

Proposal to Provide Insurance Brokerage Services to

Canadian Lawyers Liability Assurance Society

2019 Renewal Submission



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Introduction

We have seen a dramatic change in the world-wide Lawyers professional Liability insurance market in the last 12 months since the 2018 renewal.

We have also seen some payments for the first time made by the Excess Insurers who provide coverage over the CLLAS primary program.

I am pleased to confirm that most of the current excess insurers have agreed to renew their participation except Chubb Insurance who did ask to be replaced as they feel the overall rating on Lawyers is simple too low to continue.

We have replaced there capacity as you can see in the attached submission.

Overall we are seeing the Lawyers rates increase and with that we did finalize this program with an overall increase of 15% from the prior year.

We have seen rates decreasing on the CLLAS program since 2004 and the market has now come to the opinion that we now need to stabilize the situation to prudently move forward.

We are layering the program under two towers as we did last year and again this is confirmed in the information attached.

As in the past we have provided you with the financial information in this submission regarding the Insurers. All of the insurers remain strong and have an AM Best, or equivalent rating of A- or better.

I trust you will find the attached to be satisfactory, and if you wish to have any further discussions with me, please do not hesitate to let me know.

Policy Wordings

No changes in 2019.

Renewal Quotations

CLLAS Canadian Excess Program

	Liberty Lead	Encon Lead
	\$50x50 (\$392)	\$60x\$100 (\$348)
Liberty International Canada	20%	9.5%
Encon Group Inc.	10%	25%
Travelers Insurance Company of Canada	10%	16.5%
Royal & Sun Alliance Insurance Company of Canada	20%	9.5%
XL Catlin	10%	
Axis Reinsurance Company	10%	
Northbridge Insurance Company	5% (10% on Associate)	10%
The Sovereign General Insurance Company		16.5%
QBE Services Inc.	10%	8%
CLLAS	5% (0% on Associate)	5%
Total	100%	100%

1. One CLLAS member purchases \$30,000,000 xs \$50,000,000. The new rate per lawyer is \$271 per lawyer and the new \$50,000,000 xs \$50,000,000 Insurer group will provide this layer.
2. We do have one Associate Member of CLLAS and they will purchase \$45,000,000 xs \$50,000,000 and the renewal rate is \$496 per lawyer.

Note: The expiring rate on the layer of \$110,000,000 excess of \$50,000,000 is \$644.00 per lawyer vs. the renewal rate of \$740.00 per lawyer.

Renewal Quotations

CLLAS International

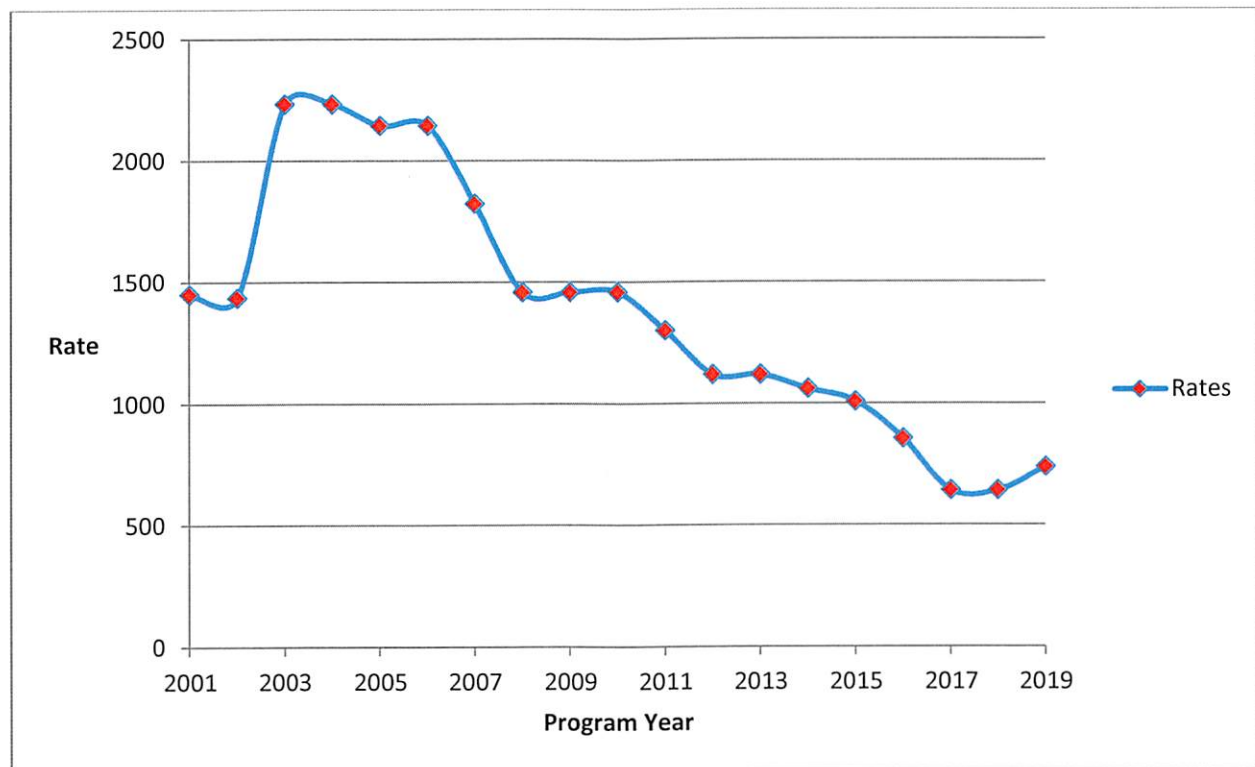
Insurer	Layer	Proposed Renewal
		2019 - 2020
CNA (25%)	US\$30,000,000 each claim and aggregate	10% Rate Increase and an increase in retention levels.
AXA XL (16.50%)		
Berkshire (25%)		
Aspen Re (16.5%)		
Lloyds (17.00%)		

Note: Each Participating firm has received a renewal notice confirming their renewal terms.

Rate Summary

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Rates	1450	1436	2235	2235	2146	2146	1824	1458	1458	1458

	2011	2012	2013	2014	2015	2016	2017	2018	2019
Rates	1301	1120	1120	1062	1010	858	644	644	740



Competition

We continue to review the renewal programs for Canadian law firms across the country and the excess programs (excess of \$50,000,000). Generally we now seeing rate increases and think this will continue throughout 2019.

We can confirm to you that it is our opinion that this excess program is currently competitive in comparison to firms outside of the CLLAS group given the exposure and drop down/DIC feature of the excess program.

The U.S. market was seeing some severe hardening and capacity is withdrawing across the sector which is driving rates higher.

I do believe that we ultimately approach the entire insurance market between ourselves, AXXIMA and your U.K. broker. If any new capacity does become available, we are aware of it; This year between ourselves, AXXIMA and your U.K. Broker we again did an extensive search of the market and this was done to ensure the CLLAS program remains competitive, in particular given the lawyers insurance market is seeing great change.

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-
ROYAL & SUN ALLIANCE INS CO OF CANADA		Canada	NR	A
QBE INSURANCE (INTERNATIONAL) LTD.		U.S.A.	A	A+
AXIS Reinsurance Company		Canada	A+	A+
XL Specialty Insurance Company		U.S.A.	A+	AA-
ENCON GROUP 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	A+

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

Best's Ratings		S&P Ratings	
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 - IRONSHORE	UNITED KINGDOM	A	A

Final Renewal Process

As in past years we will now proceed to renew the coverage for your firm based on the limits you currently purchase and based on the final headcount provided by you. We understand that you will be providing the final headcounts as soon as possible to AXXIMA who in turn will provide this information to us.

We would also recommend to those firms who do not currently purchase all of the layers of coverage offered that they should consider increasing the limits purchased.

If you would like to change the limits you purchase it would be appreciated if you could advise me as soon as possible.

In closing, I look forward to our continued association and working with each of you.