, the Society's internal control over financial reporting;
3. identifying and ensuring that the Society complies with the laws and regulations applicable to its activities and informing us of any known or possible material violations of such laws or regulations;
4. adjusting the Financial Statements to correct material misstatements;
5. safeguarding assets;
6. providing to us all information of which management is aware that is relevant to the preparation of the Financial Statements including, but not limited to, all financial records and related data including information on the recognition, measurement and disclosure of specific items, and copies of all minutes of meetings of shareholders, directors and committees of directors;
7. providing additional information that we may request from management for the purpose of the audit;
8. providing us with unrestricted access to persons within the Society from whom we determine it necessary to obtain evidence;
9. identifying the purpose for which the MCT has been prepared and the intended users;

10. determining that the applicable financial reporting framework is acceptable in view of the nature of the Society and the objective of the MCT, or that is required by law or regulation; and
11. informing Deloitte of facts that may affect the Financial Statements, of which management may become aware during the period from the date of the audit report to the date the Financial Statements are issued.

Management is responsible to ensure that the presentation in the MCT is in accordance with the basis of accounting used and the notes to the MCT appropriately describe the applicable financial reporting framework.

As the MCT is being prepared in accordance with a special purpose framework, we will ask management to confirm that the MCT is being prepared for the Superintendent of Financial Institutions of Canada and the Provincial Superintendents of Financial Institutions/Insurance to meet the requirements of the Superintendent of Financial Institutions of Canada. Management will be asked to confirm the steps taken to determine that the use of the Financial Reporting Framework is acceptable under the circumstances. We will ask management to acknowledge that this special purpose financial statement is intended solely for the use of the intended users and should not be distributed to or used by parties other than the intended users.

Representation letter

We will make specific inquiries of the Society's management about the representations embodied in the Financial Statements and internal control over financial reporting. As part of our audit procedures, we will request that management provide us with a representation letter acknowledging management's responsibility for the preparation of the Financial Statements in accordance with IFRS and that the Financial Statements are fairly presented in accordance therewith.

We will ask management to affirm its belief that the effects of any uncorrected financial statement misstatements aggregated by us during the current audit engagement and pertaining to all the periods presented are immaterial, both individually and in the aggregate, to the Financial Statements taken as a whole and that management has provided us with all relevant information and access as agreed in this engagement letter and has recorded and reflected all transactions in the Financial Statements.

We will require certain written representations from management in accordance with Canadian GAAS and will request additional representations to support other audit evidence relevant to the Financial Statements or one or more specific assertions therein. Those written representations are to be provided in the form of a representation letter addressed to Deloitte, as of the date of the audit report on the Financial Statements.

Such representations will be for all financial statements and periods referred to in the audit report.

The responses to inquiries and related written representations of management required by Canadian GAAS are part of the evidential matter that we will rely on as auditors in forming our opinion on the Society's Financial Statements.

Independence matters

For purposes of the following three paragraphs, "Deloitte" shall mean Deloitte LLP and Deloitte Touche Tohmatsu Limited, including related member firms and affiliates.

Independence matters as a result of restrictions on providing certain services

In connection with our engagement, Deloitte, management, and the Audit Committee will assume certain roles and responsibilities in an effort to assist Deloitte in maintaining independence and ensuring compliance with Canadian independence rules. Deloitte will communicate to its partners and employees that the Society is an attest client. Management of the Society will ensure that the Society, together with its subsidiaries and other entities (including special purpose entities) that comprise the Society for purposes of the Financial Statements, has policies and procedures in place for the purpose of ensuring that neither the Society nor any such subsidiary or other entity will act to engage Deloitte or accept from Deloitte any service that under Canadian independence rules or other applicable rules would impair Deloitte's independence. All potential services are to be discussed with Ms. Brigitte Chartier.

In connection with the foregoing, the Society agrees to furnish to Deloitte and keep Deloitte updated with respect to (i) a corporate tree that identifies the legal names of the Society's affiliates (e.g., parents, subsidiaries, investors or investees, special purpose entities), together with the ownership relationship among such entities. Deloitte intends to capture this information in systems that may be accessed and used by its affiliates in order to assist Deloitte in meeting its independence obligations. Deloitte will not be requesting nor accepting any personal information for this purpose. To the extent the Society notifies Deloitte of concerns regarding the privacy or confidentiality of such information, Deloitte agrees to discuss such concerns with the Audit Committee.

Independence matters relating to hiring

Deloitte must assess threats to independence created when a former Deloitte partner or member of the engagement team is employed by management. In order to assist Deloitte in maintaining independence, management should notify Ms. Brigitte Chartier where substantive employment conversations have been had with a former or current Deloitte partner or engagement team member.

Fraud and error

Management is responsible for:

1. designing and implementing programs and controls to prevent and detect fraud and error;
2. informing us about all known or suspected fraud affecting the Society involving (a) management, (b) employees who have significant roles in internal control, and (c) others where the fraud could have a material effect on the Financial Statements;
3. informing us of its knowledge of any allegations of fraud or suspected fraud affecting the Society received in communications from employees, former employees, analysts, regulators, short sellers, or others;

4. informing us of any information it might have regarding any concerns or allegations of potential errors in the selection of accounting policies or the recording of transactions affecting the Society that have been communicated to it by employees, former employees, analysts, regulators, short sellers, or others, whether written or oral;
5. informing us of its assessment of the risk that the Financial Statements may be materially misstated as a result of fraud; and
6. communicating its belief that the effects of any uncorrected financial statement misstatements aggregated during the audit are immaterial, both individually and in the aggregate, to the Financial Statements taken as a whole.

Related parties

The Society agrees that it will provide us with the identity of the Society's related parties, including changes from the previous period, the nature of the relationships between the Society and these related parties and whether the Society entered into any transactions with these related parties during the period and, if so, the type and purpose of the transactions.

Other information

Management acknowledges its responsibility for other information as applicable.

Where the Society issues other information, management undertakes to provide the other information prior to the date of our audit report where possible. To the extent the other information is expected to be available after the date of our audit report, management undertakes that such other information will be provided to us when available, and prior to its issuance by the Society, such that we are able to fulfill our responsibilities under CAS 720, *The Auditor's Responsibilities Relating to Other Information*.

Appendix C

Audit Committee responsibilities and auditor communications

Canadian Lawyers Liability Assurance Society
December 31, 2023

Audit Committee responsibilities

The Audit Committee is responsible for the oversight of the financial reporting process, including management's preparation of the Financial Statements and monitoring of the Society's internal control related to financial reporting and oversight of our work.

Communications with the Audit Committee

Canadian GAAS require that we communicate with the Audit Committee about a number of matters that are relevant to the financial reporting process.

Planned scope and timing of the audit

Our audit plan will be separately communicated to you, providing an overview of the planned scope and timing of the audit.

Significant findings from the audit

We will communicate our views about significant qualitative aspects of the Society's accounting practices, including accounting policies, accounting estimates and financial statement disclosures. Should the need arise, we will communicate to the Audit Committee why we would consider a significant accounting practice that may be acceptable under IFRS, not to be the most appropriate to the particular circumstances of the Society.

We will communicate, in writing, any significant deficiencies in internal control that we identify on the basis of the audit work performed. The purpose of our audit is to express an opinion on the Financial Statements.

While the audit will include consideration of internal control relevant to the preparation of the Financial Statements in order to design audit procedures appropriate in the circumstances, it was not performed to express an opinion on the effectiveness of internal control.

In addition, we will communicate:

- any significant matters arising from the audit in connection with the Society's related parties;
- any events or conditions identified that may cast significant doubt on the Society's ability to continue as a going concern, including whether the events or conditions constitute a material uncertainty;
- any significant difficulties encountered during the audit;

- any significant matters arising from the audit that were discussed or subject to correspondence with management;
- written representations we are requesting;
- where CAS 720 applies, any uncorrected material inconsistencies between the other information and the Financial Statements or our knowledge obtained in the audit, and any uncorrected material misstatements of the other information we identify from reading the financial and non-financial information included in the Society's annual report containing or accompanying the Financial Statements and our audit report; and
- any other matters that in our professional judgment are significant to the oversight of the financial reporting process.

Fraud, error and illegal acts

If items of the following nature come to our attention, and in our judgment need to be reported to those charged with governance, we will report them directly to the Audit Committee:

1. Any fraud that involves management;
2. Any fraud involving employees who have significant roles in internal control;
3. Any fraud of which we become aware that has resulted or could result in a material misstatement of the Financial Statements;
4. Any other matters related to fraud, which in our judgment, are relevant to the responsibilities of the Audit Committee;
5. Instances of identified or suspected non-compliance with laws and regulations, other than when the matters are clearly inconsequential;
6. Individual uncorrected misstatements identified by us during the audit that were determined by management to be immaterial, both individually and in the aggregate, to the Financial Statements taken as a whole;
7. Uncorrected misstatements related to prior periods in the relevant classes of transactions, account balances or disclosures and the Financial Statements taken as a whole;
8. Questions regarding the honesty and integrity of management;
9. Matters that may cause future financial statements to be materially misstated; and
10. Significant misstatements resulting from error that were corrected by management.

We will also be making inquiries of the Audit Committee of any actual, suspected or alleged fraud affecting the Society and whether the Society is in compliance with laws and regulations that may have a material effect on the Financial Statements.

We will inform the appropriate level of management of the Society and determine that the Audit Committee is adequately informed with respect to illegal acts that have been detected or have otherwise come to our attention in the course of our audit, unless the illegal acts are clearly inconsequential.

The matters communicated will be those that we identify during the course of our audit. Our audit would not identify all matters that may be of interest to management or the Audit Committee in discharging its responsibilities. Communication with the appropriate level of authority in the organization's management and with those charged with governance will be determined by the type and significance of the matter to be communicated.

We will also make inquiries of the Audit Committee as to whether any subsequent events have occurred that may affect the Financial Statements, including matters discussed at meetings of the Audit Committee after December 31, 2023.

Appendix D

Expected form of audit report

Canadian Lawyers Liability Assurance Society

December 31

We will provide you with our report on the Financial Statements, which is expected to be in the following form. However, the final form will reflect the results of our audit.

Independent Auditor's Report

To the Advisory Board of Canadian Lawyers Liability Assurance Society

Opinion

We have audited the financial statements of Canadian Lawyers Liability Assurance Society (the "Society"), which comprise the statements of financial position as at December 31, 2022 and December 31, 2023, and the statements of comprehensive income (loss), changes in equity and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Society as at December 31, 2022 and December 31, 2023, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Society in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, 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.

In preparing the financial statements, management is responsible for assessing the Society's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Society or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Society's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Society's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Society's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Society to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

(To be signed Deloitte LLP)

Chartered Professional Accountants
Licensed Public Accountants
Toronto, Ontario
February [..], 2024

Expected form of audit report- P&C Audit Report

Canadian Lawyers Liability Assurance Society
December 31

Independent Auditor's Report

To the Advisory Board of Canadian Lawyers Liability Assurance Society, and the Provincial Superintendents of Financial Institutions/Insurance

Opinion

We have audited the financial statements of Canadian Lawyers Liability Assurance Society (the "Society"), which comprise the statements of assets and liabilities, equity, head office account, reserves and AOCI as at December 31, 2023, and the statements of income, comprehensive income and accumulated other comprehensive income, head office account, reserves, changes in equity and cash flows for the year then ended on pages 20.10, 20.11 and 20.22 through 20.60 of the Society's Core Financial Statement Return (PC1), which includes the notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Society as at December 31, 2023, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Society in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Unaudited Information

We have not audited the schedules and exhibits except for those on pages 20.10, 20.11 and 20.22 through 20.60 of the Society's Core Financial Statement Return (PC1). Accordingly, this auditor's report and our opinion do not cover the schedules and exhibits on the other pages of the Society's Core Financial Statement Return (PC1).

Other Matter

We issued a separate auditor's report dated February [..], 2024 on the MCT on P&C MCT/BAAT Quarterly Return PC4 of the Society 's P&C Quarterly Return.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, 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.

In preparing the financial statements, management is responsible for assessing the Society 's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Society or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Society's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Society's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Society's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Society to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

(To be signed Deloitte LLP)

Chartered Professional Accountants
Licensed Public Accountants
Toronto, Ontario
February [.] , 2024

Expected form of audit report – MCT Audit Report

Canadian Lawyers Liability Assurance Society
December 31

To the Advisory Board of Canadian Lawyers Liability Assurance Society, and the Provincial Superintendents of Financial Institutions/Insurance

Opinion

We have audited the Minimum Capital Test on P&C MCT/BAAT Quarterly Return (PC4) of Canadian Lawyers Liability Assurance Society (the “Society”) as at December 31, 2023 (the “MCT”).

In our opinion, the accompanying MCT of the Society as at December 31, 2023 is prepared, in all material respects, in accordance with the financial reporting provisions of Guideline A – Minimum Capital Test effective January 1, 2023 (the “Guideline”) prescribed by the Office of the Superintendent of Financial Institutions Canada (“OSFI”).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards (“Canadian GAAS”). Our responsibilities under those standards are further described in the *Auditor’s Responsibilities for the Audit of the MCT* section of our report. We are independent of the Society in accordance with the ethical requirements that are relevant to our audit of the MCT in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter - Basis of Accounting

We draw attention to the fact that the MCT has been prepared in accordance with the financial reporting provisions of the Guideline. The MCT is prepared to assist the Society to meet the requirements of the Superintendent of Financial Institutions Canada and the Provincial Superintendents of Financial Institutions/Insurance. As a result, the MCT may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Unaudited Information

We have not audited the schedules and exhibits except for the P&C MCT/BAAT Quarterly Return (PC4). Accordingly, this auditor’s report and our opinion do not cover the schedules and exhibits on the other pages of the Society’s P&C MCT/BAAT Quarterly Return (PC4).

Other Matter

We issued a separate auditor's report dated February [.] , 2024 on the financial statements on pages 20.10, 20.11 and 20.22 through 20.60 of the Society's Core Financial Statement Return (PC1).

Responsibilities of Management and Those Charged with Governance for the MCT

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

In preparing the MCT, management is responsible for assessing the Society's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Society or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Society's financial reporting process.

Auditor's Responsibilities for the Audit of the MCT

Our objectives are to obtain reasonable assurance about whether the MCT is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this MCT.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the MCT, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Society's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates, if any, and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Society's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the MCT or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Society to cease to continue as a going concern.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

(To be signed Deloitte LLP)

Chartered Professional Accountants
Licensed Public Accountants
Toronto, Ontario
February [.] , 2024

Appendix E

Coordination of the audit

Canadian Lawyers Liability Assurance Society
December 31, 2023

Deloitte and the Society will develop and maintain an up-to-date work plan that will govern the specific involvement, activities, work products and schedules of all individuals involved in this engagement, including those in the employ of Deloitte, the Society and third parties, and regardless of whether the individuals have been assigned to the engagement by Deloitte, the Society or a third party.

Deloitte’s responsibilities

We will plan the performance of our audit in accordance with the estimated timetable outlined below. We anticipate that we will commence this engagement during the month of November 2023 and will advise management of any changes to the timetable. We will communicate to management on a periodic basis concerning the status of the engagement. Should we anticipate any changes to our proposed fees, the scope of the engagement, the nature of our report or other planned deliverables, we will contact and advise management of the nature of these changes.

	Estimated to begin	Targeted for completion
Audit performance schedule:		
Planning	November 2023	November 2023
Audit procedures:		
Interim Testing	November 2023	December 2023
Year- end Testing	January 2024	February 2024
Auditor communications:		February 2024
Report on audit, including all required communications		February 2024

Management’s responsibilities

Management will provide all documentation, as requested by Deloitte, in an accurate and timely fashion.

Appendix F

Circumstances affecting timing and fee estimate

Canadian Lawyers Liability Assurance Society
December 31, 2023

The fees quoted for the audit are based on certain assumptions. Circumstances may arise during the engagement that may significantly affect the targeted completion dates and our fee estimate. As a result, additional fees may be necessary. Such circumstances include, but are not limited to, the following:

Audit facilitation

1. Changes to the timing of the engagement at the Society's request. Changes to the timing of the engagement usually require reassignment of personnel used by Deloitte in the performance of services hereunder. However, because it is often difficult to reassign individuals to other engagements, Deloitte may incur significant unanticipated costs.
2. All audit schedules are not (a) provided by the Society on the date requested, (b) completed in a format acceptable to Deloitte, (c) mathematically correct, or (d) in agreement with the appropriate Society records (e.g., general ledger accounts). Deloitte will provide the Society with a separate listing of required schedules, information requests, and the dates such items are needed.
3. Significant delays in responding to our requests for information such as reconciling variances or providing requested supporting documentation (e.g., invoices, contracts, and other documents).
4. Deterioration in the quality of the Society's accounting records during the current year engagement in comparison with the prior-year engagement.
5. A completed trial balance, referenced to the supporting analyses, schedules and Financial Statements, is not provided timely by the Society.
6. Draft Financial Statements with appropriate supporting documentation are not prepared accurately and timely by the Society's personnel.
7. Electronic files in an appropriate format and containing the information requested are not provided by the Society on the date requested for our use in performing file interrogation. Deloitte will provide the Society with a separate listing of the required files and the dates the files are needed.
8. The engagement team, while performing work on the Society's premises, is not provided with access to the Internet for purposes of conducting the engagement.

Significant issues or changes

1. Significant deficiencies are identified in the Society's internal control that result in the expansion of our audit procedures.
2. A significant level of proposed audit adjustments is identified during our audit.
3. A significant number of drafts of the Financial Statements are submitted for our review or we identify a significant level of deficiencies in the draft Financial Statements.
4. Significant new issues or changes arise as follows:
 - a. New accounting issues;
 - b. Changes in accounting policies or practices from those used in prior years;
 - c. Events or transactions not contemplated in our budgets;
 - d. Changes in the Society's financial reporting process or IT systems;
 - e. Changes in the Society's accounting personnel, its responsibilities, or its availability;
 - f. Changes in auditing standards; and
 - g. Change in the Society's use of specialists or the specialists and/or their work product do not meet the qualifications required by Canadian GAAS for our reliance upon their work.
5. Changes in audit scope caused by events that are beyond our control.

Appendix G

General business terms

Canadian Lawyers Liability Assurance Society
December 31, 2023

The following general business terms (the “Terms”) apply to the engagement except as otherwise provided in the specific engagement letter agreement (the “Engagement Letter”) between Deloitte LLP (“Deloitte”) and Canadian Lawyers Liability Assurance Society, (the “Society”) to which these Terms are attached.

1. **Timely performance** – Deloitte will not be liable for failures or delays in performance that arise from causes beyond Deloitte’s control, including the untimely performance by the Society of its obligations as set out in the Engagement Letter.
2. **Right to terminate services** – If the Society terminates the engagement or requests that Deloitte resign from the engagement prior to its completion, the Society will pay for time and expenses incurred by Deloitte up to the termination or resignation date together with reasonable time and expenses incurred to bring the services to a close in a prompt and orderly manner. Deloitte will not be responsible for any loss, cost or expense resulting from such termination or resignation. Should the Society not fulfill its obligations set out herein or in the Engagement Letter, and in the absence of rectification by the Society within thirty (30) days of notification in writing by Deloitte, upon written notification Deloitte may terminate its services immediately and will not be responsible for any loss, cost or expense resulting from such early termination.
3. **Fees and taxes** – Any fee estimates take into account the agreed-upon level of preparation and assistance from Society personnel. Deloitte undertakes to advise management of the Society on a timely basis should this preparation and assistance not be provided or should any other circumstances arise which cause actual time to exceed that estimate. The Society is responsible for the payment of any applicable federal, provincial or other goods and services or sales taxes, or any other taxes or duties, in connection with the services provided by Deloitte.
4. **Expenses** – In addition to professional fees, the Society will reimburse Deloitte for its reasonable out-of-pocket expenses including travel, meals and hotels incurred in connection with this engagement.
5. **Billing** – Invoices will be rendered periodically as agreed in advance. All invoices shall be due and payable when rendered. Interest shall be calculated at a simple daily rate of 0.0493% (equivalent to 18% per annum). Interest shall be charged and payable at this rate on any part of an invoice which remains unpaid from thirty (30) days after the invoice date to the date on which the outstanding invoice is paid. To the extent that as part of the services to be performed by Deloitte as described in the Engagement Letter, Deloitte personnel are required to perform the services in the United States of America (“U.S. Business”), the Society and Deloitte agree to assign performance of the U.S. Business to Deloitte Canada LLP, an affiliate of Deloitte. All services performed by Deloitte Canada LLP shall be performed under the direction of Deloitte, which shall remain responsible to the Society for such services. Deloitte Canada LLP shall invoice the Society with respect to the U.S. Business and Deloitte will invoice for services performed in Canada (“Canadian Business”). Payment for U.S. Business and/or Canadian Business can be settled with one payment to Deloitte.

6. **Governing law** – The engagement will be governed by the laws of the Province where Deloitte’s principal office performing the engagement is located and all disputes related to the engagement shall be subject to the exclusive jurisdiction of the courts of such Province.
7. **Working papers** – All working papers, files and other internal materials created or produced by Deloitte related to the engagement are the property of Deloitte. In the event that Deloitte is requested by the Society or required by subpoena or other legal or regulatory process to produce its files related to this engagement in proceedings to which Deloitte is not a party, the Society will reimburse Deloitte for its professional time and expenses, including legal fees, incurred in dealing with such matters.
8. **Privacy** – Deloitte and the Society agree that, in connection with the engagement, Deloitte may collect, use, disclose and otherwise process personal information about identifiable individuals (“Personal Information”). Deloitte’s services are provided on the basis that the Society has obtained any required consents under applicable privacy legislation for collection, use, disclosure and processing to Deloitte of Personal Information.
9. **Third parties** – Deloitte’s engagement is not planned or conducted in contemplation of or for the purpose of reliance by any third party (other than the Society and any party to whom Deloitte’s audit report is addressed) or with respect to any specific transaction. Therefore, items of possible interest to a third party will not be addressed and matters may exist that would be assessed differently by a third party, possibly in connection with a specific transaction.
10. **Confidentiality** – To the extent that Deloitte collects or is provided with Personal Information or any proprietary or confidential information of the Society (collectively, “Confidential Information”), Deloitte will not disclose such information to any third party without the Society’s consent, except as may be required or permitted by law, regulation, legal authority or professional obligations, to satisfy (as applicable) the requirements of the Canadian Public Accountability Board (“CPAB or as otherwise permitted by this Engagement Letter. Confidential Information may be disclosed by Deloitte to its affiliates and to member firms of Deloitte Touche Tohmatsu Limited (“DTTL”) and their respective subsidiaries and affiliates (“Deloitte Entities”), component auditors, permitted subcontractors and third parties that provide services to Deloitte. Confidential Information collected by or provided to Deloitte in connection with the engagement may be used, processed, disclosed and stored outside Canada by Deloitte, Deloitte Entities, component auditors or third-party service providers to Deloitte. Deloitte is responsible to the Society for causing any such Deloitte Entities, component auditors and third-party service providers to comply with the obligations of confidentiality set out in this section. Confidential Information may be subject to disclosure in accordance with laws applicable in the jurisdiction in which the information is used, processed or stored. The Society also agrees that Deloitte may aggregate Confidential Information and use and disclose that information as part of research and advice, including benchmarking services, provided that all such information will be rendered anonymous and not subject to association with the Society.

11. **Electronic communications** – Except as instructed otherwise in writing, each party consents to properly addressed fax, email (including email exchanged via Internet media) and voicemail communication of both sensitive confidential and non-sensitive documents, information and other communications concerning this engagement, as well as other means of communication used or accepted by the other. It is recognized that the Internet may be insecure and each party will be responsible for protecting its own systems and interests and, to the fullest extent permitted by law, will not be responsible to the other on any basis (contract, tort or otherwise) for any loss, damage or omission in any way arising from the use of the Internet or from access by any Company or Deloitte personnel, including personnel of Deloitte Entities and third parties that provide services to Deloitte, to networks, applications, electronic data or other systems of the other party.
12. **Assignment** – Except as provided below in section 13, no party may assign, transfer, or delegate any of its rights or obligations relating to this engagement without the prior written consent of the other parties.
13. **Subcontracting** – Deloitte may use the services of any Deloitte Entities, component auditors or other subcontractors (including those operating outside Canada) to assist Deloitte. Deloitte remains responsible to the Society for services performed by Deloitte Entities and subcontractors. Each Deloitte Entity is a separate and independent legal entity operating under the names “Deloitte”, “Deloitte & Touche”, “Deloitte Touche Tohmatsu” or other related names; and services are provided by member firms or their subsidiaries or affiliates and not by DTTL.
14. **Software tools** – In connection with the engagement, Deloitte may use data analytics technology which may require Deloitte to install and use one or more data extraction tools (“Extractors”) on the Society’s computing systems. The Society hereby consents to such access and the installation and use of such Extractors, and where applicable, Deloitte hereby grants the Society a limited, revocable, non-exclusive, non-assignable, non-sublicensable right to install and use those Extractors solely in connection with Deloitte’s performance of the engagement. Deloitte recommends that the Society perform adequate security and other appropriate testing on the Extractors before installation. All Extractors are protected by copyright and other laws of various countries, and Deloitte and its licensors reserve all rights not expressly granted in these Terms or the Engagement Letter. The Society is not allowed to reverse engineer, disassemble, decompile, or otherwise attempt to derive the Extractors’ source code, nor assist, directly or indirectly, in any efforts to do so, nor adapt, modify or create derivative works based on the Extractors. The license granted above will terminate upon completion or termination of this engagement. When the license terminates, the Society must, where applicable, stop using the Extractors and delete any and all installed Extractors from the Society’s computing systems, unless Deloitte and the Society have entered into a subsequent agreement that allows for the Society’s continued use. Although Deloitte takes commercially reasonable steps to make the Extractors useful and secure, Deloitte does not have any obligation to ensure they are so, or to maintain, update, upgrade or otherwise modify or support the Extractors. The Extractors are provided “as is” and “as available”, without warranty of any kind, and Deloitte expressly disclaims all implied warranties, including that the Extractors will be secure and error-free, or will meet any other criteria of performance or quality. Where analytics have been provided to you during the course of the audit, such analytics and the information contained therein are for general information only and Deloitte is not, by means of these analytics, rendering accounting, business, financial, investment, legal, tax, or other professional advice.

The Society shall be solely responsible for the accuracy and completeness of all data and information provided to Deloitte for purposes of such analytics. The Society acknowledges and agrees that such analytics were prepared based on information provided by the Society, which was taken “as is” and not validated or confirmed by Deloitte in any way.

15. **Survival of terms** – The agreements and undertakings of the Society contained in the Engagement Letter, together with the appendices to the Engagement Letter including these Terms, will survive the completion or termination of this engagement.
16. **Severability** – If a court or regulator with proper jurisdiction determines that a provision of this Engagement Letter is invalid, then that provision will be interpreted in a way that is valid under applicable law or regulation. If any provision is invalid, the rest of the Engagement Letter will remain in effect.
17. **Electronic messaging** – In accordance with Canadian anti-spam legislation, the Society consents to Deloitte contacting the Society and its personnel through electronic messages relating to Deloitte’s services, products and other matters of interest to the Society after the completion of this engagement. The Society may withdraw any such consent by contacting Deloitte at unsubscribe@deloitte.ca.
18. **Client misrepresentation** – Deloitte shall not be liable to the Society, and the Society releases Deloitte, for all liabilities, claims, damages, costs, charges and expenses incurred or suffered by the Society related to or in any way associated with the engagement that arise from or are based on any deliberate misstatement or omission in any material information or representation provided by or approved by any member of management of the Society, officer of the Society or member of the Audit Committee of the Society.
19. **Qualifications** – Notwithstanding anything herein to the contrary, Deloitte may use the name of the Society, refer to this engagement and the performance of the services in marketing, publicity materials and other material, as an indication of its experience, and in internal data systems.
20. **Publicity** – The Society shall not issue any press release or make any statements to the media pertaining to Deloitte, refer the media to Deloitte or ask Deloitte to act as media spokesperson on behalf of the Society, make any public statement relating to this Agreement, the Services, the Deliverables (where applicable) or the parties’ business relationship without the prior written consent of Deloitte, nor shall the Society disclose the existence or contents of this Engagement Letter, except as required by law.
21. **Force Majeure** – No party shall be deemed to be in breach of the engagement as a result of any delays or non-performance directly or indirectly resulting from circumstances or causes beyond its reasonable control, including, without limitation, fire, epidemic or other casualty, act of God, strike or labor dispute, war or other violence, any law, order or requirement of any governmental agency or authority, or pandemics (including, without limitation, COVID-19 and any such restrictions or conditions on working practices in response to such a threat).

For greater certainty, Deloitte shall have no liability for any failure or delay to perform its obligations under this Engagement Letter, to the extent caused and/or contributed to by the spread of COVID-19 and its associated impacts.



MEMORANDUM

DATE: October 25, 2023
TO: CLLAS Audit Committee
FROM: Carrie Green
COPY: Ken Crofoot
RE: Actuarial Peer Review

In accordance with OSFI Guideline E-15 which was adopted by the BC regulator, CLLAS must carry out a peer review of its actuarial liabilities every three years. The last peer review was conducted for the year ended 2020 and as such a peer review is required for December 31, 2023.

I obtained 3 quotes, the first from PwC who performed the 2020 work and whose quote was more than double their 2020 fee. The other two quotes, from equally qualified actuaries, were significantly less. This is generally viewed as a regulatory compliance exercise that does not deliver much value for CLLAS, so in this case it makes sense to decide based on price.

It is my recommendation to proceed with Eric Keen, who is known to Axxima and is well qualified. You will find his engagement letter including Terms & Conditions attached.

I look forward to discussing with the committee.

Sincerely,

Carrie Green
General Manager

OCTOBER 10, 2023

Carrie Green, General Manager, CLLAS

Berkeley Castle
250 The Esplanade, Suite 302
Toronto, Ontario, M5A 1J2

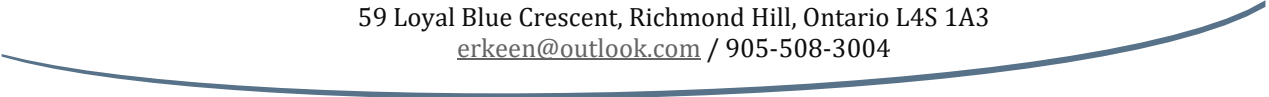
DEAR MS. GREEN,

This is an engagement letter for services relating to an external peer review for the Canadian Lawyers Legal Assurance Society (CLLAS). Valuation reports are prepared by the Appointed Actuary are required annually and external peer reviews of these reports are required periodically by insurance regulators. In requiring peer review of the work of the AA, OSFI's Guideline E-15 has the following objectives:

- Assist in the assessment of the insurer's safety and soundness: The AA has the responsibility for the valuation of policy liabilities in the financial statements and future financial condition reporting. Actuarial peer review is one tool regulators use in its assessment of the safety and soundness of insurers.
- Be of benefit to the AA by providing (i) a source of independent consultation advice, and (ii) an additional source of professional education: This aids in narrowing the range of practice by AA's and improving the quality of their work. OSFI recognizes that this is not the only source of professional development for the AA.
- Maintain and strengthen confidence in the work of the AA by the public, by insurance company management and directors and by supervisory authorities.

My name is Eric R. Keen and I am a fellow in good standing of the Canadian Institute of Actuaries (CIA). I have conducted previous peer reviews for both the branch and the company. When conducting peer reviews, I do not warrant or opine on the company's assets, liabilities or ability to perform on obligations. Instead, I review the appointed actuaries work for reasonableness within the scope of guideline E-15 and the standards of practice of the CIA.

Eric R. Keen FCAS FCIA
59 Loyal Blue Crescent, Richmond Hill, Ontario L4S 1A3
erkeen@outlook.com / 905-508-3004



The AA is required in each financial year to meet with and report to the directors or the chief agent on the company's financial position. In order to assist in achieving regulator's objective to assess insurers' safety and soundness, the reviewer is expected to:

- Review the AA's valuation of the policy liabilities, any material changes in valuation assumptions and methodology;
- Discuss methods and assumptions with the AA;
- Review the description of assumptions in the AA report; and
- Produce a written report(s) documenting the findings of the peer review.

In order to accomplish the above I will review the valuation report and supporting documentation. Note that, according to regulatory guidelines, it is the responsibility of the auditor to perform recalculation and to check data controls.

The AA and management of the company should co-operate fully with the peer reviewer when the review is being carried out. Best efforts should be used to provide the reviewer with access to any required documents and to provide any additional explanations that may be relevant to the peer review. In order to perform the valuation peer review, I will need:

- The draft AA valuation report;
- Any relevant correspondence with the regulator;
- The draft financials when available; and
- A copy of the investment portfolio showing yields and maturity dates of bonds as of yearend.

The above list is not necessarily complete as other items may be requested to complete the review.

Timing

I undertake to provide written reports with two weeks of being provided with the requisite information. However, since the reviews may require discussions and or correspondence with the AA and/or employees of CLLAS, this cannot be guaranteed.

Carrie Green

Quote

For the Valuation Peer Review of the Canadian Lawyers Legal Assurance Society - **\$6,000;**
HST must be added. My HST number is 86862 9775 RT0001

The above fees are exclusive of out-of-pocket expenses. Such expenses will include all travel, lodging and meals, as well as an allocation of office charges in the amount of 5% of professional fees in support of my services including computer usage, telephone, courier, postage, copying and similar expenses.

My fees will be rendered periodically and upon completion. Invoices rendered are due and payable upon receipt.

Distribution

The expected distribution of the external reviews shall be the AA, the audit committee or board of directors of CLLAS and insurance regulators. Any further distribution would require approval by the undersigned.

Terms and Conditions

The terms and conditions of this agreement have been attached as an appendix.

Authorization

If this agreement including the terms and conditions meet with your approval, please authorize, and return with your signature below.

Carrie Green

General Manager, CLLAS

Date

APPENDIX

TERMS AND CONDITIONS

The engagement letter, and any amendments thereto (collectively, the Engagement Letter) together with the Appendix, (the Appendix), (collectively, the Agreement), shall, once the Engagement Letter is executed by both parties, constitute the entire agreement between the client to which such Engagement Letter is addressed (the Client) and Eric R. Keen, a sole proprietorship, regarding the services described in the Agreement as the "Services". Capitalized terms not otherwise defined herein shall have the meaning ascribed to them in the Engagement Letter.

Performance

- 1 In consultation with the Client, Eric R. Keen will, acting reasonably, establish the timing of the performance of the Services. Eric R. Keen will use all reasonable efforts to complete the Services within any agreed upon time frame. However, Eric R. Keen shall not be liable for failures or delays in performance that arise from causes beyond its control, including the untimely performance by the Client of its obligations as set out in the Client Responsibility section below.
- 2 Eric R. Keen may, by way of replacement or addition, make changes to the personnel assigned to perform and/or supervise any of the services in respect of this Engagement, such replacement or additional personnel to be reasonably acceptable to Client, for reasons including, but not limited to, illness, injury or other health-related incapacity, termination of employment, promotion, transfer to another project, or hiring new personnel.

Right to Terminate Services

- 3 In addition to any termination rights contemplated under the Engagement Letter, should the Client not fulfill its responsibilities to Eric R. Keen under the Agreement, and in the event that the Client fails to remedy such default within thirty (30) days following receipt of a notice from Eric R. Keen to this effect, Eric R. Keen may, without prejudice to its other rights and recourses, and without any further notice, cease providing the Services and consider the Agreement terminated. In such case, Eric R. Keen will not be responsible for any action, claim, liability, loss, damage, cost or expenses arising out of, in connection with or resulting from such termination.
- 4 In addition to any termination rights contemplated under the Engagement Letter, should Eric R. Keen not fulfill its responsibilities to the Client under the Agreement, and in the event that Eric R. Keen fails to remedy such default within thirty (30) days following receipt of a notice from the Client to this effect, the Client may, without prejudice to its other rights and recourses, and without any further notice, terminate the Agreement upon full payment of fees and expenses invoiced by Eric R. Keen to that date.
- 5 The Client may terminate this Engagement for convenience, at any time, upon not less than fifteen (15) days prior written notice, or immediately if specified in the Engagement Letter, to Eric R. Keen. Upon such termination, the Client will be liable to Eric R. Keen for payment of (i) all fees payable, on a time and materials basis at the rates set out in this Agreement, for all services provided by Eric R. Keen to the date of such termination, and (ii) such other reasonable and customary costs of Eric R. Keen, demonstrated to the reasonable satisfaction of the Client, to be directly related to the winding down of the services and work which are being terminated.

Client Responsibility

- 6 The Client will provide all information and materials and such other assistance Eric R. Keen may reasonably require and within Client's possession or control to enable Eric R. Keen to provide the services and affirms that all information disclosed or to be disclosed by the Client to Eric R. Keen is or will be to the Client's knowledge true, accurate and not misleading in any material respect. The Client will ensure that its staff and senior management are available to provide such information, materials and assistance and that such Client personnel will be qualified and have the appropriate skills and experience. If any of the Client's personnel fails to perform as required, the Client will make suitable additional or alternative personnel available.
- 7 The Client agrees that all information disclosed or to be disclosed to Eric R. Keen by the Client is or will be to the Client's knowledge true, accurate and not misleading in any material respect.
- 8 The Client will, if necessary, provide Eric R. Keen with all office and other accommodation or workspace and facilities that Eric R. Keen may reasonably require to perform the Services.
- 9 Deleted
- 10 Eric R. Keen's performance of the Services is dependent on the Client carrying out its responsibilities as set out in this Agreement. Eric R. Keen shall not be responsible for any delay or any other consequences resulting from the Client's failure to perform any of its obligations under this Agreement.
- 11 Eric R. Keen is not responsible for any penalties assessed against the Client as the result of its failure to provide us with all accurate and complete information. The Client shall indemnify and hold Eric R. Keen, its partners, employees, authorized representatives and associated entities in Canada harmless for any penalties which are assessed against it as a result of such failure by the Client.
- 12 Deleted.

Warranties

- 13 Eric R. Keen warrants that the Services will be performed by qualified personnel. Eric R. Keen will provide its Services in a manner consistent with the terms and conditions of this Agreement and in accordance with the Current Standards of Practice of the Canadian Institute of Actuaries. THE WARRANTIES IN THIS SECTION ARE IN LIEU OF ALL OTHER WARRANTIES , EXPRESS, IMPLIED OR STATUTORY, OR WHETHER ARISING BY COURSE OF DEALING OR PERFORMANCE, CUSTOM, USAGE IN THE TRADE OR PROFESSION OR OTHERWISE, INCLUDING BUT NOT LIMITED TO, IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE.

- 14 All surveys, forecasts and recommendations arising from provision of consulting services to the Client are made in good faith and on the basis of information available or provided to Eric R. Keen at the time. Achievement of specific results will depend largely on the co-operation and actions of the Client's personnel and, accordingly, Eric R. Keen's statements shall not under any circumstances be interpreted as representations, warranties or guarantees.

Electronic Mail (e-mail) Communications

- 15 During the engagement, we may from time to time communicate electronically with each other. However, as the Client is aware, the electronic transmission of information cannot be guaranteed to be secure or error free and such information could be intercepted, corrupted, lost, destroyed, arrive late or incomplete or otherwise be adversely affected or unsafe to use. We shall not have any liability to each other arising from or in connection with the electronic communication of information to or from the Client during or as a result of its electronic transmission outside of our electronic environments. If the communication relates to a matter of significance and there are concerns about possible effects of electronic transmission, such information should be restricted to hard copy transmission.

Personal Information Protection

- 16 The Client hereby acknowledges and agrees that: (1) the Client shall only provide Eric R. Keen with access to, and Eric R. Keen will otherwise collect, use and disclose, personal information (as defined in the applicable law) about the Client and/or individuals in respect to whom the Client collects, uses, holds or discloses personal information, as required to provide the services and deliverables; (2) the Client has obtained all required consents, if any, for such activities, and shall otherwise disclose, transfer or grant access to such personal information only in compliance with applicable legislation regarding the protection of personal information; and (3) in addition to any other liability for breach of these Standard Terms and Conditions, the Client shall indemnify and hold Eric R. Keen, his partners, employees, authorized representatives and associated entities, harmless for any claim, demand, debt, action, or liability to any third party, including legal costs and disbursements, arising out of or in respect of any breach of the Client's obligations under this paragraph. Subject to (2) above, Eric R. Keen agrees that it will receive, collect, use, hold and disclose such personal information in compliance with all applicable legislation regarding the protection of personal information. Further, Eric R. Keen shall, upon demand, indemnify the Client and its employees for any damages finally awarded as a result of any claim, demand, debt, action or liability to Client or any Client employee arising out of or in respect of any breach by Eric R. Keen of this Section with respect to personal information of the Client's employees in connection with this engagement, other than to the extent resulting from a breach by the Client of this Section.

Limitation of Liability

- 17 Eric R. Keen will not be liable for damages for any delay or failure of delivery arising out of causes beyond its reasonable control (including, but not limited to, strikes, accidents, acts of nature, acts of

civil or military authorities, fires, riots, wars, embargoes or illness/medical emergencies) or by a failure of the Client to perform any of the Client's obligations in respect of this Engagement.

- 18 Eric R. Keen's ENTIRE LIABILITY TO THE CLIENT UNDER THIS ENGAGEMENT FOR DAMAGES FROM ANY CAUSE WHATSOEVER, AND REGARDLESS OF THE FORM OF ACTION OR THE CAUSE OF ACTION, WHETHER IN CONTRACT OR IN TORT (INCLUDING NEGLIGENCE), STRICT LIABILITY, BREACH OF A FUNDAMENTAL TERM, FUNDAMENTAL BREACH OR OTHERWISE, SHALL NOT EXCEED THE AGGREGATE OF THE AMOUNTS ACTUALLY PAID TO Eric R. Keen BY THE CLIENT.
- 19 IN NO EVENT SHALL Eric R. Keen BE LIABLE TO THE CLIENT UNDER THIS ENGAGEMENT FOR SPECIAL, INDIRECT, INCIDENTAL OR CONSEQUENTIAL DAMAGES, INCLUDING, WITHOUT LIMITATION, LOSS OF PROFITS OR REVENUE, LOSS OF GOODWILL, LOSS OF DATA, COST OF CAPITAL, HOWSOEVER CAUSED, EVEN IF SUCH DAMAGES ARE FORESEEABLE OR Eric R. Keen HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES.
- 20 The Client acknowledges that the Services will be performed on behalf of Eric R. Keen, a sole proprietorship. Accordingly, the Client agrees Eric R. Keen shall be liable for all Services and that the liability of the partners of Eric R. Keen shall be limited to the extent provided by the *laws of Ontario*.

Indemnification

- 21 Each party will indemnify and hold harmless the other party from and against all liabilities, damages, losses, judgements, settlements consented to by the indemnifying party, proceedings and demands related to, arising out of or in any way connected with any third party claim resulting from personal injury, including death, and loss of, damage to, or destruction of tangible property caused by the negligence or wilful misconduct of the indemnifying party. The indemnifying party will have sole control of the defence of any such third party claim. The other party will co-operate reasonably, at the indemnifying party's expense, in the defence of any such claim.

Fees and Payment

- 22 The fees charged by Eric R. Keen will be based on the scope of work for the Engagement. Any changes in scope occasioned, requested or authorised by the Client will result in extra fees which will be billed at rates defined in the Engagement Letter or Eric R. Keen's standard rates if not so defined. Delays experienced by Eric R. Keen in gaining access to the Client's personnel, reports or data will be considered a change in scope, however caused.
- 23 Eric R. Keen will render invoices as the work progresses. All invoices will be due for payment upon receipt. Interest will be charged on overdue accounts at 6% per annum.

- 24 Eric R. Keen will bill for all reasonable and customary expenses. Direct costs including, but not limited to, travel, meals and accommodation will be charged as incurred. In addition to its fees, expenses and other charges payable pursuant to this Agreement, Eric R. Keen will bill the Client for all applicable taxes, whether presently in force or imposed in the future.

Use and Distribution of the Deliverables

- 25 Deleted.
- 26 Eric R. Keen accepts no liability to third parties with respect to the Services and deliverables, Client agrees without limiting any other indemnification provision set forth in this Agreement, to indemnify and hold Eric R. Keen harmless from and against any and all Third Party claims, suits and actions, and all associated damages, settlements, losses, liabilities, costs, and expenses, including without limitation reasonable attorney's fees, arising from or relating to the Services and/or deliverables under this Agreement, except to the extent finally determined to have resulted from the gross negligence or intentional misconduct of Eric R. Keen relating to such Services and/or Deliverables.

Ownership

- 27 Subject to the following paragraph, the Client will own all written material originally prepared expressly for the Client and delivered to the Client under this Agreement. All proprietary and intellectual property rights in any Eric R. Keen Technology incorporated or embedded in the deliverables, or used to provide the services, will remain the exclusive property of Eric R. Keen and/or its licensors. "Eric R. Keen Technology" means (i) any general skills, expertise, ideas, concepts, methods, know-how, methodologies, technology, documentation, data files, templates, tools or software (in executable code and source code) or any other materials, information or data developed by or licensed to Eric R. Keen either prior to or as a result of the provision of services under this Agreement (other than Deliverables) and (ii) all corrections, improvements and enhancements thereto.
- 28 All working papers of Eric R. Keen belong exclusively to Eric R. Keen.
- 29 The Client may wish to include the deliverables of Eric R. Keen in a prospectus proposed to be filed under securities legislation or in some other securities offering document. The Client agrees that the deliverables, or reference to Eric R. Keen, will not be included in any such offering document without Eric R. Keen's prior permission or consent. Any agreement to perform work in connection with an offering document, including an agreement to provide permission or consent, will be a separate engagement.

Consent to Production

- 30 Eric R. Keen must meet professional standards and as such, is regulated or overseen by various professional bodies, including the Canadian Institute of Actuaries. In addition, other regulatory or professional authorities including the Office of the Superintendent of Financial Institutions, and the provincial insurance regulatory authorities, among others have the right to inspect our files, including working papers (the Documents), to determine if professional standards have been met. The Client hereby acknowledges that Eric R. Keen may from time to time, and in connection with such inspections of Eric R. Keen, receive requests or orders from such bodies to provide them with information and copies of such Documents. The Subject to paragraph 32, Client hereby consents to Eric R. Keen providing these Documents without further reference to, or authority from, the Client. Eric R. Keen shall provide the client with notice of any such request.
- 31 These professional bodies may also have the right to conduct investigations of the Client, including the Services provided. Subject to paragraph 32, to the extent practicable, Eric R. Keen will advise management and the Audit Committee of the Client of any such investigation request or order prior to production of our files, including working papers and other work-products relating to the Services (the Documents), except where prohibited by law from doing so. The Client will reimburse Eric R. Keen for its professional time and expenses, as well as the fees and expenses of its counsel, incurred in responding to such an investigation relating to the Client.
- 32 Except where production of Documents is required by law, Eric R. Keen will use all reasonable efforts to refuse access to any document over which the Client has expressly informed Eric R. Keen that the Client asserts privilege. The Client must mark any document over which the Client asserts privilege as privileged. Any legal or other out-of-pocket expense incurred by Eric R. Keen in asserting privilege on the Client's behalf will be charged to the Client.
- 33 In the event Eric R. Keen is requested or authorized by the Client or required by government regulation, subpoena, or other legal process to produce its Documents or its personnel as witnesses with respect to the Services for the Client, the Client will, so long as Eric R. Keen is not a party to the proceeding in which the Documents are sought, reimburse Eric R. Keen for its professional time and expenses, as well as the fees and expenses of its counsel, incurred in responding to such a request. Eric R. Keen shall provide the client with notice of any such request if possible under the circumstances.

Governing Law

- 34 The Agreement shall be governed and construed in accordance with the laws of the Province of Ontario and shall be deemed in all respects to be an Ontario contract. The parties hereby agree to the jurisdiction of the courts of the Province of Ontario with respect to all matters arising under or by virtue of this Agreement.

Severability

- 35 If any of the provisions of this Agreement are determined to be invalid or unenforceable, the remaining provisions shall remain in effect and be binding on the parties to the fullest extent permitted by law.

Other Matters

- 36 The failure of either party to insist upon strict performance of the Agreement, or to exercise any option herein, shall not act as a waiver of any right, promise or option, but the same shall continue to be in full force and effect. No waiver of any term or provision or of any breach or default shall be valid unless in writing and signed by the party giving such waiver, and no such waiver shall be deemed a waiver of any other term or provision or any subsequent breach or default of the same or similar nature.
- 37 The Agreement constitutes the entire agreement of the Client and Eric R. Keen with respect to its subject matter and supersedes and replaces all other prior agreements and understandings, whether written or oral, between the Client and Eric R. Keen relating to the subject matter. Upon the termination of this Agreement for any reason including normal expiration, the provisions of this Agreement relating to indemnification shall survive the expiration and termination of this Agreement in addition to any other provision that survives by operation of law or which by its nature is intended to survive. This Agreement may not be modified, amended or superseded except by the Client and Eric R. Keen in writing.
- 38 The Client agrees that each engagement with Eric R. Keen for additional services will be subject to a separate engagement letter and the approval of either the Client's management or its board of directors.
- 39 Eric R. Keen and the Client are independent contractors of each other, and neither party will represent itself to be an agent of the other. Except as required by law, neither party will have any liability or responsibility to the other party for any withholding, collection or payment of income taxes, employment insurance or pension plan premiums, workers' compensation plan levies or any other taxes, premiums, levies or charges, statutory or otherwise, in respect of the other party's employees.
- 40 Neither party may assign this Agreement without the prior written consent of the other party, which consent will not be unreasonably withheld. This Agreement will be binding on and ensure to the benefit of the parties hereto and their respective successors and permitted assigns.

COLCHESTER REINSURANCE LIMITED

PERIODIC REPORTING PACKAGE

FOR THE TWELVE MONTHS ENDED JUNE 30, 2023

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, 2023
(EXPRESSED IN CANADIAN \$)

		JUNE 30, 2023	JUNE 30, 2022
ASSETS			
Cash at bank - premier accounts		413,213.26	1,480,717.13
Cash & cash equivalents	1	413,213.26	1,480,717.13
Royal Bank of Canada-Investments	2	29,132,463.02	34,690,025.19
Accrued interest receivable	3	169,218.76	205,381.95
Insurance Balances Receivable		0.00	0.00
Provision for Losses Recoverable	4	9,702,577.00	8,104,845.00
Deferred Reinsurance Premiums	5	0.00	0.00
Prepaid expenses	6	8,391.00	7,894.00
		39,012,649.78	43,008,146.14
TOTAL ASSETS		39,425,863.04	44,488,863.27
Insurance balances payable		0.00	0.00
Accrued expenses	7	108,158.00	105,869.00
Accounts payable		0.00	0.00
Claims payable		46,981.83	455,747.14
		155,139.83	561,616.14
RESERVES			
Unearned Premium Reserve	9	0.00	0.00
Outstanding losses	8	4,291,583.00	10,519,778.00
Outstanding losses - I.B.N.R.	8	15,084,336.00	13,622,486.00
		19,375,919.00	24,142,264.00
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		19,303,723.30	20,920,154.64
Net profit/(loss) for the period		(558,593.26)	(1,616,431.34)
		22,060,230.04	22,618,823.30
Accum. Other Comprehensive Income		(2,165,425.83)	(2,833,840.17)
TOTAL SHAREHOLDERS EQUITY		19,894,804.21	19,784,983.13
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY		39,425,863.04	44,488,863.27

COLCHESTER REINSURANCE LIMITED
UNAUDITED STATEMENT OF INCOME
FOR THE PERIOD JULY 1 2022 TO JUNE 30, 2023
(EXPRESSED IN CANADIAN \$)

	MOVEMENT DURING QTR	12 MONTHS TO JUNE 30, 2023	12 MONTHS TO JUNE 30, 2022
UNDERWRITING INCOME			
Premiums written	0.00	3,603,874.00	3,231,090.00
Unearned premium transfer	900,968.50	0.00	0.00
GROSS EARNED PREMIUMS	900,968.50	3,603,874.00	3,231,090.00
Reinsurers' ceded premiums	0.00	(2,764,463.04)	(2,434,608.81)
Deferred ceded premiums	(691,115.76)	0.00	0.00
Reinsurers' ceded premiums earned	(691,115.76)	(2,764,463.04)	(2,434,608.81)
	209,852.74	839,410.96	796,481.19
TOTAL UNDERWRITING INCOME	209,852.74	839,410.96	796,481.19
UNDERWRITING EXPENSES			
Net losses paid	28,043.51	7,605,658.32	833,984.55
Outstanding losses adjustment	(66,624.00)	(6,228,195.00)	1,503,865.00
Transfer to IBNR	269,853.00	1,461,850.00	1,084,598.00
Transfer to prov. for losses recoverable	(138,078.00)	(1,597,732.00)	(762,795.00)
NET INCURRED LOSSES	93,194.51	1,241,581.32	2,659,652.55
OTHER UNDERWRITING EXPENSES (see schedule)	21,090.00	85,362.00	81,112.00
TOTAL UNDERWRITING EXPENSES	114,284.51	1,326,943.32	2,740,764.55
UNDERWRITING PROFIT / (LOSS)	95,568.23	(487,532.36)	(1,944,283.36)
GENERAL AND ADMIN EXPENSES (see schedule)	69,667.76	258,982.06	243,486.93
	25,900.47	(746,514.42)	(2,187,770.29)
INTEREST INCOME & EXCEPTIONAL ITEMS			
Interest income	236,024.99	977,939.39	968,413.25
Profit/(loss) on sale of invts	(459,049.55)	(482,208.66)	(43,159.22)
Amortisation of investments	(53,661.12)	(198,991.53)	(239,382.65)
Investment management fees	(20,144.39)	(86,756.68)	(92,789.97)
Investment Custody Fees	(5,739.50)	(22,061.36)	(21,742.46)
	(302,569.57)	187,921.16	571,338.95
NET PROFIT/(LOSS) BEFORE TAX	(276,669.10)	(558,593.26)	(1,616,431.34)
INCOME TAX	0.00	0.00	0.00
DIVIDEND PAID	0.00	0.00	0.00
NET PROFIT/(LOSS) AFTER TAX	(276,669.10)	(558,593.26)	(1,616,431.34)

COLCHESTER REINSURANCE LIMITED

ANALYSIS OF EXPENSES AS AT JUNE 30, 2023 FOR THE PERIOD JULY 1 2022 TO JUNE 30, 2023

	MOVEMENT DURING QTR	12 MONTHS TO JUNE 30, 2023	12 MONTHS TO JUNE 30, 2022
UNDERWRITING EXPENSES			
Brokerage commission	21,090.00	85,362.00	81,112.00
	<u>21,090.00</u>	<u>85,362.00</u>	<u>81,112.00</u>
GENERAL & ADMIN EXPENSES			
Management fees	22,378.01	90,532.06	87,460.55
Directors fees	3,711.00	16,152.82	15,445.88
Audit fees	7,900.00	34,072.72	29,394.15
Compliance fees	2,879.80	16,380.69	0.00
Tax consultancy fees	505.00	2,501.33	1,595.86
Actuarial fees	11,569.08	41,505.16	45,756.32
Insurance Costs - D&O	6,375.00	25,500.00	25,500.00
Secretarial fees	8,411.55	8,411.55	14,968.35
Licence fees	4,196.00	16,285.35	15,897.56
Bank and L.O.C charges	837.72	4,159.93	4,016.73
Communication expenses	904.60	3,480.45	3,451.53
	<u>69,667.76</u>	<u>258,982.06</u>	<u>243,486.93</u>

COLCHESTER REINSURANCE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

1. CASH ON DEPOSIT

Royal Bank - Canadian Dollar Call Account	45,106.24
Royal Bank - Premier Canadian Dollar Account	368,107.02
	<u>413,213.26</u>

2. INVESTMENTS

Investment at cost	31,802,190.32
Amortization	(504,301.47)
Portfolio at amortized cost	<u>31,297,888.85</u>
Unrealized gain / (loss)	(2,165,425.83)
Portfolio at market value	<u>29,132,463.02</u>

3. ACCRUED INTEREST RECEIVABLE

Investments - RBC	169,218.76
	<u>169,218.76</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	0.00	0.00
2009/2010	0.00	0.00	0.00
2010/2011	0.00	0.00	0.00
2011/2012	0.00	22,466.00	22,466.00
2012/2013	0.00	68,924.00	68,924.00
2013/2014	0.00	97,925.00	97,925.00
2014/2015	0.00	88,211.00	88,211.00
2015/2016	0.00	439,066.00	439,066.00
2016/2017	0.00	116,807.00	116,807.00
2017/2018	0.00	272,454.00	272,454.00
2018/2019	0.00	625,657.00	625,657.00
2019/2020	0.00	1,327,173.00	1,327,173.00
2020/2021	0.00	1,418,397.00	1,418,397.00
2021/2022	0.00	2,454,202.00	2,454,202.00
2022/2023	0.00	2,771,295.00	2,771,295.00
	<u>0.00</u>	<u>9,702,577.00</u>	<u>9,702,577.00</u>

COLCHESTER REINSURANCE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

5. DEFERRED REINSURANCE PREMIUMS

Reinsurers' Premium to be earned	(\$2,764,463.04*12/0)	0.00
		<u><u>0.00</u></u>

6. PREPAID EXPENSES

Annual Government Tax	US\$12,500 p.a.	8,391.00
		<u><u>8,391.00</u></u>

7. ACCOUNTS PAYABLE/ACCRUED EXPENSES

Audit fees	31,600.00
Investment Fees	20,252.00
Investment Custody Fees	5,740.00
Brokerage Commission	21,090.00
Actuarial Fees	11,569.00
Director's Fees	15,884.00
Consultancy Fee - Tax	2,023.00
	<u><u>108,158.00</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	43,021	3,714.00	46,735.00
2008/2009	-	0.00	0.00
2009/2010	-	0.00	0.00
2010/2011	59,253	3,805.00	63,058.00
2011/2012	-	77,702.00	77,702.00
2012/2013	-	129,584.00	129,584.00
2013/2014	1,157,603	206,368.00	1,363,971.00
2014/2015	5,000	135,034.00	140,034.00
2015/2016	1,815,077	195,475.00	2,010,552.00
2016/2017	61,629	177,998.00	239,627.00
2017/2018	-	390,258.00	390,258.00
2018/2019	-	915,195.00	915,195.00
2019/2020	1,150,000	1,698,907.00	2,848,907.00
2020/2021	-	2,157,500.00	2,157,500.00
2021/2022	-	4,205,041.00	4,205,041.00
2022/2023	-	4,787,755.00	4,787,755.00
	<u><u>4,291,583.00</u></u>	<u><u>15,084,336.00</u></u>	<u><u>19,375,919.00</u></u>

9. UNEARNED PREMIUM RESERVE

Premiums	(\$3,603,874/12*0)	0.00
		<u><u>0.00</u></u>

COLCHESTER REINSURANCE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

10. LOSS/EQUITY RATIO

Loss Reserves	19,375,919.00
Shareholder Equity	22,060,230.04
Ratio	88%

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	796,481.00
Minimum Solvency Margin re (2) above	160,887.50
Total Assets	39,425,863.04
Less: Non-admitted Assets	
Long Term Investments	0.00
Prepayments	8,391.00
Total Admitted Assets	39,417,472.04
Total Liabilities	19,531,058.83
Solvency Margin (Excess of Assets over Liabilities)	19,886,413.21
Excess over Minimum Solvency Margin	<u>19,725,525.71</u>

COLCHESTER REINSURANCE LIMITED
UNDERWRITING ANALYSIS AS AT JUNE 30, 2023
FOR THE PERIOD APRIL 1, 2023 TO JUNE 30, 2023

	Inward Reinsurance of CLLAS EOL 49Mx1M-33%	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 60M/60Mx250M-25%	Inward Reinsurance of CLLAS Excess Layers 30M/60Mx250M-25%	Outward Retro. of Colchester EOL 5Mx4M-33%	Outward Retro. of Colchester EOL 40Mx10M-23%	Outward Retro. of Colchester Agg. Stop Loss 15Mx3M-100%	Outward Retro. of Colchester EOL 30Mx20M-10%	Outward Retro. of Colchester EOL 50Mx50M-5%	Outward Retro. of Colchester Excess Layers 60Mx160M-100%	Outward Retro. of Colchester Excess Layers 30Mx250M-25%	Total
Limits													
Policy No.													
	CLLAS00122	CLLAS00422	ADD 52 to 89-011	CLLAS00222	CLLAS000622	C226010 - CLLAS000120	C226020 - CLLAS000120	C226016	C221059	C221016	C226008	C221064	
Policy Period	1-Jul-22 to 30-Jun-23	1-Jul-22 to 30-Jun-23	1-Jul-22 to 30-Jun-23	1-Jul-22 to 30-Jun-23	1-Jul-22 to 30-Jun-23	1-Jul-22 to 30-Jun-23	1-Jul-22 to 30-Jun-23	1-Jul-22 to 30-Jun-23	1-Jul-22 to 30-Jun-23	1-Jul-22 to 30-Jun-23	1-Jul-22 to 30-Jun-23	1-Jul-22 to 30-Jun-23	
Premiums Written													-
Trfd from Unearned Prem. Reserve	801,912.00	24,796.50	24,574.75	28,237.75	21,447.50								900,968.50
Premiums Earned	801,912.00	24,796.50	24,574.75	28,237.75	21,447.50								900,968.50
Reinsurance Premiums Ceded													-
Trfd from Deferred Reins. Prem.			-			(139,577.21)	(269,718.70)	(116,875.00)	(91,874.95)	(24,796.58)	(26,825.89)	(21,447.44)	(691,115.76)
Reinsurance Premiums Earned			-			(139,577.21)	(269,718.70)	(116,875.00)	(91,874.95)	(24,796.58)	(26,825.89)	(21,447.44)	(691,115.76)
Net Premiums Earned													209,852.74

App. 1a

COLCHESTER REINSURANCE LIMITED
UNDERWRITING ANALYSIS AS AT JUNE 30, 2023
FOR THE PERIOD JULY 1, 2022 TO JUNE 30, 2023

	Inward Reinsurance of CLLAS EOL 49Mx1M-33%	Inward Reinsurance of CLLAS Agg. Stop Loss 50Mx50M-5%	Inward Reinsurance of CLLAS ADD 50 to 89-011	Inward Reinsurance of CLLAS Excess Layers 60Mx160M-10%	Inward Reinsurance of CLLAS Excess Layers 5M/60Mx250M-25	Outward Retro. of Colchester EOL 5Mx4M-33%	Outward Retro. of Colchester EOL 40Mx10M-23%	Outward Retro. of Colchester Agg. Stop Loss 15Mx3M-100%	Outward Retro. of Colchester EOL 30Mx20M-10%	Outward Retro. of Colchester EOL 50Mx50M-5%	Outward Retro. of Colchester Excess Layers 60Mx160M-100%	Outward Retro. of Colchester Excess Layers 30Mx250M-25%	Total
Limits													
Policy No.													
Policy Period	CLLAS00122 1-Jul-22 to 30-Jun-23	CLLAS00422 1-Jul-22 to 30-Jun-23	ADD 52 to 89-011 1-Jul-22 to 30-Jun-23	CLLAS00222 1-Jul-22 to 30-Jun-23	CLLAS000622 1-Jul-22 to 30-Jun-23	C226010 - CLLAS000120 1-Jul-22 to 30-Jun-23	C226020 - CLLAS000120 1-Jul-22 to 30-Jun-23	C226016 1-Jul-22 to 30-Jun-23	C221059 1-Jul-22 to 30-Jun-23	C221016 1-Jul-22 to 30-Jun-23	C226008 1-Jul-22 to 30-Jun-23	C221064 1-Jul-22 to 30-Jun-23	
Premiums Written	3,207,648.00	99,186.00	98,299.00	112,951.00	85,790.00			-					3,603,874.00
Trfd from Unearned Prem. Reserve	-	-	-	-	-								-
Premiums Earned	<u>3,207,648.00</u>	<u>99,186.00</u>	<u>98,299.00</u>	<u>112,951.00</u>	<u>85,790.00</u>								<u>3,603,874.00</u>
Reinsurance Premiums Ceded						(558,308.85)	(1,078,874.80)	(467,500.00)	(367,499.80)	(99,186.30)	(107,303.54)	(85,789.75)	(2,764,463.04)
Trfd from Deferred Reins. Prem.						-	-	-	-	-	-	-	-
Reinsurance Premiums Earned						<u>(558,308.85)</u>	<u>(1,078,874.79)</u>	<u>(467,500.00)</u>	<u>(367,499.80)</u>	<u>(99,186.30)</u>	<u>(107,303.54)</u>	<u>(85,789.75)</u>	<u>(2,764,463.04)</u>
Net Premiums Earned													<u>839,410.96</u>

App. 1b



CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY

Report on Reinsurance Security

Date: October 2023



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1. REINSURANCE SECURITY CONSIDERATIONS

1.1 Status Update

The purpose of this report is to provide the CLLAS Audit Committee with a status review of the current CLLAS reinsurance security, consistent with CLLAS' Reinsurance Security Policy.

1.2 Reinsurance Security

One of the responsibilities of the Audit Committee is to monitor CLLAS' reinsurers and to recommend changes to the Board based on any number of factors including, but not limited to:

- Downgrading of the security rating
- A rating agency placing a reinsurer on a "watch" list
- Exposure to any one reinsurer exceeding an agreed percentage
- Difficulties collecting reinsurance proceeds after a claim is settled
- Use of unregistered (in Canada) security
- Any other matters that may threaten the security of a reinsurer

The Committee acknowledges that reinsurance intermediaries cannot guarantee the solvency of any reinsurer and that they rely on the rating agencies to evaluate reinsurers' financial strength. The Audit Committee is not meant to substitute the expert advice provided by CLLAS' intermediaries. Its purpose is to use this advice to assist the Advisory Board in its due diligence process. Included in Appendices A and B are letters from Axxima (including Alternative Risk Services) and Miller Insurance Services LLP, respectively, which provide information on the reinsurance security practices of these firms. Note, Bretton Woods International LLP has confirmed their practices are consistent with Miller Insurance Services LLP.

1.3 Level I Monitoring

Level I monitoring of CLLAS reinsurance consists of the following:

- Current A.M. Best and S&P 5-year rating chart comparison – see Appendix C
- Current claims liability exposure (i.e., case reserves and IBNR) to each reinsurer from all policy years combined – see Appendix D
- Current claims liability exposure to each reinsurer for the prior policy year– see Appendix E
- Single claim limit exposure to each reinsurer for the current year – see Appendix F

CLLAS reinsurers should be rated A- or better by A.M. Best and S&P, except for special circumstances agreed to by the Board.

For the committee's convenience we have also included the A.M. Best and S&P ratings for insurers participating on the commercial excess layers placed by Pro-Form for CLLAS' subscribers, including the ratings for the "CLLAS International" program, as provided by Pro-Form, under Appendix C-PF. For completeness, the commercial excess and CLLAS International insurers have also been included in the analysis of claim limit exposure to each reinsurer for the current year, which is found under Appendix F-PF.

1.4 Level II Monitoring Triggers

Should any of the following events occur, Level II monitoring would take place:

- Downgrading of the financial strength rating
- A rating agency placing a reinsurer on a "watch" list
- Difficulties collecting reinsurance proceeds after a claim is settled
- Use of a reinsurer that is unregistered in Canada
- Any other events deemed material by the Audit Committee or its advisors

Additionally, for a particular reinsurer, Level II monitoring will be triggered in the event the following takes place and the reinsurer's exposure to CLLAS is significant relative to its total assets and/or capital and surplus:

- Current claims liability exposure (i.e., case reserves and IBNR) for all policy years combined exceeds 10% of the total
- Current claims liability exposure for the prior policy year exceeds 10% of the total
- Claim limit exposure to each reinsurer for the current year exceeds 10% of the total limits provided by CLLAS

CLLAS' exposure is considered significant to the reinsurer if its share of CLLAS' total current liabilities or claim limit exposure exceeds 0.1% of the reinsurer's assets or 0.5% of the reinsurer's capital and surplus.

1.5 Level II Monitoring

The following Level II monitoring should take place for any reinsurer that requires it due to events identified above:

- Additional information should be reviewed by the Audit Committee, including a review of:
 - Stock performance relative to the remainder of the market
 - Early warning signals/ratios (as provided by A.M. Best or equivalent agency)
 - Balance sheet and income statement highlights (as provided by A.M. Best or equivalent agency)
- Meetings or direct correspondence with such reinsurers as necessary to discuss the financial health of the reinsurer.

The Audit Committee should make recommendations to the Board based on these reviews.

1.6 Cyber Program Review

The CLLAS cyber program is reinsured entirely by Lloyd's syndicates (Beazley and Axis). Given the limited claims data available, a fulsome analysis is not possible. We are, however, comfortable that both syndicates are able to rely on Lloyd's' financial strength and, as concluded later in this report, CLLAS does not present a material risk to Lloyd's, even with the longevity and significant accumulation of liabilities under the professional liability program.

We will continue to monitor the security supporting the cyber program and include it in a more fulsome assessment as and when sufficient data is available.

2. LEVEL II MONITORING

2.1 Reinsurers Requiring Level II Monitoring

As the first step in our reinsurance security monitoring process, Level I tests were performed on all CLLAS reinsurers. The following identifies the reinsurers subject to Level II monitoring and which Level II monitoring criteria was triggered:

Level II Monitoring Triggers

Market	Unregistered in Canada	Collection Difficulties	Downgrade \ Watch List	Current Liabilities (All Years) exceeds 10%	Current Liabilities (Most Recent Year) exceeds 10%	Claim Limit Exposure (Most Recent Year) exceeds 10%
AWAC	✓					
Colchester	✓			✓	✓	✓
Lloyd's				✓	✓	✓
WSM 1200 (Westfield Specialty Syndicate)				✓	✓	
Swiss Re						✓
AML 2001 (MS Amlin Syndicate)				✓	✓	
Casper Specialty UK Ltd.					✓	

Level II Monitoring Requirement

	Exposure Exceeds 0.1% of Insurer Total Assets	CLLAS Exposure Exceeds 0.5% of Insurer Total Capital & Surplus	Level II Monitoring Required?
Market			
AWAC (Unlicensed)	No	No	Yes
Colchester (Unlicensed)	Yes	Yes	Yes
Lloyd's	No	No	No
WSM 1200 (Westfield Specialty Syndicate)	Yes	Yes	Yes
Swiss Re	No	No	No
AML 2001 (MS Amlin Syndicate)	Yes	No	No*
Casper Specialty UK Ltd.	Relies on Lloyd's		

* Relied upon MS Amlin's parent company financials, MS Amlin AG., for which CLLAS' liabilities represent only 0.11% of the total Assets. Given the additional security provided by at Lloyd's, we are not triggering Level II Monitoring for the Syndicate on the basis that the central fund at Lloyd's would easily reduce the test result below the monitoring threshold.

Casper Specialty UK is an MGA that was launched in March, 2023 to write business on the behalf of Argenta, who provides long-term capacity. Argenta mainly writes short-tail business, and Casper was launched to focus on financial lines and professional risks and places risks on behalf of Argenta. Argenta was a reinsurer of CLLAS as Syndicate 2121 (Argenta Syndicate) from 2020-2022. Argenta is wholly owned by Hanover Re and other third-party capital providers. The syndicate further benefits from Lloyd's security and credit rating.

Although exposure to Lloyd's does not exceed the Level II Monitoring requirement thresholds as a percent of assets and capital, we are including the AM Best Rating Report under Appendix G as an information item due to the size of the liabilities placed with Lloyd's.

2.2 Allied World Assurance Company Limited (“AWAC”)

General

Allied World Assurance Company Limited is a global specialty insurance and reinsurance company with offices in Bermuda, Europe and the United States. Launched in 2001, AWAC originally consisted of four employees located in a small office in Bermuda, today, AWAC has 25 offices across the world.

AWAC has been a participant in the CLLAS Program since 2002. Currently, AWAC participates in the high layers of the CLLAS Program – the Optional Excess and Umbrella layers.

The CLLAS/AWAC reinsurance agreement includes a provision for outstanding claims advances by AWAC in favour of CLLAS.

On July 5, 2017, AWAC was acquired by Fairfax Financial Holdings. Stock information is no longer available for AWAC, so we have included the stock performance of their ultimate parent company, Fairfax Financial Holdings Ltd., which is outlined below.

Stock Performance

The following is the 5-year stock performance as of October 3, 2023, for Fairfax Financial Holdings (ticker: FFH, Toronto Stock Exchange) with the S&P/TSX Composite Index for comparison.



AM Best Report Highlights

The complete A.M. Best report is set forth in Appendix H.

- Current financial strength rating is A (Excellent) Stable from A.M. Best.

The balance sheet performance for AWAC is categorized as “strongest” which means that Allied World Assurance Company Holdings Limited (Allied World) has a strong balance sheet strength which is mainly due to a diversified investment portfolio, favorable reserve development and controlled growth.

AWAC is backed by a Fairfax Financial Holdings (Fairfax) which has a financially stable balance sheet. AWAC can benefit from Fairfax's supportive financial leverage and favorable liquidity, with cash and short-term investments readily available to support its insurance operations.

Financial Highlights

- Net Premium Written increased from USD 3,907,800 in 2021 to USD 4,456,100 in 2022.
- Income for the year, after taxation, was USD 279,800,000, in 2020, USD 548,300,000 in 2021 and in 2022 was USD -4,700,000.
- Overall, the company's combined ratio decreased from 93.6% to 90.9%.

Outlook

The stable rating outlooks reflect AM Best's expectation that the group's strongest level of balance sheet strength will continue to be supported by adequate operating performance; diverse business profile, both geographically and by line of business; and well-defined enterprise risk management guidelines and controls.

A.M. Best report was updated on May 3, 2023.

2.3 Colchester Reinsurance Limited (“Colchester”)

General

Colchester is a captive reinsurer for CLLAS and is wholly owned by the current and past subscriber firms of CLLAS, or their affiliates. Colchester is domiciled in Barbados.

Stock Performance

Colchester is not publicly traded.

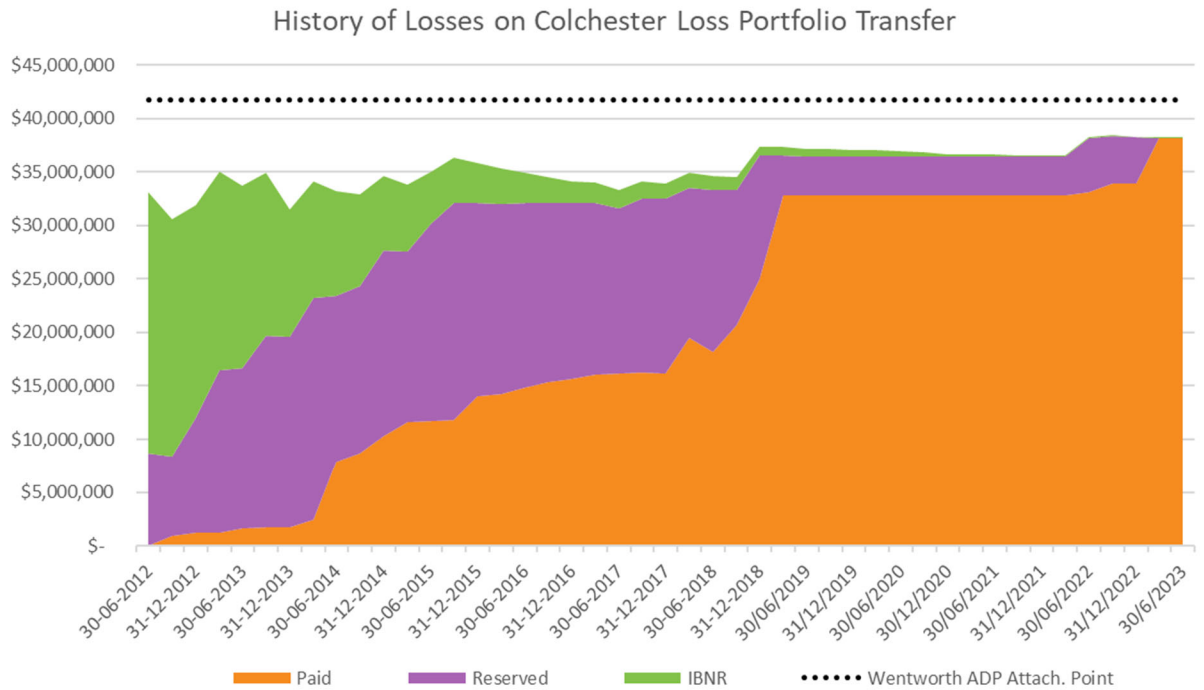
Highlights of A.M. Best Report

Colchester is not rated by any ratings agencies.

Financial Highlights

Please see Appendix I for a copy of the most recent draft financial statements (as of June 30, 2023). The following are some of the highlights from these financials:

- Total Equity decreased from \$22,618,823 in 2022 to \$22,060,230 in 2023
- Income for the year, after taxation, increased from (\$1,616,431) in 2022 to (\$558,593) in 2023
 - Reinsurance premiums written and earned increased from \$3,231,090 in 2022 to \$3,603,874 in 2023
 - Retrocession premiums increased from \$2,434,609 in 2022 to \$2,764,463 in 2023
- Colchester has been deliberately distributing surplus via premium reductions and losses are expected to emerge over time as a result
- All the assets supporting the claims liabilities of Colchester are held in trust in a custodial account in favour of CLLAS, subject to a reinsurance security agreement as outlined by the Office of the Superintendent of Financial Institutions (Canadian federal regulator) and approved by the Alberta Superintendent of Insurance (the regulator in CLLAS’ home jurisdiction)
- On June 30, 2012, Colchester and CLLAS affected a Loss Portfolio Transfer, which transferred approximately \$33.1 million of CLLAS’ liabilities to Colchester for all prior years of account. Since that time, those liabilities have remained relatively stable, as can be seen in the chart below. Colchester also purchased 10% quota share adverse development retrocession protection on the Loss Portfolio, which attaches at \$41.7 million, also shown below as a dotted line for reference.



2.4 Westfield Insurance (“Westfield”)

General

Westfield, which began as Ohio Farmer Mutual Company in 1848, is a leading U.S.-based property and casualty insurance company with \$87.5 billion in GAAP assets, providing commercial and personal property and casualty insurance as well as contract and surety bonds in the US. The company also provides specialty lines of insurance in the US and global specialty market. Westfield Group consists of eleven multi-property and casualty companies that exist together in a pool, the largest of which is Westfield Insurance Company.

In 2021, the group established Westfield Select Insurance Company in order to write admitted specialty business. The group expanded its capacity to service this market through its acquisition of Lloyd’s of London Syndicate 1200 from Argo. Westfield Insurance officially acquired Lloyd’s of London Syndicate 1200 on February 3, 2023.

Stock Performance

N/A

Highlights of A.M. Best Report

The complete A.M. Best report is set forth in Appendix J.

- Current financial strength rating is A (Excellent) Stable from A.M. Best
- The group’s 5-year average combined ratio slightly under-performs the commercial casualty composite. For 2022, the combined ratio was 107.5%, compared with 103.1% for 2021, and 100.7% for 2020. Higher combined ratios is due elevated commission expenses compared to peers and conservative reserving philosophy, and some significant catastrophe weather-related losses. Favourable growth of net written premium in recent periods supported by improvements in pricing, expansion of products and surplus lines market opportunities.
- Over the most recent five-year period the group has reported solid surplus growth, growing to \$3.0B in 2021 from \$2.3B in 2017.
- From the 2019 to 2021 period, total return measures are favourable, supported by strong investment results and capital gains within a diversified portfolio.
- The group maintain the “strongest” level of risk-adjusted capitalization. The absolute level of capital is high at \$2.7 billion at Q3 2022, liquidity remains strong and leverage measures are moderate.

Note: Westfield Syndicate benefits from dedicated capital, as well as funds held by Lloyd’s on its behalf, which further strengthen the syndicates position relative to the parent.



Financial Highlights

- Total cash and invested assets were \$5,010,068 in 2021 and increased to \$5,038,368 in 2022, (both representing a 9-month period).
- Policy holders' Surplus was USD \$2,721,012,000 as of September 2022, and at year-end in 2021 was \$3,033,154,000
- Net Income for the year, after taxation, was USD (\$38,354,000) for a 9-month period in 2022 compared to \$259,206,000 at 2021 year-end. The 9-month 2022 results were driven primarily by a decrease in net underwriting income.



Actuaries and Insurance Management Advisors

September 23, 2014

Mr. Nick Leblovic
Chairman, CLLAS
c/o Davies Ward Phillips & Vineberg LLP
40th Floor, 155 Wellington Street West
Toronto, Ontario M5V 3J7

Dear Nick,

This is in response to a previous request to provide a letter regarding the reinsurance that is placed on behalf of CLLAS. We are reissuing this letter under Axxima cover to confirm that the previous letter, dated June 9, 2009 under Dion, Durrell + Associates Inc. cover, remains accurate under Axxima's management.

As you know, we work closely with Miller Insurance Services Ltd. (Miller) on all CLLAS reinsurance matters, with Miller being responsible for the London placement (including Lloyd's and certain European companies) and the Colchester retrocession placement. Axxima, via its subsidiary, Alternative Risk Services, a division of 3303128 Canada Inc. ("AR Services"), prepares the reinsurance submission that goes out to all markets and specifically places the domestic and Bermuda reinsurance as well as the aggregate stop-loss reinsurance placed through Colchester.

In the past, a minimum reinsurance security rating standard of no less than A-, as determined by A.M. Best and Standard & Poor's, had been established with CLLAS. Any deviation from such standard is to be referred to the CLLAS Advisory Board. Thoughtful and deliberate monitoring preserves the important relationships that CLLAS has developed over the years with its reinsurers.

Please be advised that neither Axxima, nor AR Services, carries out its own assessment of the solvency of any insurer or reinsurer and do not guarantee the solvency or continuing solvency of any insurer or reinsurer. You should note that the financial solvency of any insurer or reinsurer could change after the reinsurance protection has been placed. We are committed to providing CLLAS with up-to-date information on any material changes in the financial status or the security ratings of CLLAS reinsurers. To this end, we carry out CLLAS' adopted reinsurance security process.

In general, we are prepared to provide CLLAS with updates from A.M. Best and S&P based on our monitoring of the security ratings of each of the participating reinsurers. We will advise CLLAS on any adverse developments which may require CLLAS to replace a certain reinsurer mid-term or to decide to monitor and continue to use a certain reinsurer for a prescribed period of time.

We hope that the foregoing is satisfactory, however, should you have any questions, please do not hesitate to contact the undersigned.

Yours sincerely,

A handwritten signature in black ink, appearing to read "J. Tontini".

Joseph D. Tontini
Consultant



Dawson House
5 Jewry Street
London EC3N 2PJ
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Fax: +44 (0)20 7410 2757
www.miller-insurance.com

Nicholas J. Leblovic
Chairman
Canadian Lawyers Liability Assurance Society
Suite 2900
250 Yonge Street
Toronto
Ontario M5B 2L7
Canada

5th June 2009

Dear Nick

**CLLAS Reinsurance Programme
Renewal effective 1st July 2009**

In accordance with your request and in conjunction with Dion, Durrell + Associates, Inc., we have compiled various material relating to the reinsurers we use who participate on the CLLAS reinsurance programme. We have collated this information with the underwriters' responses given during our meetings to the set of questions posed during your recent visit to London. A copy of the matrix with reinsurers' feedback is enclosed.

You have asked us to comment on the appropriateness of the reinsurers who are involved as well as give our views on possible new markets. Miller does not assess or guarantee the solvency of any (re)insurer, however we check the financial strength ratings provided by specialist agencies (such as Standard & Poor's and A.M. Best) for each participating market and each must be authorised internally at Miller for us to use. Any markets which do not meet a minimum criteria may still be used but only with specific client approval. In practice the current specialist agency financial strength ratings of all the reinsurers used by us on your programme are in excess of our minimum criteria for authorisation.

On an ongoing basis we monitor these ratings as well as developments in the market and will advise you in the event there are circumstances which lead a market to fall out of our authorised classification. Taking into consideration reinsurers' feedback from our meetings, the Miller authorisations of each of the markets we use on the CLLAS programme are unaffected.

For 2009 we will be approaching the current participants for their support and many of these have had long term relationships with CLLAS. As outlined in London, we and Dion, Durrell work closely together to strategically manage the size and layering of participations offered by each reinsurer to ensure that the most optimal result is achieved for CLLAS, in line with its objectives for renewal. At present there are no new reinsurance companies which we wish to approach with your programme this year, but there are several new Lloyd's syndicates which may be interested in supporting your account and we will be approaching them for their views in due course. The current Lloyd's rating by Standard & Poor's is A+ (strong) with a stable outlook.

Please don't hesitate to let me know if you have any questions or comments.

Yours sincerely

A handwritten signature in black ink, appearing to read "Mark Popple".

Mark Popple
Director – Professional Risks

Encl.

CLLAS Reinsurance

A.M Best Ratings over a 5 year period
October 2023

Appendix C

Reinsurers	Registered Status	AMB#		2019	2020	2021	2022	2023
Lloyd's	Registered	85202	Rating	A	A	A	A	A
			Outlook	Stable	Stable	Stable	Stable	Positive
Aspen Re	Registered	14149	Rating	A	A	A	A	A
			Outlook	Stable	Stable	Stable	Stable	Stable
Hannover Rueck	Registered	85070	Rating	A+	A+	A+	A+	A+
			Outlook	Stable	Stable	Stable	Stable	Stable
Transatlantic Reinsurance Company (UK)	Registered	03126	Rating	A+	A+	A+	A+	A++
			Outlook	Stable	Stable	Stable	Stable	Stable
Arch Insurance Company (Canada Branch)	Registered	66513	Rating	A+	A+	A+	A+	A+
			Outlook	Stable	Stable	Stable	Stable	Stable
Allied World Assurance Company Ltd.	Unregistered	84808	Rating	A	A	A	A	A
			Outlook	Stable	Stable	Stable	Stable	Stable
CRC (Bermuda) Reinsurance Ltd.	Unregistered		Rating	N/A	N/A	N/A	N/A	N/A
			Outlook	N/A	N/A	N/A	N/A	N/A
RSA Insurance Group (Intact Financial Corporation is the Parent company)	Registered	85662	Rating	N/A	N/A	N/A	A	A
			Outlook	N/A	N/A	N/A	Stable	Stable
SCOR Canada Reinsurance Company	Registered	85445	Rating	A+	A+	A+	A+	A+
			Outlook	Stable	Stable	Stable	Negative	Stable
Swiss Reinsurance Company Ltd. (Canada Branch)	Registered	91982	Rating	A+	A+	A+	A+	A+
			Outlook	Stable	Stable	Stable	Stable	Stable
Toa Reinsurance Company of America	Registered	85179	Rating	A	A	A	A	A
			Outlook	Stable	Stable	Stable	Stable	Stable
Alleghany Corporation (formerly Transatlantic Reinsurance Company) (Parent)	Registered	58309	Rating	N/A	N/A	N/A	N/A	A+
			Outlook	Stable	Stable	Stable	Stable	Stable
Transatlantic Reinsurance Company (Canada)	Registered	03126	Rating	A+	A+	A+	A+	A++
			Outlook	Stable	Stable	Stable	Stable	Stable
Colchester Reinsurance Ltd.	Unregistered		Rating	N/A	N/A	N/A	N/A	N/A
			Outlook	N/A	N/A	N/A	N/A	N/A
Munich Re	Registered	85011	Rating	A+	A+	A+	A+	A+
			Outlook	Stable	Stable	Stable	Stable	Stable
Argo Group Operating Subsidiaries (Formerly AMA 1200 Parent)	Registered	91791	Rating	A	A	A-	A-	A-
			Outlook	Stable	Stable	Stable	Stable	Stable
Axis Reinsurance Company	Registered	12557	Rating	A+	A	A	A	A
			Outlook	Negative	Stable	Stable	Stable	Stable
Continental Casualty Company (CNA)	Registered	02128	Rating	A	A	A	A	A
			Outlook	Stable	Stable	Stable	Stable	Stable
Allianz Global Risks	Registered	00407	Rating	A+	A+	A+	A+	A+
			Outlook	Stable	Stable	Stable	Stable	Stable
Westfield Insurance (AMA 1200 Parent)	Registered	02382	Rating	N/A	N/A	N/A	N/A	A
			Outlook	N/A	N/A	N/A	N/A	Stable
CNA Canada	Registered	86301	Rating	N/A	N/A	N/A	N/A	N/A
			Outlook	N/A	N/A	N/A	N/A	N/A

CLLAS Reinsurance

S&P Ratings over a 5 year period

October 2023

Appendix C

Reinsurers		2019	2020	2021	2022	2023
Lloyd's	Rating	A+	A+	A+	A+	A+
	Outlook	Negative	Stable	Stable	Stable	Stable
Aspen Re	Rating	A	A	BBB	BBB	BBB
	Outlook	Negative	Negative	Stable	Stable	Stable
Hannover Rueck	Rating	AA-	AA-	AA-	AA-	AA-
	Outlook	Stable	Stable	Stable	Stable	Stable
Transatlantic Reinsurance Company (UK)	Rating	A+	A+	A+	A+	A+
	Outlook	Stable	Stable	Stable	Stable	Stable
Arch Insurance Company (Canada Branch)	Rating	A+	A+	A+	A+	A+
	Outlook	Stable	Negative	Negative	Stable	Stable
Allied World Assurance Company Ltd.	Rating	A-	A-	A-	A	A
	Outlook	Positive	Stable	Positive	Stable	Stable
CRC (Bermuda) Reinsurance Ltd.	Rating	N/A	N/A	N/A	N/A	N/A
	Outlook	N/A	N/A	N/A	N/A	N/A
RSA Insurance Group (Intact Financial Corporation is the Parent company)	Rating	A	A	N/A	N/A	N/A
	Outlook	Stable	Stable	N/A	N/A	N/A
SCOR Canada Reinsurance Company	Rating	AA-	AA-	AA-	AA-	AA-
	Outlook	Stable	Stable	Stable	Negative	Negative
Swiss Reinsurance Company Ltd. (Canada Branch)	Rating	AA-	AA-	AA-	AA-	AA-
	Outlook	Stable	Negative	Negative	Negative	Negative
Toa Reinsurance Company of America	Rating	A+	A+	A+	A+	A+
	Outlook	Stable	Stable	Stable	Negative	Negative
Alleghany Corporation (formerly Transatlantic Reinsurance Company) (Parent)	Rating	BBB+	BBB+	BBB+	BBB+	BBB+
	Outlook	Stable	Stable	Stable	Stable	Stable
Transatlantic Reinsurance Company (Canada)	Rating	A+	A+	A+	A+	A+
	Outlook	Stable	Stable	Stable	Stable	Stable
Colchester Reinsurance Ltd.	Rating	N/A	N/A	N/A	N/A	N/A
	Outlook	N/A	N/A	N/A	N/A	N/A
Munich Re	Rating	AA-	AA-	AA-	AA-	AA-
	Outlook	Stable	Stable	Stable	Stable	Stable
Argo Group Operating Subsidiaries (AMA 1200 Parent)	Rating	A-	A-	A-	A-	A-
	Outlook	Stable	Stable	Negative	Negative	Negative
Axis Reinsurance Company	Rating	A+	A+	A+	A+	A+
	Outlook	Stable	Negative	Negative	Stable	Stable
Continental Casualty Company (CNA)	Rating	A	A+	A+	A+	A+
	Outlook	Positive	Stable	Stable	Stable	Stable
Allianz Global Risks	Rating	AA	AA	AA	AA	AA
	Outlook	Stable	Negative	Negative	Stable	Stable
CNA Canada	Rating	A	A+	A+	A+	A+
	Outlook	Positive	Stable	Stable	Stable	Stable

Insurer Financial Ratings

CLLAS Canadian Excess Program

INSURANCE COMPANY		COUNTRY	BEST'S RATING	S&P RATING
LIBERTY INTERNATIONAL UNDERWRITERS CANADA, A DIVISION OF LIBERTY MUTUAL INSURANCE COMPANY		U.S.A.	A	A
TRAVELERS COMMERCIAL INSURANCE COMPANY OF CANADA		Canada	A++	AA
SOVEREIGN GENERAL INSURANCE COMPANY		Canada	A	
NORTHBRIDGE COMMERCIAL INSURANCE CORP.		Canada	A	A
INTACT INSURANCE COMPANY		Canada	A+	
QBE INSURANCE (INTERNATIONAL) LTD.		U.S.A.	A	A+
XL SPECIALTY INSURANCE COMPANY		U.S.A.	A+	AA-
TOKIO MARINE CANADA LTD.		Canada	A-	
TRISURA GUARANTEE INSURANCE COMPANY		Canada	A-	
VICTOR INSURANCE MANAGERS INC. - Participants				
1	Continental Casualty Company	U.S.A.	A	A+
2.	XL/Catlin Reinsurance America Inc.	U.S.A.	A+	AA-
3.	Temple Insurance Company	Canada	A+	A+
4.	Aviva Insurance Company of Canada	Canada	A+	AA-

Ratings reflect the most recent issue, update or change communicated by the rating agency. Effective dates on S&P interactive ratings above do not reflect affirmations. Ratings do not necessarily correspond to a specific data year. "Secure" scales are described below. Refer to A.M. Best's (Best's) and Standard and Poor's (S&P) definitions for details. Conversions to U.S. Dollars are subject to exchange rate differences. Sources of financial data (company accounts or regulatory returns) for non-US companies are indicated on the individual company reports

<u>Best's Ratings</u>		<u>S&P Ratings</u>	
A++, A+ Superior	Best's rating modifiers may be assigned based on group affiliation: (r=Reinsured, p=Pooled, or g=Group) FPR ratings range from 1-9, where 1=Poor and 9=Very Strong	AAA Extremely Strong	S & P Financial Strength ratings may be modified by the use of a "+" or "-" sign to show relative standing within a category. The "pi" indicates a "public information" rating. A "pos", "neg", or "dev" indicates a positive, negative, or developing CreditWatch implication
A, A- Excellent		AA Very Strong	
B++, B+ Very Good		A Strong	
U Under review		BBB Good	

Insurer Financial Ratings

CLLAS International Program

INSURANCE COMPANY	COUNTRY	BEST'S RATING	S&P RATING
CONTINENTAL CASUALTY COMPANY	U.S.A.	A	A+
AXA XL	U.S.A.	A+	AA-
BERKSHIRE	U.S.A.	A++	AA+
ASPEN RE	U.S.A.	A	A-
LLOYDS	UNITED KINGDOM	A	A+
MARKEL	U.S.A.	A	A

CLLAS Reinsurance

Top 25 Reinsurers by % of Current Liability
ALL YEARS

Appendix D

Lev. II	Name	Jurisdiction	Reg'd?	LAYERS											TOTAL	All-time Percent of Total	Prev. Year Percent of Total	Move- ment?
				\$.975MM XS	\$4/\$49MM XS	\$7.5MM XS	\$12.5MM XS	\$10MM XS	\$30/60MM XS	\$20MM XS	\$10-60MM XS	\$15-50MM XS	\$60MM XS	\$30/60MM XS				
				\$.025MM	\$1MM	\$5MM	\$12.5MM	\$25MM	\$65MM	\$140MM	\$160MM	\$50MM	\$100MM	\$250MM				
	Underwriters at Lloyd's	London	Yes	0	44,736,050	35,093	0	0	72,765	0	135,024	0	0	2,488	44,981,420	57.7%	50.7%	Up
➡	Colchester	Barbados	No	0	19,923,325	0	0	0	0	0	25,634	195,560	0	981	20,145,500	25.9%	20.6%	Up
➡	AMA 1200 (Now Westfield)	Lloyd's	Yes	0	16,621,557	0	0	0	30	0	0	0	0	0	16,621,587	21.3%	18.1%	Up
	AML 2001	Lloyd's	Yes	0	9,036,646	0	0	0	0	0	0	0	0	0	9,036,646	11.6%	9.5%	Up
	AUL 1274	Lloyd's	Yes	0	6,629,273	0	0	0	0	0	0	0	0	0	6,629,273	8.5%	7.0%	Up
	Hannover (Combined)	Combined	Yes	0	6,018,329	0	0	0	0	0	0	0	0	0	6,018,329	7.7%	2.9%	Up
	Argenta 2121 (Now Casper)	Lloyd's	Yes	0	6,018,329	0	0	0	0	0	0	0	0	0	6,018,329	7.7%	2.9%	Up
	AXIS Re	Canada	Yes	0	4,558,916	0	0	0	0	0	13,999	0	0	0 #	4,572,915	5.9%	4.8%	Up
	Allianz Global Risks	London	Yes	0	4,142,384	0	0	0	0	0	0	0	0	0	4,142,384	5.3%	5.9%	Down
	PPI 9969	Lloyd's	Yes	0	2,580,177	0	0	0	0	0	861	0	0	0	2,581,039	3.3%	3.7%	Down
	Vibe 5678	Lloyd's	Yes	0	2,454,985	0	0	0	0	0	0	0	0	0	2,454,985	3.2%	5.8%	Down
	AGD 2526	Lloyd's	Yes	0	872,482	0	0	0	0	0	184	0	0	0	872,666	1.1%	1.1%	Up
	CNA (Combined)	Combined	Mixed	0	698,609	0	0	0	0	0	0	0	0	0	698,609	0.9%	1.0%	Down
	CNA Canada	Canada	Yes	0	696,543	0	0	0	0	0	0	0	0	0	696,543	0.9%	1.0%	Down
	Hamilton (Combined)	Combined	Yes	0	269,330	0	0	0	6,518	0	14,993	0	0	270	291,111	0.4%	0.7%	Down
	Swiss Re (Combined)	Combined	Mixed	0	0	0	0	0	46,741	0	34,696	96,406	41,746	196	219,786	0.3%	0.5%	Down
	Westport Insurance Corp. (Swiss Re)	Canada	Yes	0	0	0	0	0	46,733	0	34,650	96,406	41,746	196	219,732	0.3%	0.5%	Down
	Hamilton 3334	Lloyd's	Yes	0	216,340	0	0	0	324	0	810	0	0	0	217,474	0.3%	0.5%	Down
	Barbican 1955	Lloyd's	Yes	0	130,965	0	0	0	44	0	105	0	0	0	131,115	0.2%	0.1%	Up
	Acappella 2014	Lloyd's	Yes	0	109,210	0	0	0	1,114	0	6,991	0	0	0	117,314	0.2%	0.1%	Up
	PEM 4000	Lloyd's	Yes	0	52,989	0	0	0	6,194	0	14,183	0	0	270	73,637	0.1%	0.2%	Down
	MKL 3000	Lloyd's	Yes	0	0	0	0	0	12,399	0	35,175	0	0	0	47,574	0.1%	0.1%	Down
	BRT 2987	Lloyd's	Yes	0	0	0	0	0	30,183	0	12,846	0	0	0	43,029	0.1%	0.1%	Down
	AFB 623/2623	Lloyd's	Yes	0	0	30,964	0	0	5,626	0	0	0	0	325	36,915	0.0%	1.2%	Down
	Gerling Global Re	Canada	Yes	0	0	0	0	0	5,309	0	27,779	0	0	0	33,088	0.0%	0.0%	Down
Total Current Liabilities				2,900,597	74,139,204	137,620	0	0	133,546	0	280,158	291,967	41,746	3,925	77,928,763			
Proportional Reinsurance:																		
	London			0	48,878,434	68,810	0	0	72,765	0	135,024	0		2,488	49,157,520	63.1%	57.9%	Up
	Canada			0	5,260,970	20,643	0	0	52,374	0	99,389	96,406		456	5,530,238	7.1%	7.3%	Down
	Bermuda			0	0	6,881	0	0	8,407	0	20,111	0		0	35,399	0.0%	0.3%	Down
	Barbados			0	19,923,325	0	0	0	0	0	25,634	195,560		981	20,145,500	25.9%	20.6%	Up
	Total			0	74,062,728	96,334	0	0	133,546	0	280,158	291,967		3,925	74,868,658	96.1%	86.1%	Up
	CLLAS Proportional Retention			2,900,597	76,476	41,286	0	0	0	0	0	0	0	0	3,018,359	3.9%	13.9%	Down
➡	Colchester Loss Portfolio Transfer & Stop Loss			2,438	76,476	41,286	0	0	0	0	0	0	0	0	120,200	0.2%	10.4%	Down
	CLLAS Net Retention														2,898,159	3.7%	3.5%	Up

CLLAS Reinsurance

Appendix E

Reinsurers by % of Current Liability PRIOR YEAR (2021/2022)

Lev. II	Name	Jurisdiction	Reg'd?	LAYERS							TOTAL	Percent of Total	Prev. Year Percent of Total	Move-ment?
				\$.975MM XS	\$49MM XS	\$30/60MM XS	\$10-60MM XS	\$15-50MM XS	\$60MM XS	\$30/60MM XS				
				\$.025MM	\$1MM	\$65MM	\$160MM	\$50MM	\$60MM	\$250MM				
	Underwriters at Lloyd's	London	Yes	0	2,426,137	4,849	5,917	0	0	532	2,437,435	59.6%	57.8%	Up
➔	Colchester	Barbados	No	0	1,213,068	0	1,153	17,443	0	210	1,231,873	30.1%	31.8%	Down
➔	AMA 1200 (Now Westfield)	Lloyd's	Yes	0	880,453	0	0	0	0	0	880,453	21.5%	20.6%	Up
	Hannover (Combined)	Combined	Yes	0	586,969	0	0	0	0	0	586,969	14.4%	14.4%	Up
	Argenta 2121 (Now Casper)	Lloyd's	Yes	0	586,969	0	0	0	0	0	586,969	14.4%	14.4%	Up
	AML 2001	Lloyd's	Yes	0	567,403	0	0	0	0	0	567,403	13.9%	12.9%	Up
	AUL 1274	Lloyd's	Yes	0	391,312	0	0	0	0	0	391,312	9.6%	9.6%	Up
	AXIS Re	Canada	Yes	0	273,919	0	576	0	0	0	274,495	6.7%	6.7%	Down
	Swiss Re (Combined)	Combined	Mixed	0	0	3,086	1,056	0	3,196	42	7,379	0.2%	0.4%	Down
	Westport Insurance Corp. (Swiss Re)	Canada	Yes	0	0	3,086	1,056	0	3,196	42	7,379	0.2%	0.4%	Down
	MKL 3000	Lloyd's	Yes	0	0	1,226	1,642	0	0	0	2,868	0.1%	0.1%	Down
	Canopus 4444	Lloyd's	Yes	0	0	818	1,095	0	0	69	1,982	0.0%	0.1%	Down
	BRT 2987	Lloyd's	Yes	0	0	1,469	479	0	0	0	1,948	0.0%	0.1%	Down
	Gerling Global Re	Canada	Yes	0	0	353	1,153	0	0	0	1,505	0.0%	0.0%	Down
➔	AWAC	Bermuda	No	0	0	529	807	0	0	0	1,336	0.0%	0.0%	Down
	Hamilton (Combined)	Combined	Yes	0	0	436	640	0	0	58	1,134	0.0%	0.0%	Down
	PEM 4000	Lloyd's	Yes	0	0	436	640	0	0	58	1,134	0.0%	0.0%	Down
	FDY 435	Lloyd's	Yes	0	0	491	549	0	0	0	1,040	0.0%	0.0%	Down
	Sampo (Fronted by Trisura)	Canada	Yes	0	0	0	864	0	0	55	920	0.0%	0.0%	Down
	Mosaic	Lloyd's	Yes	0	0	0	821	0	0	35	855	0.0%	0.0%	Down
	Probitas 1492	Lloyd's	Yes	0	0	0	692	0	0	116	807	0.0%	0.0%	Down
	AFB 623/2623	Lloyd's	Yes	0	0	409	0	0	0	69	478	0.0%	0.0%	Up
	Starr	Lloyd's	Yes	0	0	0	0	0	0	116	116	0.0%	0.0%	Up
	W/R/B	Lloyd's	Yes	0	0	0	0	0	0	69	69	0.0%	0.0%	Up

Total Current Liabilities

132,509 3,913,124 8,817 11,525 17,443 3,196 839 4,087,452

Proportional Reinsurance:

London	0	2,426,137	4,849	5,917	0	0	532	2,437,435	59.6%	57.8%	Up
Canada	0	273,919	3,439	3,649	0	3,196	97	284,299	7.0%	7.2%	Down
Bermuda	0	0	529	807	0	0	0	1,336	0.0%	0.0%	Down
Barbados	0	1,213,068	0	1,153	17,443	0	210	1,231,873	30.1%	31.8%	Down
Total	0	3,913,124	8,817	11,525	17,443	3,196	839	3,954,943	96.8%	96.8%	Down

CLLAS Proportional Retention

132,509 0 0 0 0 0 0 132,509 3.2% 3.2% Up

➔ Colchester Aggregate

n/a n/a n/a

CLLAS Net Retention

132,509 3.2% 0.0% Up

CLLAS Reinsurance

Appendix F

Reinsurers by % of Single Claim Exposure

CURRENT YEAR (2022/2023)

Lev. II	Name	Jurisdiction	Reg'd?	LAYERS							TOTAL	Percent of Total	Prev. Year Percent of Total	Move-ment?
				\$975MM XS	\$49MM XS	\$30/60MM XS	\$10-60MM XS	\$15-50MM XS	\$60MM XS	\$30/60MM XS				
				\$025MM	\$1MM	\$65MM	\$160MM	\$50MM	\$60MM	\$250MM				
	Underwriters at Lloyd's	London	Yes	0	30,380,000	16,500,000	30,804,000	0	0	19,017,000	96,701,000	55.1%	54.5%	Up
➔	Colchester	Barbados	No	0	15,190,000	0	6,000,000	2,500,000	0	7,500,000	31,190,000	17.8%	18.3%	Down
	Swiss Re (Combined)	Combined	Mixed	0	0	10,500,000	5,496,000	0	3,000,000	1,500,000	20,496,000	11.7%	11.7%	Unchanged
	Westport Insurance Corp. (Swiss Re)	Canada	Yes	0	0	10,500,000	5,496,000	0	3,000,000	1,500,000	20,496,000	11.7%	11.7%	Unchanged
	MKL 3000	Lloyd's	Yes	0	0	4,170,000	8,550,000	0	0	0	12,720,000	7.2%	6.4%	Up
➔	AMA 1200 (Now Westfield)	Lloyd's	Yes	0	11,025,000	0	0	0	0	0	11,025,000	6.3%	0.0%	Up
	Canopus 4444	Lloyd's	Yes	0	0	2,784,000	5,700,000	0	0	2,481,000	10,965,000	6.2%	5.9%	Up
	Probitas 1492	Lloyd's	Yes	0	0	0	3,600,000	0	0	4,134,000	7,734,000	4.4%	4.4%	Unchanged
	BRT 2987	Lloyd's	Yes	0	0	4,998,000	2,496,000	0	0	0	7,494,000	4.3%	6.0%	Down
	Hannover (Combined)	Combined	Yes	0	7,350,000	0	0	0	0	0	7,350,000	4.2%	4.2%	Unchanged
	Argenta 2121 (Now Casper)	Lloyd's	Yes	0	7,350,000	0	0	0	0	0	7,350,000	4.2%	0.0%	Up
	Gerling Global Re	Canada	Yes	0	0	1,200,000	6,000,000	0	0	0	7,200,000	4.1%	4.1%	Unchanged
	AML 2001	Lloyd's	Yes	0	7,105,000	0	0	0	0	0	7,105,000	4.0%	3.8%	Up
	Hamilton (Combined)	Combined	Yes	0	0	1,485,000	3,330,000	0	0	2,067,000	6,882,000	3.9%	3.9%	Unchanged
	PEM 4000	Lloyd's	Yes	0	0	1,485,000	3,330,000	0	0	2,067,000	6,882,000	3.9%	3.9%	Unchanged
	Sampo (Fronted by Trisura)	Canada	Yes	0	0	0	4,500,000	0	0	1,983,000	6,483,000	3.7%	3.7%	Unchanged
	AXIS Re	Canada	Yes	0	3,430,000	0	3,000,000	0	0	0	6,430,000	3.7%	3.7%	Unchanged
➔	AWAC	Bermuda	No	0	0	1,800,000	4,200,000	0	0	0	6,000,000	3.4%	3.4%	Unchanged
	Mosaic	Lloyd's	Yes	0	0	0	4,272,000	0	0	1,239,000	5,511,000	3.1%	2.9%	Up
	AUL 1274	Lloyd's	Yes	0	4,900,000	0	0	0	0	0	4,900,000	2.8%	2.8%	Unchanged
	FDY 435	Lloyd's	Yes	0	0	1,671,000	2,856,000	0	0	0	4,527,000	2.6%	2.3%	Up
	Starr	Lloyd's	Yes	0	0	0	0	0	0	4,134,000	4,134,000	2.4%	1.4%	Up
	AFB 623/2623	Lloyd's	Yes	0	0	1,392,000	0	0	0	2,481,000	3,873,000	2.2%	2.2%	Up
	W/R/B	Lloyd's	Yes	0	0	0	0	0	0	2,481,000	2,481,000	1.4%	2.4%	Down

Maximum Exposure Any One Claim

975,000 49,000,000 30,000,000 60,000,000 2,500,000 3,000,000 30,000,000 175,475,000

Proportional Reinsurance:

London	0	30,380,000	16,500,000	30,804,000	0	0	19,017,000	96,701,000	55.1%	54.5%	Up
Canada	0	3,430,000	11,700,000	18,996,000	0	3,000,000	3,483,000	40,609,000	23.1%	23.1%	Unchanged
Bermuda	0	0	1,800,000	4,200,000	0	0	0	6,000,000	3.4%	3.4%	Unchanged
Barbados	0	15,190,000	0	6,000,000	2,500,000	0	7,500,000	31,190,000	17.8%	18.3%	Down
Total	0	49,000,000	30,000,000	60,000,000	2,500,000	3,000,000	30,000,000	174,500,000	99.4%	99.4%	Unchanged

CLLAS Proportional Retention

975,000 0 0 0 0 0 0 975,000 0.6% 0.6% Unchanged

Colchester Aggregate

n/a n/a n/a

CLLAS Net Retention

975,000 0.6% 0.0% Up

CLLAS Reinsurance

Reinsurers by % of Single Claim Exposure

CURRENT YEAR (2022/2023)

Appendix F-PF

CURRENT YEAR (2022/2023)				LAYERS							US\$30MM* (\$39MM)	TOTAL	Percent of Total
Lev. II	Name	Jurisdiction	Reg'd?	\$.975MM	\$49MM	\$30/60MM	\$10-60MM	\$15-50MM	\$60MM	\$30/60MM			
				XS \$.025MM	XS \$1MM	XS \$65MM	XS \$160MM	XS \$50MM	XS \$100MM	XS \$250MM			
	Underwriters at Lloyd's	London	Yes	0	30,380,000	16,500,000	30,804,000	0	0	19,017,000	6,630,000	103,331,000	32.4%
	Colchester	Barbados	No	0	15,190,000	0	6,000,000	0	0	7,500,000	0	28,690,000	9.0%
	Westport Insurance Corp. (Swiss Re)	Canada	Yes	0	0	10,500,000	5,496,000	0	0	1,500,000	0	17,496,000	5.5%
	Swiss Re (Combined)	Combined	Mixed	0	0	10,500,000	5,496,000	0	0	1,500,000	0	17,496,000	5.5%
	Victor Insurance (PF)	Canada	Yes	0	0	0	0	5,000,000	12,000,000	0	0	17,000,000	5.3%
	Markel (Combined)	Combined	Yes	0	0	4,170,000	8,550,000	0	0	0	3,900,000	16,620,000	5.2%
	Royal & Sun Alliance Co. of Canada (PF)	Canada	Yes	0	0	0	0	10,000,000	5,700,000	0	0	15,700,000	4.9%
	Travelers Insurance Company of Canada (PF)	Canada	Yes	0	0	0	0	5,000,000	9,900,000	0	0	14,900,000	4.7%
	MKL 3000	Lloyd's	Yes	0	0	4,170,000	8,550,000	0	0	0	0	12,720,000	4.0%
	AXA XL (PF)	Canada	Yes	0	0	0	0	5,000,000	0	0	6,435,000	11,435,000	3.6%
	AMA 1200 (Now Westfield)	Lloyd's	Yes	0	11,025,000	0	0	0	0	0	0	11,025,000	3.5%
	Canopus 4444	Lloyd's	Yes	0	0	2,784,000	5,700,000	0	0	2,481,000	0	10,965,000	3.4%
	Liberty International Canada (PF)	Canada	Yes	0	0	0	0	10,000,000	0	0	0	10,000,000	3.1%
	The Sovereign General Insurance Company (PF)	Canada	Yes	0	0	0	0	0	9,900,000	0	0	9,900,000	3.1%
	QBE Insurance Group (PF)	Canada	Yes	0	0	0	0	5,000,000	4,800,000	0	0	9,800,000	3.1%
	CNA (US)	US	Yes	0	0	0	0	0	0	0	7,800,000	7,800,000	2.4%
	Northbridge Insurance Company (PF)	Canada	Yes	0	0	0	0	2,500,000	6,000,000	0	0	8,500,000	2.7%
	Tokio Marine Canada (PF)	Canada	Yes	0	0	0	0	5,000,000	3,000,000	0	0	8,000,000	2.5%
	Berkshire (PF)	US	Yes	0	0	0	0	0	0	0	7,800,000	7,800,000	2.4%
	Probitas 1492	Lloyd's	Yes	0	0	0	3,600,000	0	0	4,134,000	0	7,734,000	2.4%
	BRT 2987	Lloyd's	Yes	0	0	4,998,000	2,496,000	0	0	0	0	7,494,000	2.3%
	Hannover (Combined)	Combined	Yes	0	7,350,000	0	0	0	0	0	0	7,350,000	2.3%
	Argenta 2121 (Now Casper)	Lloyd's	Yes	0	7,350,000	0	0	0	0	0	0	7,350,000	2.3%
	Gerling Global Re	Canada	Yes	0	0	1,200,000	6,000,000	0	0	0	0	7,200,000	2.3%
	AML 2001	Lloyd's	Yes	0	7,105,000	0	0	0	0	0	0	7,105,000	2.2%
	Hamilton (Combined)	Combined	Yes	0	0	1,485,000	3,330,000	0	0	2,067,000	0	6,882,000	2.2%
	PEM 4000	Lloyd's	Yes	0	0	1,485,000	3,330,000	0	0	2,067,000	0	6,882,000	2.2%
	Sampo (Fronted by Trisura)	Canada	Yes	0	0	0	4,500,000	0	0	1,983,000	0	6,483,000	2.0%
	Aspen Re (PF)	Canada	Yes	0	0	0	0	0	0	0	6,435,000	6,435,000	2.0%
	AXIS Re	Canada	Yes	0	3,430,000	0	3,000,000	0	0	0	0	6,430,000	2.0%
	AWAC	Bermuda	No	0	0	1,800,000	4,200,000	0	0	0	0	6,000,000	1.9%
	Trisura Guarantee Insurance Company (PF)	Canada	Yes	0	0	0	0	0	5,700,000	0	0	5,700,000	1.8%
	Mosaic	Lloyd's	Yes	0	0	0	4,272,000	0	0	1,239,000	0	5,511,000	1.7%
	CLLAS	Canada	Yes	0	0	0	0	2,500,000	3,000,000	0	0	5,500,000	1.7%
	AUL 1274	Lloyd's	Yes	0	4,900,000	0	0	0	0	0	0	4,900,000	1.5%
	FDY 435	Lloyd's	Yes	0	0	1,671,000	2,856,000	0	0	0	0	4,527,000	1.4%
	Starr	Lloyd's	Yes	0	0	0	0	0	0	4,134,000	0	4,134,000	1.3%
	Markel (PF)	Canada	Yes	0	0	0	0	0	0	0	3,900,000	3,900,000	1.2%
	AFB 623/2623	Lloyd's	Yes	0	0	1,392,000	0	0	0	2,481,000	0	3,873,000	1.2%
	W/R/B	Lloyd's	Yes	0	0	0	0	0	0	2,481,000	0	2,481,000	0.8%

Maximum Exposure Any One Claim

975,000	49,000,000	30,000,000	60,000,000	50,000,000	60,000,000	30,000,000	39,000,000	318,975,000	32.4%
									51.5%

Proportional Reinsurance:

London	0	30,380,000	16,500,000	30,804,000	0	0	19,017,000	6,630,000	103,331,000	4.9%
Canada	0	3,430,000	11,700,000	18,996,000	50,000,000	60,000,000	3,483,000	16,770,000	164,379,000	1.9%
US	0	0	0	0	0	0	0	15,600,000	15,600,000	99.7%
Bermuda	0	0	1,800,000	4,200,000	0	0	0	0	6,000,000	0.3%
Barbados	0	15,190,000	0	6,000,000	0	0	7,500,000	0	28,690,000	0.3%
Total	0	49,000,000	30,000,000	60,000,000	50,000,000	60,000,000	30,000,000	39,000,000	318,000,000	n/a

CLLAS Proportional Retention

975,000	0	0	0	0	0	0	0	0	975,000	0.3%
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Colchester Aggregate

n/a

Reinsurers by % of Single Claim Exposure
CURRENT YEAR (2022/2023)

CURRENT YEAR (2022/2023)

CURRENT YEAR (2022/2023)				LAYERS							US\$30MM* (\$39MM)	TOTAL	Percent of Total
Lev. II	Name	Jurisdiction	Reg'd?	\$975MM	\$49MM	\$30/60MM	\$10-60MM	\$15-50MM	\$60MM	\$30/60MM			
				X\$	X\$	X\$	X\$	X\$	X\$	X\$			
				\$025MM	\$1MM	\$65MM	\$160MM	\$50MM	\$100MM	\$250MM			
CLLAS Net Retention												975,000	