

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

8:30 a.m.
Davies Ward Phillips & Vineberg LLP
44th Floor, 1 First Canadian Place
Toronto, Ontario

Tuesday, December 8, 2009

Present:

Nicholas Leblovic (Chairman)	Davies Ward Phillips & Vineberg LLP
Donald Milner	Fasken Martineau DuMoulin LLP
Chris Woodbury	Fraser Milner Casgrain LLP
Gale Rubenstein	Goodmans LLP
William Scott	McCarthy Tetrault LLP
Julia Holland	Torys LLP
Les O'Connor	WeirFoulds LLP
Robert Love	Borden Ladner Gervais LLP
Carol Lyons	Lang Michener LLP
Anne-Marie Widener	Cassels, Brock and Blackwell LLP
Dan MacDonald	McMillan LLP
Glenn Leslie	Blake Cassels & Graydon LLP
David Morritt	Osler Hoskin & Harcourt LLP
Patrick Mahoney	General Manager's Office
Norma Ibbetson	General Manager's Office
Julie Linda Laforce	Dion, Durrell + Associates

1. Constitution of Meeting

The Chairman brought the meeting to order.

2. Appointment of Secretary

Norma Ibbetson acted as Secretary.

3. Approval of Minutes of the September 15, 2009 Meeting of the Advisory Board

It was moved by Carol Lyons and seconded by Gale Rubenstein that the minutes of the September 15, 2009 meeting of the Advisory Board be approved. The motion was carried unanimously.

4. Comments of the Chair

Website

Mr. Leblovic reported the further expansion of the CLLAS website is expected over the coming months to include on-line renewal applications and limited access by the reinsurers. The process of uploading historical Board materials, risk management policies, etc. continues.

General Liability Policy Review:

Joe Tontini has been looking at a policy through Lloyds and will be comparing it to the Chubb policy and providing an analysis to be presented to the Board.

D & O Insurance

This is currently handled through the CBIA-ODL program. Preliminary consideration is being given to whether there is a benefit to the firms in CLLAS playing a direct role in the program.

Committee Membership

The Chair has circulated the list of current committee members and will finalize any appropriate changes prior to the February Board meeting.

3rd Optional Layer

A third layer of 10 x 190 is available. There has been little interest expressed by the the firms currently buying the maximum limits, so the facility will be allowed to lapse.

Colchester Board

Mr. Leblovic advised that the new shareholder representative to the Board of Colchester Reinsurance Limited is Michael Thorley. Joel Richler had tendered his resignation.

Annual Dinner

Mr. Leblovic advised that, after discussion, the Annual Dinner will be moved to a Friday in April 2010. The venue will continue to be the Toronto Club.

5. Report of the General Manager's Office

Management Report at September 30, 2009

Patrick Mahoney reported to the Board. CLLAS has experienced an underwriting gain of \$1.1 million for the first nine months. Together in with investment income of a similar amount, CLLAS' overall gain for the period is \$2.2 million.

Budget Variance

The most notable line on the operating budget is the “reinsurance services” which is expected to finish the year well over budget. This line tracks Dion Durrell activity on reinsurance and has been unusually heavy due to a number of items, most notably participation in the arbitration, the work on reinsurer security, and managing the impact of the changes to OSFI’s interpretation of Part XIII. Mr. Mahoney also pointed out that the hard costs of the reinsurance arbitration (i.e. counsel fees, arbitrator fees, transcript services, etc. were being tracked on the “special services” and given the level of activity to date and for the rest of the year, this line would also finish well over budget.

Target Surplus

Julie-Linda Laforce joined the meeting to make a presentation with respect to the November 26, 2009 memo on CLLAS’ surplus target. She reviewed the history of CLLAS’ approach to managing surplus and discussed a number of things to be taken into account in reviewing and updating the policy, including external considerations (e.g. regulatory benchmarks), retention levels, volatility of risk, risk appetite of subscribers and future plans. She suggested that it would be appropriate to preserve the current approach of having a minimum target and an “operational” target (with the latter being higher than the former and being used for the purposes of managing surplus levels year-over-year). She advised that in her view it would be appropriate for CLLAS to set the minimum target at \$15 million (given that that is the attachment point for CLLAS’ aggregate protection with Colchester) and the operational target could be in the range of 175% and 250% of the regulatory minimum capital test (“MCT”). After discussion, a consensus emerged that the Board would be comfortable with an operational target around the mid-point of the recommended range which translates to a dollar value, based on CLLAS current financial profile, of \$17.5 million. Ms. Laforce suggested that she document this consensus in a formal surplus policy for review and adoption by the Board at its next meeting.

6. Report of the Claims Committee

Patrick Mahoney reported in Barry Bresner’s absence. The last quarter has been quite busy with a number of matters under active management. Notably:

- 1) Claim #8 is at trial
- 2) A couple of matters are in mediation or getting ready for mediation
- 3) There are three files involving retail tax shelters (#1, 6 & 7)
- 4) A couple of files have recently settled

7. Report of the Risk Management Committee

Bill Scott presented his report on the latest initiatives of the Committee and invited John Walker to address the key initiatives.

Blue Drop Initiative (E-learning)

John Walker provided the Board with a demonstration of the E-learning platform being developed with Blue Drop. The launch is expected in January with certain firms volunteering to test the program and provide feedback. An effort will be made to have the course accredited as CLE.

John Walker is to provide the Board members with a link to the program by e-mail.

CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY

FINANCIAL MANAGEMENT REPORT

For the Period Ending December 31, 2009

CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY

FINANCIAL MANAGEMENT REPORT

December 31, 2009

CONTENTS

Exhibit I	Balance Sheet
Exhibit II	Income Statement
Exhibit III	Other Comprehensive Income
Exhibit IV	Operating Budget Variance Analysis

CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY
BALANCE SHEET
December 31, 2009

	As at December 31, 2009	As at December 31, 2008
ASSETS		
Cash	\$8,118,634	\$7,156,634
Investments		
Short Term	10,446,379	14,371,754
Bonds	37,106,852	30,737,108
Interest income due and accrued	290,528	248,097
Premiums receivable	5,302,471	6,505,277
Unearned reinsurance premium ceded	6,834,882	7,199,019
Prepaid Expenses	235,898	249,370
Deferred policy acquisition costs	283,123	364,772
Reinsurance recoverable	11,828,558	10,738,527
Other receivable	0	0
Provision for unpaid claims and adjustment expenses recoverable from reinsurers	40,904,000	45,477,000
Total Assets	<u>\$121,351,326</u>	<u>\$123,047,558</u>
LIABILITIES		
Provision for unpaid claims and adjustment expenses	\$79,072,000	\$80,511,000
Provision for unpaid premium liabilities	\$2,629,821	\$2,629,821
Unearned premium	11,727,469	12,059,120
Due to reinsurers	5,534,300	5,884,089
Accounts payable & accrued charges	745,909	564,153
Premium taxes payable	0	0
Total Liabilities	99,709,498	101,648,181
SUBSCRIBERS' EQUITY		
Surplus	20,431,343	20,023,669
Accumulated Other Comprehensive Income (Loss),	<u>1,210,485</u>	<u>1,375,708</u>
	21,641,828	21,399,377
TOTAL LIABILITIES AND SUBSCRIBERS' EQUITY	<u>\$121,351,326</u>	<u>\$123,047,558</u>

CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY
 INCOME STATEMENT
 FOR THE PERIOD ENDED December 31, 2009

	Year to date Jan. 2009 to <u>December-09</u>	Previous year Jan. 2008 to <u>December-08</u>
Written premium	\$23,674,881	\$24,318,114
Gross Written Premiums	23,674,881	24,318,114
Less: Reinsurance Ceded	13,797,313	14,517,359
Net Written Premiums	9,877,568	9,800,755
Change in Unearned Premiums	(32,486)	173,095
Earned Premiums	9,845,082	9,973,850
Claims Paid	4,733,114	1,803,547
Change in IBNR	2,800,000	3,558,000
Change in Case Reserve	334,000	(845,000)
Change in provision for Unpaid Premium liability	0	0
Incurred Claims	7,867,114	4,516,547
Management and Operating Expenses	1,987,720	1,563,000
Reinsurance Fees	273,000	269,000
Premium Taxes	792,662	770,372
Total Operating Expenses	3,053,382	2,602,373
Underwriting Gain (Loss)	(1,075,414)	2,854,930
Investment Income	1,483,088	1,693,788
Net Gain (Loss)	\$407,674	\$4,548,717
Subscribers' Equity - Beginning of Period	\$20,023,669	\$15,474,952
Less: Adjustment to opening Policy Liabilities	\$0	\$0
Subscribers' Equity - End of Period	\$20,431,343	\$20,023,669

**CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY
STATEMENT OF COMPREHENSIVE INCOME (LOSS) AND
ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)
FOR THE PERIOD ENDED December 31, 2009**

	Year to date Jan. 2009 to <u>December-09</u>	Previous year Jan. 2008 to <u>December-08</u>
Net Income	\$407,674	\$4,548,717
Other Comprehensive Income (Loss):		
Unrealized Gains and (Losses) on available-for-sale financial assets arising during the year	(165,223)	1,283,644
Reclassification of realized gains(losses) to the statement of operations		
Net change in the other comprehensive income for the year	(165,223)	1,283,644
Total Comprehensive Income (Loss)	<u>242,451</u>	<u>5,832,361</u>
Accumulated Other Comprehensive Income (Loss), beginning of year	\$1,375,708	\$92,064
Other comprehensive income (loss)	(165,223)	1,283,644
Balance at end of period	<u>1,210,485</u>	<u>1,375,708</u>

CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY
STATEMENT OF OPERATIONS AND SURPLUS - VARIANCE ANALYSIS
FOR THE TWELVE MONTHS ENDED December 31, 2009

	Annual Budget		Year to Date Budget	Year to Date Actual	Fav/(Unfav) Variance
		%	\$	\$	\$
		Accrued to Date			
MANAGEMENT SERVICES	414,000	100%	414,000	432,218	(18,218)
PROFESSIONAL SERVICES					
Actuarial Services	96,000	100%	96,000	92,538	3,462
Reinsurance Matters	270,000	100%	270,000	381,399	(111,399)
Strategic Matters	90,000	100%	90,000	91,214	(1,214)
Special, non-recurring	40,000	100%	40,000	64,796	(24,796)
Sub-Total Professional Services	496,000		496,000	629,947	(133,947)
Total Management & Professional Services *	910,000		910,000	1,062,165	(152,165)
(See Note 1)					
GST on Consulting Fees	45,500	100%	45,500	53,108	(7,608)
Total Consulting Services	955,500		955,500	1,115,273	(159,773)
OTHER EXPENSES					
Audit Expenses	64,000	100%	64,000	64,208	(208)
Annual Dinner	5,000	100%	5,000	4,244	756
Premium Taxes	729,543	100%	729,543	792,662	(63,119)
Chairman's Expenses	2,000	100%	2,000	0	2,000
Chairman's Honourium	60,000	100%	60,000	60,000	0
Reinsurance Expense	10,000	100%	10,000	4,927	5,073
Office Expenses	15,000	100%	15,000	17,204	(2,204)
Office Expenses - Website management software license	1,800	100%	1,800	1,800	0
Claims: Borderaux (LSUC)	13,850	100%	13,850	14,100	(250)
Special Services	100,000	100%	100,000	407,886	(307,886)
Special Services - Peer Review	0	100%	0	0	0
Miller Insurance Fees (Reins. Comm.) (See Note 2)	273,000	100%	273,000	273,000	0
I.B.C Statistical Plan Fees	15,000	100%	15,000	11,578	3,422
FSCO Assessment Fees	15,000	100%	15,000	10,665	4,335
Investment counsel fees	108,675	100%	108,675	122,252	(13,577)
Investment - Custodial	30,000	100%	30,000	33,681	(3,681)
Risk Management/Loss Prevention	80,000	100%	80,000	119,903	(39,903)
Sub-total	1,522,868		1,522,868	1,938,109	(415,241)
TOTAL	\$2,478,368		\$2,478,368	\$3,053,382	(575,014)

* NOTE 1: PROFESSIONAL SERVICES - SEASONALLY WEIGHTED BUDGET

This is based upon an analysis of the current budget and previous years' experience, the anticipated pattern of seasonal workflow is as follows:

First Quarter, ending March 31st	25%
Second Quarter, ending June 30th	43%
Third Quarter, ending September 30th	16%
Fourth Quarter, ending December 31st	16%
	<u>100%</u>

* NOTE 2: MILLER INSURANCE FEES (Reins. Comm.)

The annual budget is based upon the annual fee estimated for the policy period 2009/2010.

The year to date actual includes the fees billed for the later 6 months of 2008/2009 plus 1 month of 2009/2010



Dion Durrell

Canadian Lawyers Liability Assurance Society

Report on the Valuation of Policy Liabilities as at December 31, 2009

February 18, 2010

Canadian Lawyers Liability Assurance Society

Table of Contents	Page
Highlights of Valuation	2
Reported Incurred Loss Activity – Counts	6
Gross Reported Incurred Loss Activity – Losses Incurred	7
Net Reported Incurred Loss Activity – Losses Incurred	8
Reinsurance Arrangements between CLLAS and Colchester for 2009/2010	9
Breakdown of Outstanding Claims Liabilities	10
Valuation of Claims Liabilities, Discounting	11
Valuation of Claims Liabilities, Margins for Adverse Deviation	12
Impact of provision for adverse deviation on net outstanding liabilities	13
Gain (Loss) Analysis of Net Outstanding Liabilities	14

Canadian Lawyers Liability Assurance Society

Highlights of Valuation

- Revision of 2009/2010 expected loss costs to reflect recent lawyers professional liability loss experience
- Change in per lawyer expected loss costs for layers:

	08/09	09/10
\$975,000 xs \$25,000 ^{/1} :	\$134	\$170
\$4,000,000 xs \$1,000,000:	\$1,597	\$1,685
\$7,500,000 xs \$5,000,000 ^{/2} :	\$1,066	\$1,078
\$12,500,000 xs \$12,500,000 ^{/2} :	\$768	\$844
\$10,000,000 xs \$25,000,000 ^{/2} :	\$381	\$373
\$30,000,000 xs \$50,000,000:	\$8	\$13
\$20,000,000 xs \$140,000,000:	\$3	\$7
\$10,000,000 xs \$160,000,000:	\$2	\$5
\$20,000,000 xs \$160,000,000:	\$2	\$5
\$30,000,000 xs \$160,000,000:	\$2	\$5

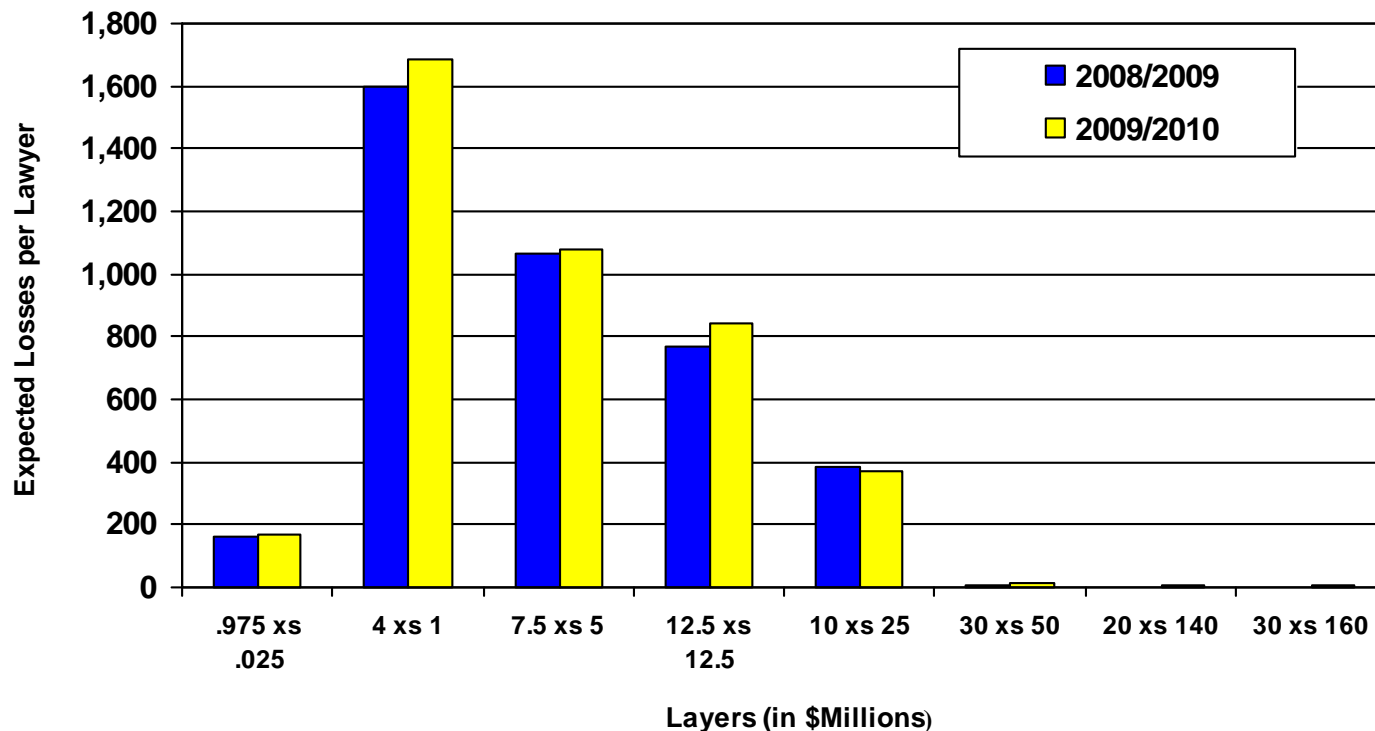
/1 This layer was \$750,000 xs \$250,000 for 2007/2008 and prior policy periods

/2 Blended to reflect Quebec's \$10,000,000 deductible versus \$5,000,000 for lawyers in other provinces

Canadian Lawyers Liability Assurance Society

Highlights of Valuation

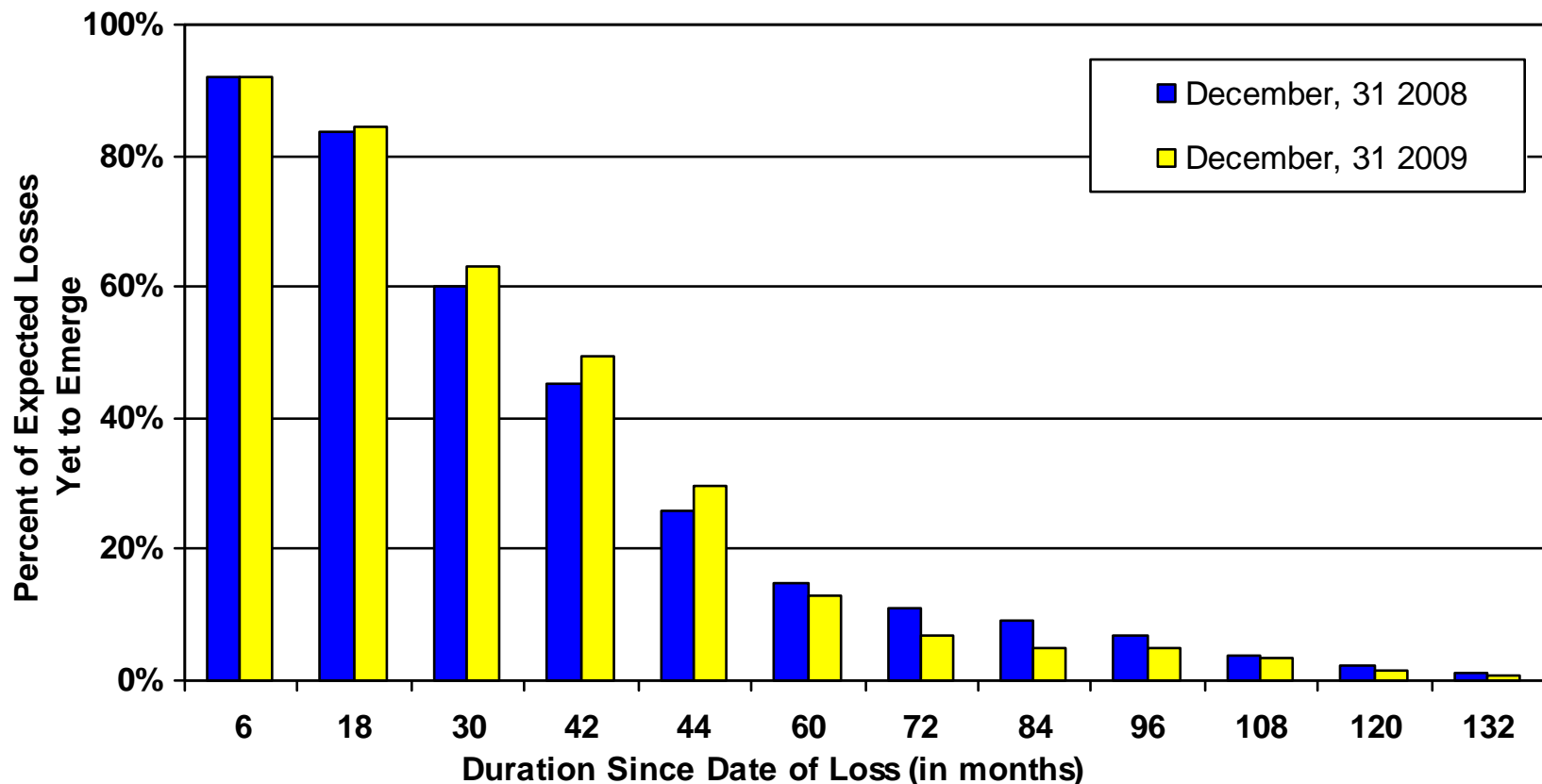
- Revision of expected loss costs for 2009/2010 reflects recent favourable emerging experience demonstrated by the overall increase being below the 8% severity trend



Canadian Lawyers Liability Assurance Society

Highlights of Valuation

- Revision of Loss Development Factors for IBNR projection



Canadian Lawyers Liability Association

Highlights of Valuation

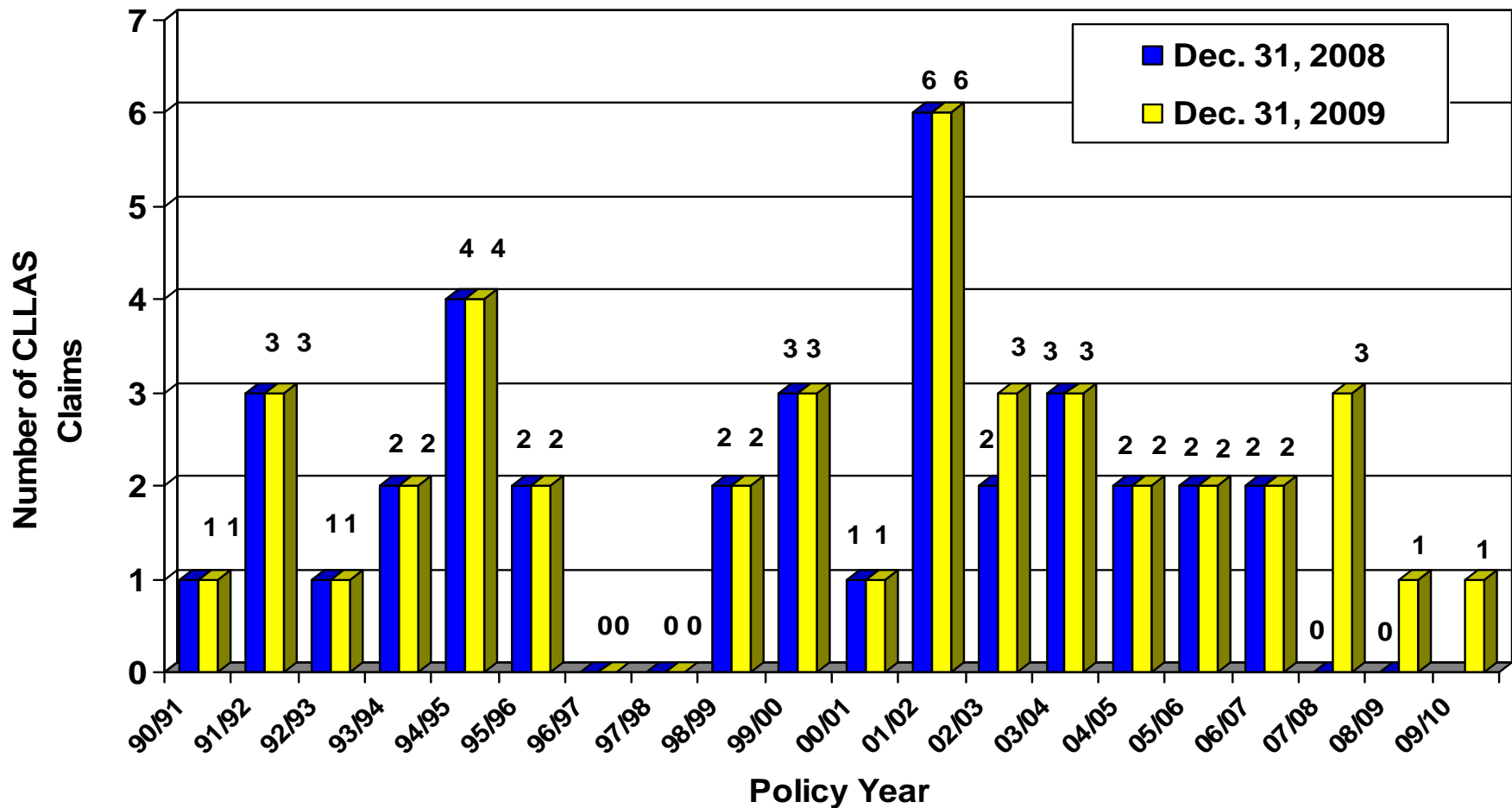
- The impact of the change in assumptions represents an increase of \$1,158,000 in the net undiscounted liabilities
- The impact of the Harmonized Sales Tax represents an additional increase of \$235,000

Discount Rate

- The discount rate is used for the discounting of future claims payments and related PfAD margin
- A discount rate of 2.9% was selected based on the market yield of the company's bond portfolio as at December 31, 2009 since the company has classified its bond portfolio as available-for-sale per CICA 3855
- The interest rate used in the last valuation was 3.0%
- The PfAD margin on interest rate was maintained at 0.75%
- The impact of this change is an increase of \$47,000 in the net December 31, 2009 claims liabilities (discounted + PfAD)

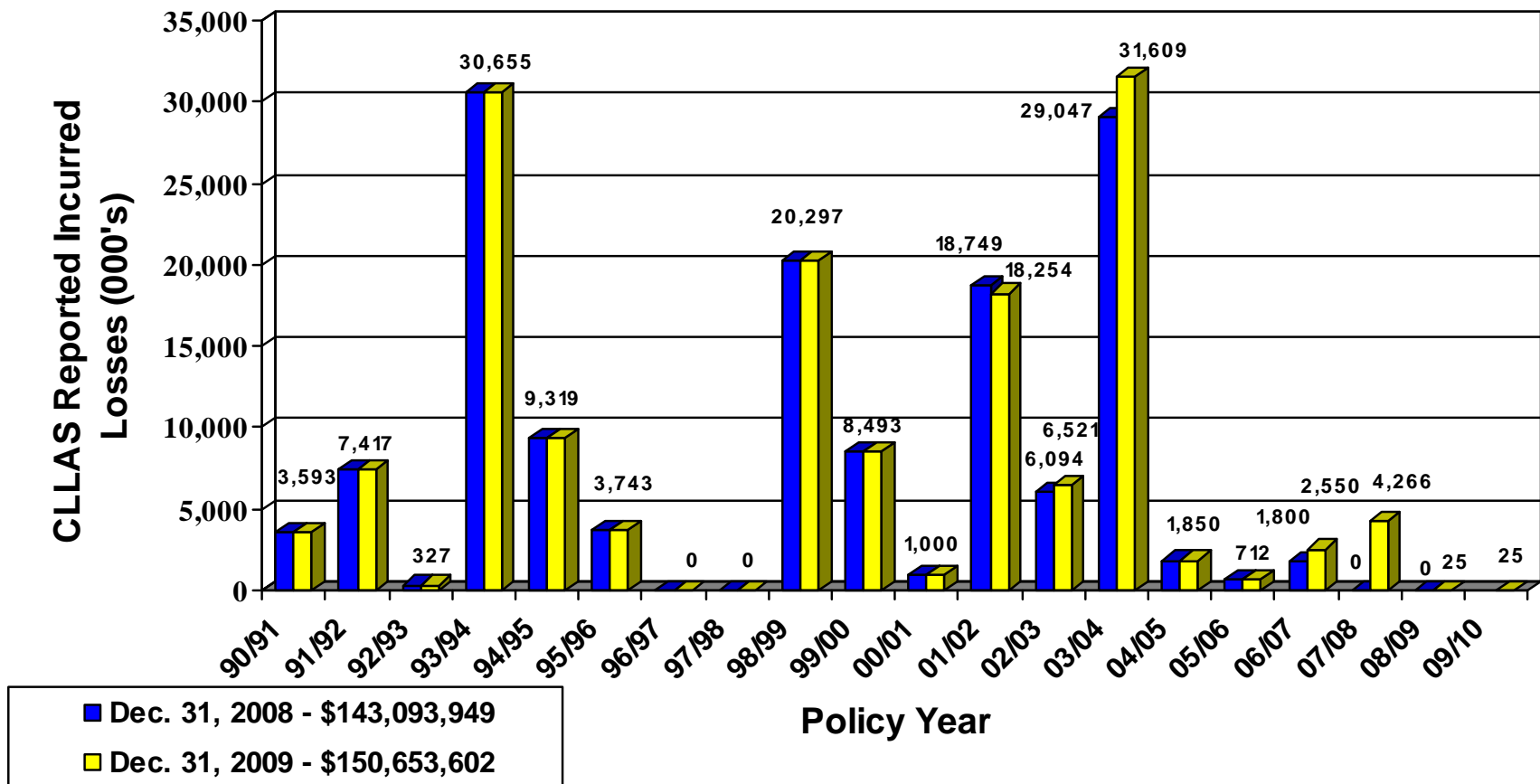
Canadian Lawyers Liability Assurance Society

Reported Incurred Loss Activity - Counts



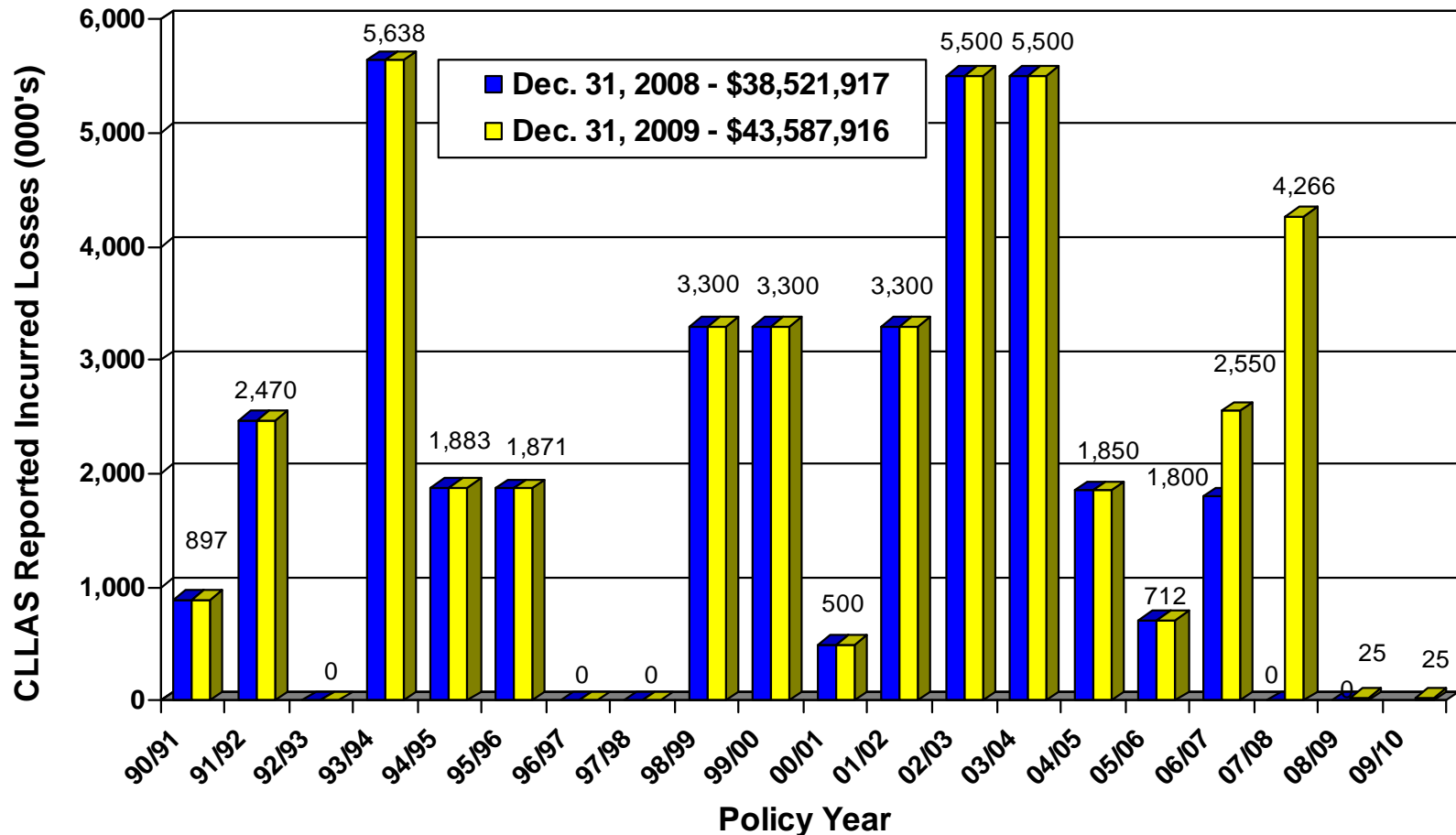
Canadian Lawyers Liability Assurance Society

Gross Reported Incurred Loss Activity Losses Incurred (in \$000's)



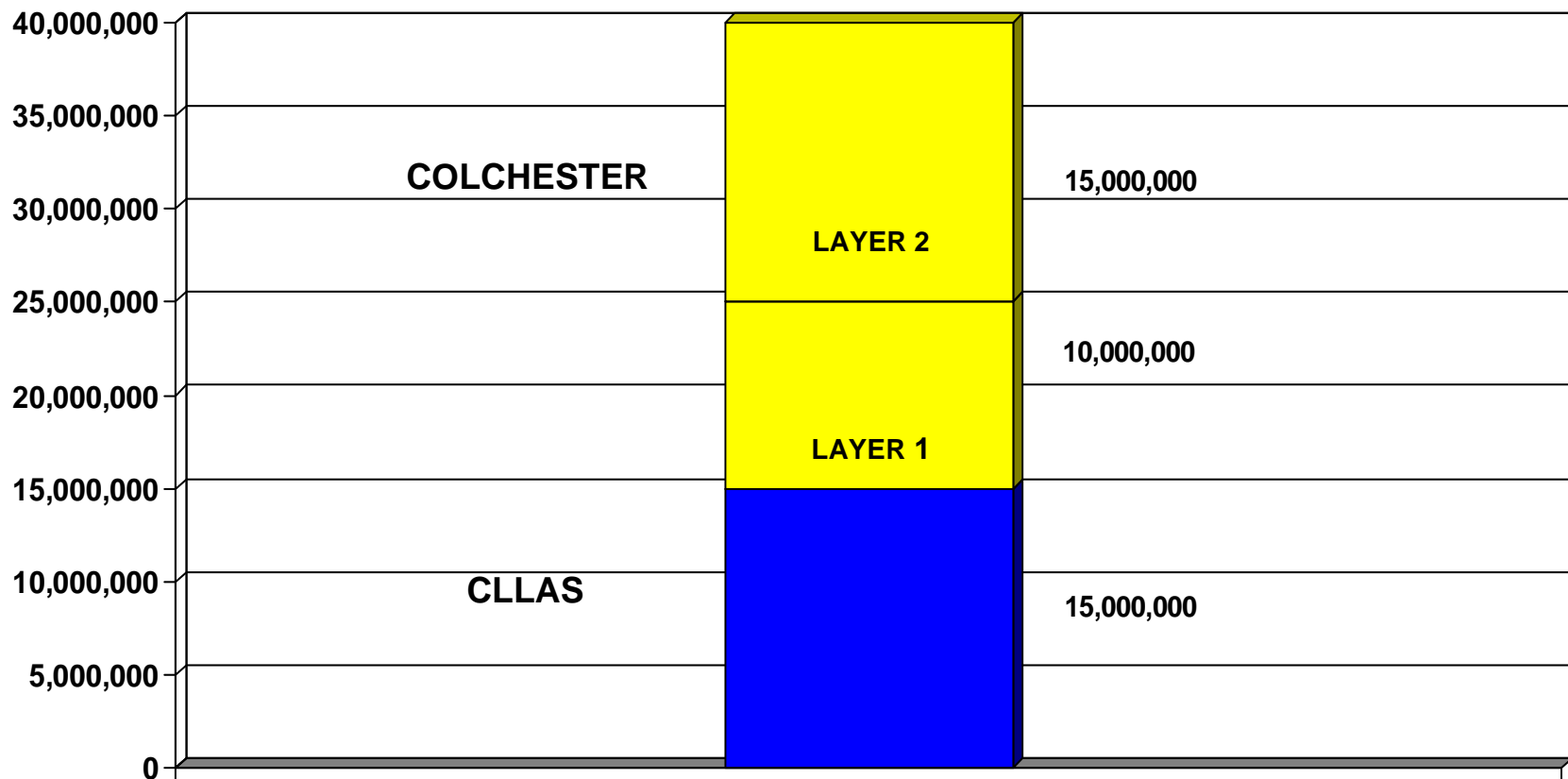
Canadian Lawyers Liability Assurance Society

Net Reported Incurred Loss Activity Losses Incurred (in \$000's)



Canadian Lawyers Liability Assurance Society

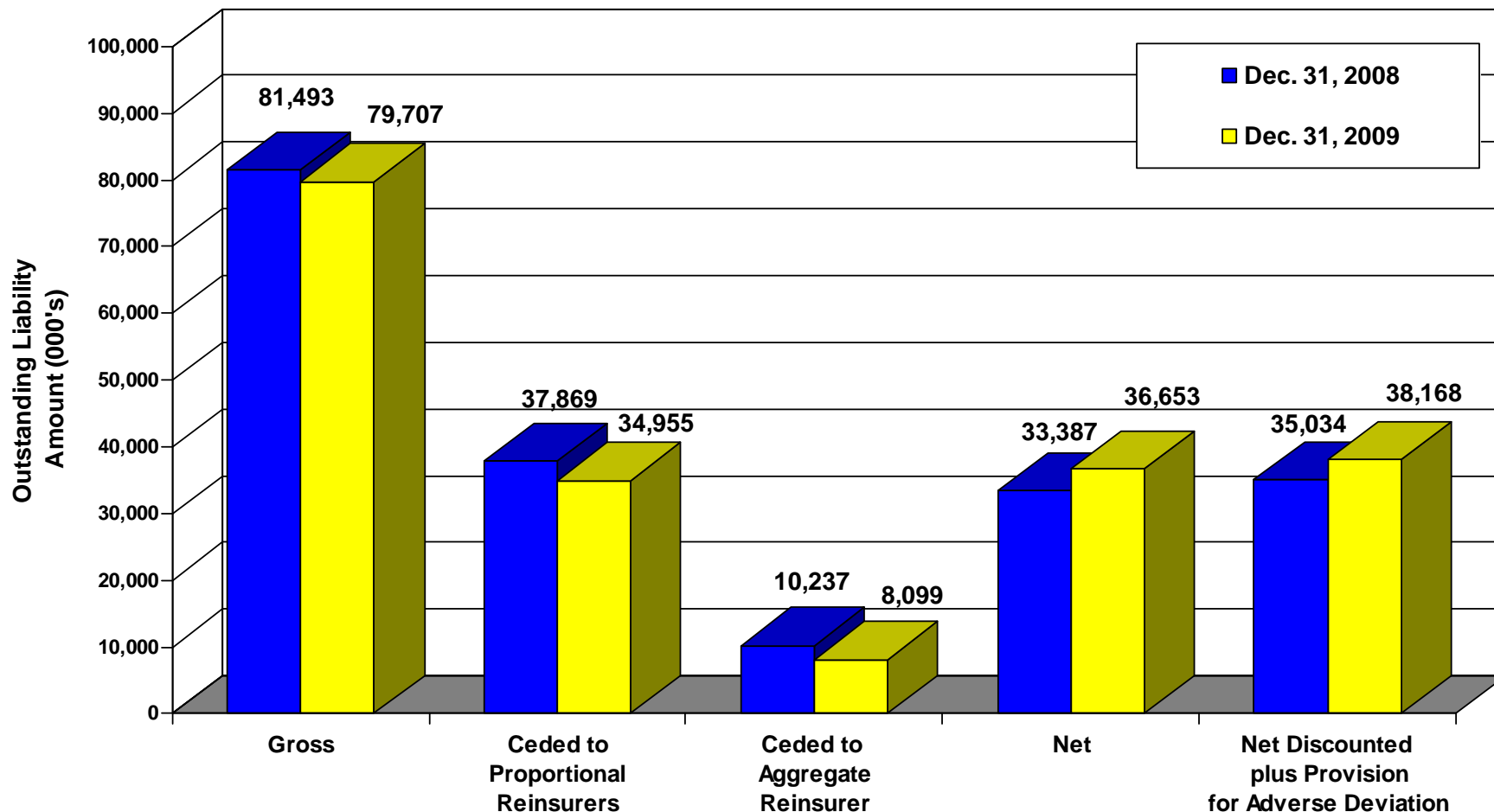
Arrangements between CLLAS and Colchester for (2009/2010) *



* Excludes additional exposure between the \$25,000 and \$250,000 where CLLAS may drop down

Canadian Lawyers Liability Assurance Society

Breakdown of Outstanding Claims Liabilities



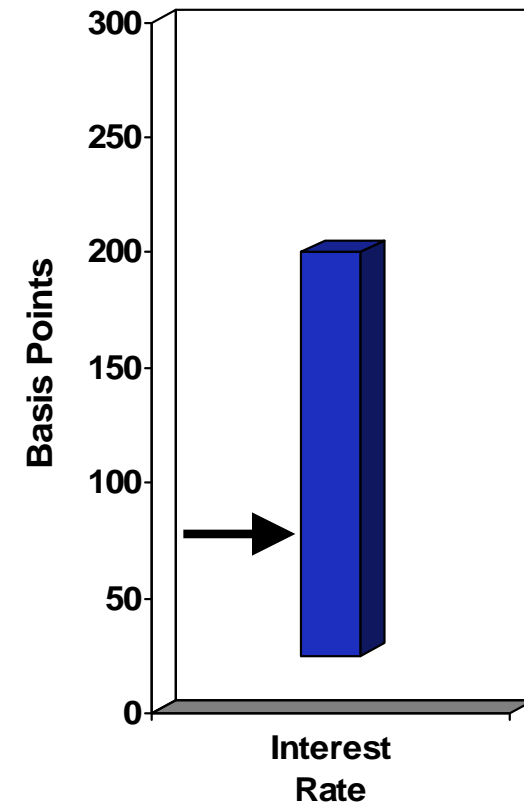
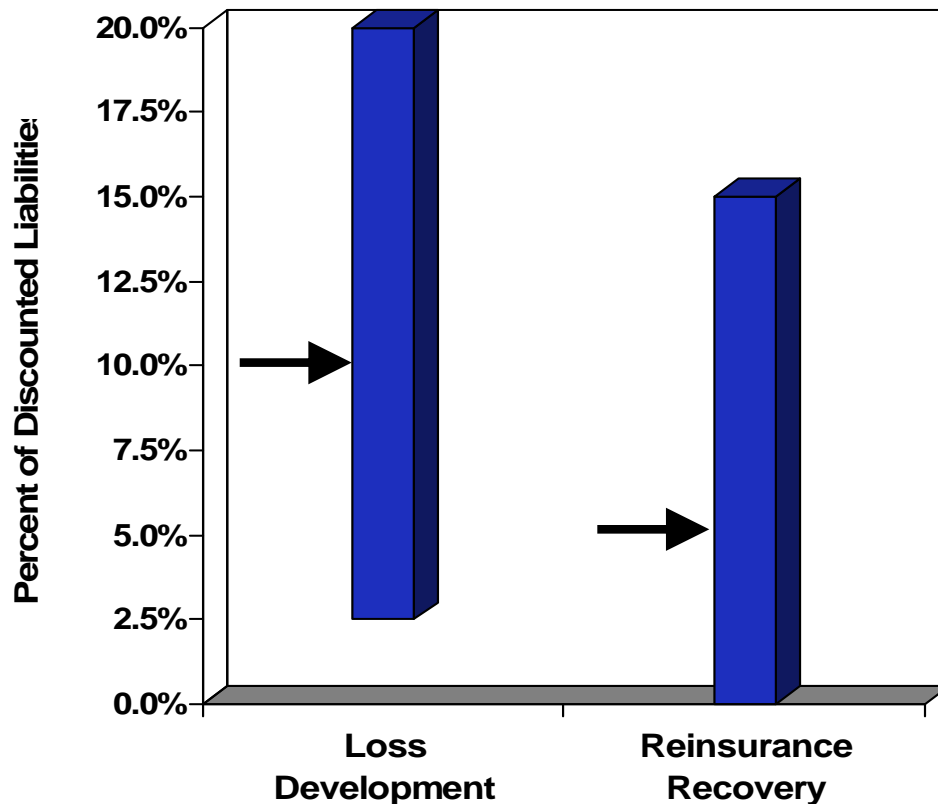
Canadian Lawyers Liability Assurance Society

Valuation of Claims Liabilities, Discounting

- All liabilities are subject to discounting
- Reserves and IBNR are estimates of losses yet to be paid. Discounting these reserves for the time value of money is deemed appropriate
- Once discounted, reserves are subject to the addition of a Provision for Adverse Deviation (“PfAD”), a reserve added to the discounted liabilities for the following situations:
 - Development on claims: Claims experience worse than expected
 - Investment income: Investment yield below expectation
 - Reinsurance: Reinsurers default on their obligations
- Reserves subject to discounting and PfAD are considered to be the best estimate of future losses, this basis is required by the Canadian Institute of Actuaries

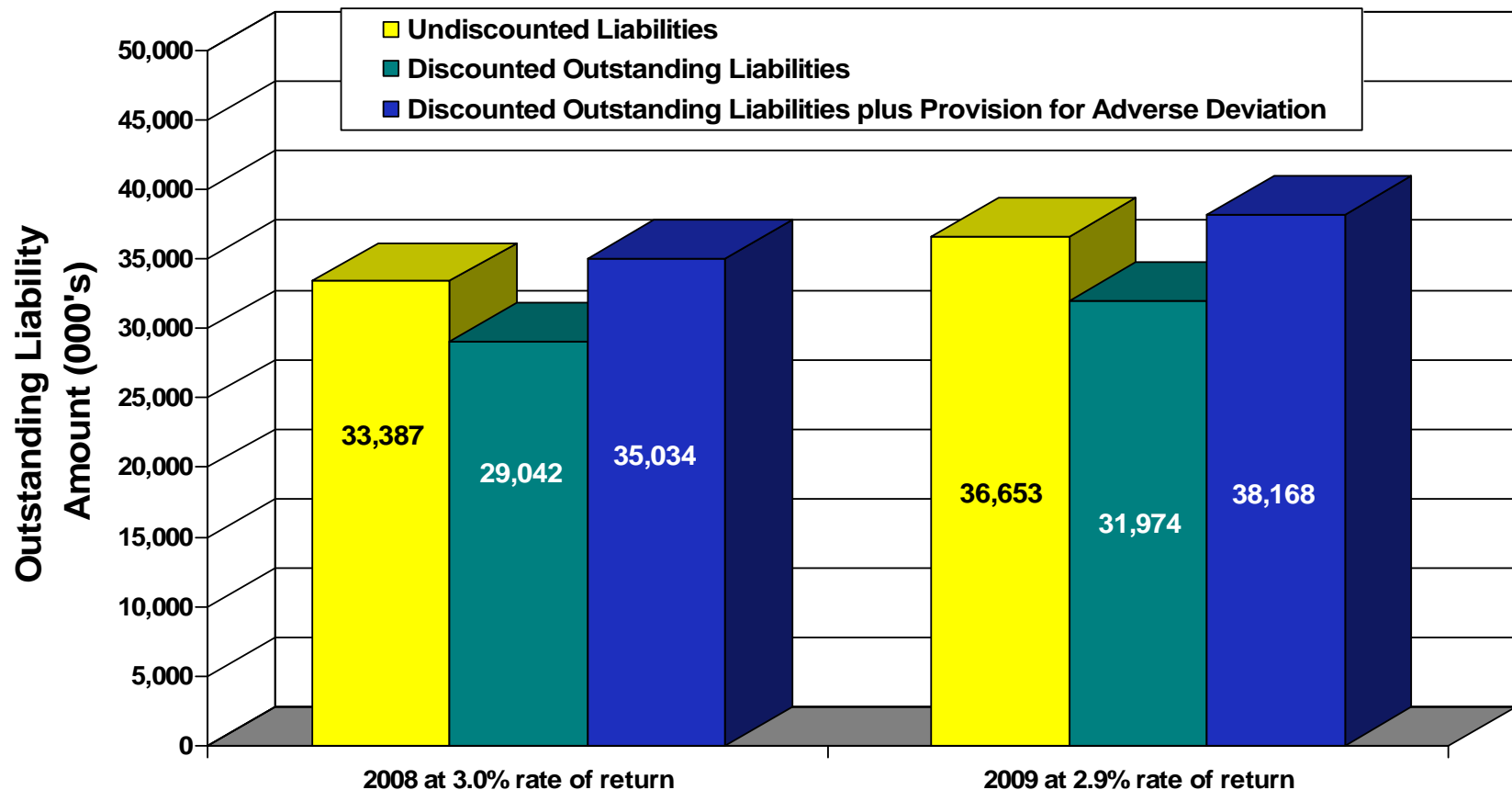
Canadian Lawyers Liability Assurance Society

Valuation of Claims Liabilities, Margins for Adverse Deviation



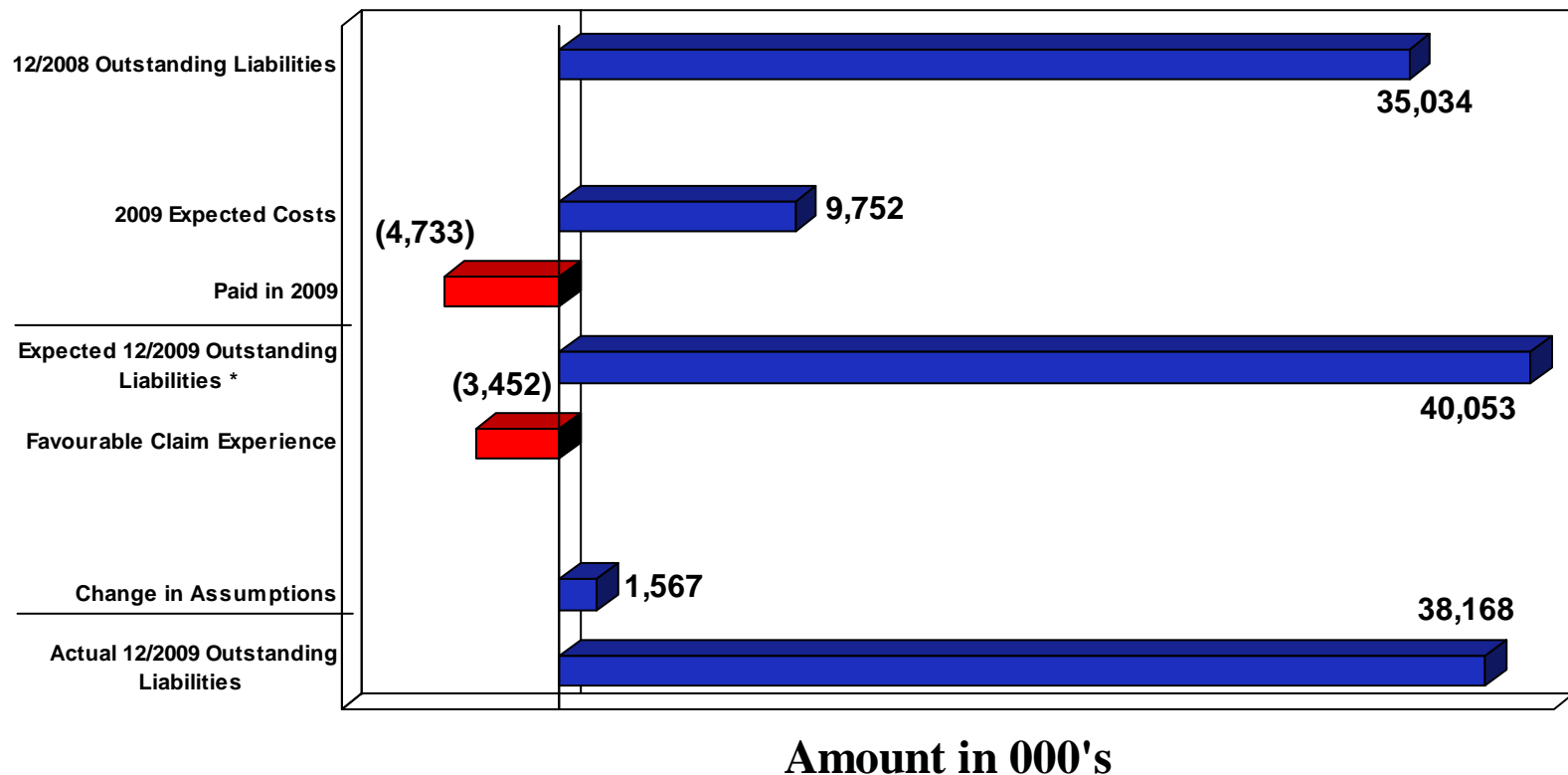
Canadian Lawyers Liability Assurance Society

Impact of Provision for Adverse Deviation on Net Outstanding Liabilities



Canadian Lawyers Liability Assurance Society

Gain (Loss) Analysis of Net Outstanding Liabilities at December 31, 2009



* Reflects the impact of discounting and provision for adverse deviation

As at December 31, 2009

[illegible]

As at December 31, 2009

[illegible]

As at December 31, 2009

Year	6	18	30	42	54	66	78	90	102	114	126	138	150	162	174	186	198	210	222	234	246	258	270
July 1, 1987 - June 30, 1988	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
July 1, 1988 - June 30, 1989	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
July 1, 1989 - June 30, 1990	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
July 1, 1990 - June 30, 1991	0	0	0	500	600	600	200	2,232	3,423	3,593	3,593	3,593	3,593	3,593	3,593	3,593	3,593	3,593	3,593	3,593	3,593	3,593	3,593
July 1, 1991 - June 30, 1992	0	0	1,750	2,500	4,050	9,244	7,054	7,536	7,536	7,536	7,536	7,436	7,417	7,417	7,417	7,417	7,417	7,417	7,417	7,417	7,417	7,417	7,417
July 1, 1992 - June 30, 1993	0	0	0	0	0	0	0	500	500	339	339	327	327	327	327	327	327	327	327	327	327	327	327
July 1, 1993 - June 30, 1994	0	0	0	17,246	19,070	19,031	22,031	31,030	31,030	31,030	31,030	32,530	32,530	30,655	30,655	30,655	30,655	30,655	30,655	30,655	30,655	30,655	30,655
July 1, 1994 - June 30, 1995	0	801	2,782	8,704	9,153	10,003	9,819	9,319	9,319	9,319	9,319	9,319	9,319	9,319	9,319	9,319	9,319	9,319	9,319	9,319	9,319	9,319	9,319
July 1, 1995 - June 30, 1996	0	750	1,365	1,395	1,443	3,443	3,753	3,743	3,743	3,743	3,743	3,743	3,743	3,743	3,743	3,743	3,743	3,743	3,743	3,743	3,743	3,743	3,743
July 1, 1996 - June 30, 1997	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
July 1, 1997 - June 30, 1998	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
July 1, 1998 - June 30, 1999	0	215	4,215	18,099	21,051	20,512	20,297	20,297	20,297	20,297	20,297	20,297	20,297	20,297	20,297	20,297	20,297	20,297	20,297	20,297	20,297	20,297	20,297
July 1, 1999 - June 30, 2000	0	0	0	0	0	7,421	7,421	8,282	8,276	8,493	8,493	8,493	8,493	8,493	8,493	8,493	8,493	8,493	8,493	8,493	8,493	8,493	8,493
July 1, 2000 - June 30, 2001	0	0	0	0	0	500	500	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
July 1, 2001 - June 30, 2002	500	500	6,700	8,688	19,351	18,749	18,749	18,749	18,254	18,254	18,254	18,254	18,254	18,254	18,254	18,254	18,254	18,254	18,254	18,254	18,254	18,254	18,254
July 1, 2002 - June 30, 2003	0	100	100	100	4,600	5,898	6,094	6,521	6,521	6,521	6,521	6,521	6,521	6,521	6,521	6,521	6,521	6,521	6,521	6,521	6,521	6,521	6,521
July 1, 2003 - June 30, 2004	0	500	27,420	28,054	28,054	29,047	31,609	31,609	31,609	31,609	31,609	31,609	31,609	31,609	31,609	31,609	31,609	31,609	31,609	31,609	31,609	31,609	31,609
July 1, 2004 - June 30, 2005	1,000	1,775	1,850	1,850	1,850	1,850	1,850	1,850	1,850	1,850	1,850	1,850	1,850	1,850	1,850	1,850	1,850	1,850	1,850	1,850	1,850	1,850	1,850
July 1, 2005 - June 30, 2006	0	3	3	712	712	712	712	712	712	712	712	712	712	712	712	712	712	712	712	712	712	712	712
July 1, 2006 - June 30, 2007	250	1,550	1,800	2,550	2,550	2,550	2,550	2,550	2,550	2,550	2,550	2,550	2,550	2,550	2,550	2,550	2,550	2,550	2,550	2,550	2,550	2,550	2,550
July 1, 2007 - June 30, 2008	0	0	4,266	4,266	4,266	4,266	4,266	4,266	4,266	4,266	4,266	4,266	4,266	4,266	4,266	4,266	4,266	4,266	4,266	4,266	4,266	4,266	4,266
July 1, 2008 - June 30, 2009	0	25	25	25	25	25	25	25	25	25	25	25	25	25	25	25	25	25	25	25	25	25	25
July 1, 2009 - Dec. 31, 2009	25	25	25	25	25	25	25	25	25	25	25	25	25	25	25	25	25	25	25	25	25	25	25

As at December 31, 2009

[illegible]

As at December 31, 2009

[illegible]

CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY

CUMULATIVE PAID LOSSES AND ALAE - NET BASIS (1) (in \$000's)

As at December 31, 2009

<i>Year</i>	<i>6</i>	<i>18</i>	<i>30</i>	<i>42</i>	<i>54</i>	<i>66</i>	<i>78</i>	<i>90</i>	<i>102</i>	<i>114</i>	<i>126</i>	<i>138</i>	<i>150</i>	<i>162</i>	<i>174</i>	<i>186</i>	<i>198</i>	<i>210</i>	<i>222</i>	<i>234</i>	<i>246</i>	<i>258</i>	<i>270</i>
July 1, 1987 - June 30, 1988	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
July 1, 1988 - June 30, 1989	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
July 1, 1989 - June 30, 1990	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
July 1, 1990 - June 30, 1991	0	0	0	0	0	0	0	503	1,387	1,797	1,797	1,797	1,797	1,797	1,797	1,797	1,797	1,797	1,797	1,797	1,797	1,797	1,797
July 1, 1991 - June 30, 1992	0	0	0	0	0	622	2,785	2,780	2,780	2,780	2,780	3,470	3,470	3,470	3,470	3,470	3,470	3,470	3,470	3,470	3,470	3,470	3,470
July 1, 1992 - June 30, 1993	0	0	0	0	0	0	0	0	0	152	163	163	163	163	163	163	163	163	163	163	163	163	163
July 1, 1993 - June 30, 1994	0	0	0	4,182	4,180	4,180	4,191	4,191	4,191	4,191	4,708	4,967	5,105	8,388	8,388	8,388	8,388	8,388	8,388	8,388	8,388	8,388	8,388
July 1, 1994 - June 30, 1995	0	13	29	3,916	3,925	3,925	4,633	4,633	4,633	4,633	4,633	4,633	4,633	4,633	4,633	4,633	4,633	4,633	4,633	4,633	4,633	4,633	4,633
July 1, 1995 - June 30, 1996	0	0	608	688	696	703	1,876	1,871	1,871	1,871	1,871	1,871	1,871	1,871	1,871	1,871	1,871	1,871	1,871	1,871	1,871	1,871	1,871
July 1, 1996 - June 30, 1997	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
July 1, 1997 - June 30, 1998	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
July 1, 1998 - June 30, 1999	0	0	0	0	6,185	6,254	6,254	6,254	6,254	6,254	6,254	6,254	6,254	6,254	6,254	6,254	6,254	6,254	6,254	6,254	6,254	6,254	6,254
July 1, 1999 - June 30, 2000	0	0	0	0	0	210	210	2,731	2,731	3,459	3,465	3,465	3,465	3,465	3,465	3,465	3,465	3,465	3,465	3,465	3,465	3,465	3,465
July 1, 2000 - June 30, 2001	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
July 1, 2001 - June 30, 2002	0	0	0	1,523	1,572	5,532	5,602	5,602	5,602	5,602	5,602	5,602	5,602	5,602	5,602	5,602	5,602	5,602	5,602	5,602	5,602	5,602	5,602
July 1, 2002 - June 30, 2003	0	0	4	5	10	342	868	3,395	3,395	3,395	3,395	3,395	3,395	3,395	3,395	3,395	3,395	3,395	3,395	3,395	3,395	3,395	3,395
July 1, 2003 - June 30, 2004	0	0	7,481	9,033	9,064	10,352	11,009	11,009	11,009	11,009	11,009	11,009	11,009	11,009	11,009	11,009	11,009	11,009	11,009	11,009	11,009	11,009	11,009
July 1, 2004 - June 30, 2005	0	11	912	945	975	980	980	980	980	980	980	980	980	980	980	980	980	980	980	980	980	980	980
July 1, 2005 - June 30, 2006	0	3	3	683	712	712	712	712	712	712	712	712	712	712	712	712	712	712	712	712	712	712	712
July 1, 2006 - June 30, 2007	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
July 1, 2007 - June 30, 2008	0	0	2,166	2,166	2,166	2,166	2,166	2,166	2,166	2,166	2,166	2,166	2,166	2,166	2,166	2,166	2,166	2,166	2,166	2,166	2,166	2,166	2,166
July 1, 2008 - June 30, 2009	0	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5
July 1, 2009 - Dec. 31, 2009	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

(1) Net of proportional reinsurance

CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY

CASE RESERVES - NET BASIS (1) (in \$000's)

As at December 31, 2009

<i>Year</i>	<i>6</i>	<i>18</i>	<i>30</i>	<i>42</i>	<i>54</i>	<i>66</i>	<i>78</i>	<i>90</i>	<i>102</i>	<i>114</i>	<i>126</i>	<i>138</i>	<i>150</i>	<i>162</i>	<i>174</i>	<i>186</i>	<i>198</i>	<i>210</i>	<i>222</i>	<i>234</i>	<i>246</i>	<i>258</i>	<i>270</i>
July 1, 1987 - June 30, 1988	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
July 1, 1988 - June 30, 1989	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
July 1, 1989 - June 30, 1990	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
July 1, 1990 - June 30, 1991	0	0	0	250	300	300	100	613	325	0	0	0	0	0	0	0	0	0	0	0	0	0	0
July 1, 1991 - June 30, 1992	0	0	875	1,250	2,025	3,100	499	750	750	750	750	10	0	0	0	0	0	0	0	0	0	0	0
July 1, 1992 - June 30, 1993	0	0	0	0	0	0	0	250	250	17	7	0	0	0	0	0	0	0	0	0	0	0	0
July 1, 1993 - June 30, 1994	0	0	0	833	1,882	1,875	2,700	4,425	4,425	4,425	3,908	3,919	3,780	0	0	0	0	0	0	0	0	0	0
July 1, 1994 - June 30, 1995	0	388	1,362	409	625	1,050	250	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
July 1, 1995 - June 30, 1996	0	375	74	10	25	1,018	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
July 1, 1996 - June 30, 1997	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
July 1, 1997 - June 30, 1998	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
July 1, 1998 - June 30, 1999	0	108	2,108	2,233	385	108	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
July 1, 1999 - June 30, 2000	0	0	0	0	0	2,600	2,600	626	625	5	0	0	0	0	0	0	0	0	0	0	0	0	0
July 1, 2000 - June 30, 2001	0	0	0	0	0	250	250	500	500	500	0	0	0	0	0	0	0	0	0	0	0	0	0
July 1, 2001 - June 30, 2002	250	250	3,350	2,821	4,893	667	598	598	350	0	0	0	0	0	0	0	0	0	0	0	0	0	0
July 1, 2002 - June 30, 2003	0	100	96	95	4,590	5,555	5,226	3,126	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
July 1, 2003 - June 30, 2004	0	500	3,755	1,939	1,909	744	463	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
July 1, 2004 - June 30, 2005	1,000	1,764	938	905	875	870	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
July 1, 2005 - June 30, 2006	0	0	0	30	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
July 1, 2006 - June 30, 2007	250	1,550	1,800	2,550	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
July 1, 2007 - June 30, 2008	0	0	2,100	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
July 1, 2008 - June 30, 2009	0	20	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
July 1, 2009 - Dec. 31, 2009	25	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

(1) Net of proportional reinsurance

CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY

INCURRED LOSSES - NET BASIS (1) (in \$000's)

As at December 31, 2009

<i>Year</i>	<i>6</i>	<i>18</i>	<i>30</i>	<i>42</i>	<i>54</i>	<i>66</i>	<i>78</i>	<i>90</i>	<i>102</i>	<i>114</i>	<i>126</i>	<i>138</i>	<i>150</i>	<i>162</i>	<i>174</i>	<i>186</i>	<i>198</i>	<i>210</i>	<i>222</i>	<i>234</i>	<i>246</i>	<i>258</i>	<i>270</i>
July 1, 1987 - June 30, 1988	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
July 1, 1988 - June 30, 1989	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
July 1, 1989 - June 30, 1990	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
July 1, 1990 - June 30, 1991	0	0	0	250	300	300	100	1,116	1,712	1,797	1,797	1,797	1,797	1,797	1,797	1,797	1,797	1,797	1,797	1,797	1,797	1,797	1,797
July 1, 1991 - June 30, 1992	0	0	875	1,250	2,025	3,722	3,284	3,530	3,530	3,530	3,480	3,470	3,470	3,470	3,470	3,470	3,470	3,470	3,470	3,470	3,470	3,470	3,470
July 1, 1992 - June 30, 1993	0	0	0	0	0	0	0	250	250	170	170	163	163	163	163	163	163	163	163	163	163	163	163
July 1, 1993 - June 30, 1994	0	0	0	5,014	6,063	6,056	6,891	8,616	8,616	8,616	8,616	8,886	8,886	8,388	8,388	8,388	8,388	8,388	8,388	8,388	8,388	8,388	8,388
July 1, 1994 - June 30, 1995	0	400	1,391	4,326	4,550	4,975	4,883	4,633	4,633	4,633	4,633	4,633	4,633	4,633	4,633	4,633	4,633	4,633	4,633	4,633	4,633	4,633	4,633
July 1, 1995 - June 30, 1996	0	375	682	698	721	1,721	1,876	1,871	1,871	1,871	1,871	1,871	1,871	1,871	1,871	1,871	1,871	1,871	1,871	1,871	1,871	1,871	1,871
July 1, 1996 - June 30, 1997	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
July 1, 1997 - June 30, 1998	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
July 1, 1998 - June 30, 1999	0	108	2,108	2,233	6,570	6,362	6,254	6,254	6,254	6,254	6,254	6,254	6,254	6,254	6,254	6,254	6,254	6,254	6,254	6,254	6,254	6,254	6,254
July 1, 1999 - June 30, 2000	0	0	0	0	0	2,810	2,810	3,358	3,356	3,465	3,465	3,465	3,465	3,465	3,465	3,465	3,465	3,465	3,465	3,465	3,465	3,465	3,465
July 1, 2000 - June 30, 2001	0	0	0	0	0	250	250	500	500	500	500	500	500	500	500	500	500	500	500	500	500	500	500
July 1, 2001 - June 30, 2002	250	250	3,350	4,344	6,465	6,200	6,200	6,200	5,952	5,952	5,952	5,952	5,952	5,952	5,952	5,952	5,952	5,952	5,952	5,952	5,952	5,952	5,952
July 1, 2002 - June 30, 2003	0	100	100	100	4,600	5,898	6,094	6,521	6,521	6,521	6,521	6,521	6,521	6,521	6,521	6,521	6,521	6,521	6,521	6,521	6,521	6,521	6,521
July 1, 2003 - June 30, 2004	0	500	11,236	10,973	10,973	11,097	11,471	11,471	11,471	11,471	11,471	11,471	11,471	11,471	11,471	11,471	11,471	11,471	11,471	11,471	11,471	11,471	11,471
July 1, 2004 - June 30, 2005	1,000	1,775	1,850	1,850	1,850	1,850	1,850	1,850	1,850	1,850	1,850	1,850	1,850	1,850	1,850	1,850	1,850	1,850	1,850	1,850	1,850	1,850	1,850
July 1, 2005 - June 30, 2006	0	3	3	712	712	712	712	712	712	712	712	712	712	712	712	712	712	712	712	712	712	712	712
July 1, 2006 - June 30, 2007	250	1,550	1,800	2,550	2,550	2,550	2,550	2,550	2,550	2,550	2,550	2,550	2,550	2,550	2,550	2,550	2,550	2,550	2,550	2,550	2,550	2,550	2,550
July 1, 2007 - June 30, 2008	0	0	4,266	4,266	4,266	4,266	4,266	4,266	4,266	4,266	4,266	4,266	4,266	4,266	4,266	4,266	4,266	4,266	4,266	4,266	4,266	4,266	4,266
July 1, 2008 - June 30, 2009	0	25	25	25	25	25	25	25	25	25	25	25	25	25	25	25	25	25	25	25	25	25	25
July 1, 2009 - Dec. 31, 2009	25	25	25	25	25	25	25	25	25	25	25	25	25	25	25	25	25	25	25	25	25	25	25

(1) Net of proportional reinsurance

CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY

CUMULATIVE NUMBER OF CLAIMS REPORTED - NET BASIS (1)

As at December 31, 2009

<i>Year</i>	<i>6</i>	<i>18</i>	<i>30</i>	<i>42</i>	<i>54</i>	<i>66</i>	<i>78</i>	<i>90</i>	<i>102</i>	<i>114</i>	<i>126</i>	<i>138</i>	<i>150</i>	<i>162</i>	<i>174</i>	<i>186</i>	<i>198</i>	<i>210</i>	<i>222</i>	<i>234</i>	<i>246</i>	<i>258</i>	<i>270</i>
July 1, 1987 - June 30, 1988	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
July 1, 1988 - June 30, 1989	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
July 1, 1989 - June 30, 1990	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
July 1, 1990 - June 30, 1991	0	0	0	1	2	2	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1
July 1, 1991 - June 30, 1992	0	0	2	3	4	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3
July 1, 1992 - June 30, 1993	0	0	0	0	0	0	0	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1
July 1, 1993 - June 30, 1994	0	0	0	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4
July 1, 1994 - June 30, 1995	0	2	3	5	5	5	5	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4
July 1, 1995 - June 30, 1996	0	1	1	1	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2
July 1, 1996 - June 30, 1997	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
July 1, 1997 - June 30, 1998	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
July 1, 1998 - June 30, 1999	0	1	2	3	3	3	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2
July 1, 1999 - June 30, 2000	0	0	0	0	0	2	2	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3
July 1, 2000 - June 30, 2001	0	0	0	0	0	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1
July 1, 2001 - June 30, 2002	1	1	3	4	5	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6
July 1, 2002 - June 30, 2003	0	1	1	1	2	2	2	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3
July 1, 2003 - June 30, 2004	0	1	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3
July 1, 2004 - June 30, 2005	1	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2
July 1, 2005 - June 30, 2006	0	1	1	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2
July 1, 2006 - June 30, 2007	1	1	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2
July 1, 2007 - June 30, 2008	0	0	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3
July 1, 2008 - June 30, 2009	0	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1
July 1, 2009 - Dec. 31, 2009	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1

(1) Net of proportional reinsurance

CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY

NUMBER OF CLAIMS OPEN - NET BASIS (1)

As at December 31, 2009

<i>Year</i>	<i>6</i>	<i>18</i>	<i>30</i>	<i>42</i>	<i>54</i>	<i>66</i>	<i>78</i>	<i>90</i>	<i>102</i>	<i>114</i>	<i>126</i>	<i>138</i>	<i>150</i>	<i>162</i>	<i>174</i>	<i>186</i>	<i>198</i>	<i>210</i>	<i>222</i>	<i>234</i>	<i>246</i>	<i>258</i>	<i>270</i>
July 1, 1987 - June 30, 1988	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
July 1, 1988 - June 30, 1989	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
July 1, 1989 - June 30, 1990	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
July 1, 1990 - June 30, 1991	0	0	0	1	2	2	1	1	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0
July 1, 1991 - June 30, 1992	0	0	2	3	4	2	1	1	1	1	1	1	0	0	0	0	0	0	0	0	0	0	0
July 1, 1992 - June 30, 1993	0	0	0	0	0	0	0	1	1	1	1	0	0	0	0	0	0	0	0	0	0	0	0
July 1, 1993 - June 30, 1994	0	0	0	4	4	4	4	3	3	3	3	3	3	0	0	0	0	0	0	0	0	0	0
July 1, 1994 - June 30, 1995	0	2	3	5	2	2	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
July 1, 1995 - June 30, 1996	0	1	1	1	1	1	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
July 1, 1996 - June 30, 1997	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
July 1, 1997 - June 30, 1998	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
July 1, 1998 - June 30, 1999	0	1	2	3	3	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
July 1, 1999 - June 30, 2000	0	0	0	0	0	1	1	2	1	1	0	0	0	0	0	0	0	0	0	0	0	0	0
July 1, 2000 - June 30, 2001	0	0	0	0	0	1	1	1	1	1	0	0	0	0	0	0	0	0	0	0	0	0	0
July 1, 2001 - June 30, 2002	1	1	3	4	4	5	4	4	2	0	0	0	0	0	0	0	0	0	0	0	0	0	0
July 1, 2002 - June 30, 2003	0	1	1	1	2	2	2	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
July 1, 2003 - June 30, 2004	0	1	3	2	2	2	2	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
July 1, 2004 - June 30, 2005	1	2	2	2	2	2	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
July 1, 2005 - June 30, 2006	0	0	0	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
July 1, 2006 - June 30, 2007	1	1	2	2	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
July 1, 2007 - June 30, 2008	0	0	3	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
July 1, 2008 - June 30, 2009	0	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
July 1, 2009 - Dec. 31, 2009	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

(1) Net of proportional reinsurance

CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY

IBNR - REFLECTING PROPORTIONAL REINSURANCE

Period: 1987-2

As at December 31, 2009

<i>LAYER</i>	<i>4.4 xs .6</i>	<i>5 xs 5</i>	<i>15 xs 10</i>	<i>Totals</i>
<u><i>Derivation of Ultimate Incurred</i></u>				
Earned Lawyer Count	716	716	716	
Expected Loss Cost per Lawyer	\$527	\$298	\$465	
Gross Expected Loss Volume	\$377,332	\$213,368	\$332,940	
IBNR Factor	0.000	0.000	0.000	
IBNR Amount	\$0	\$0	\$0	\$0
Case Reserves	\$0	\$0	\$0	\$0
Total Reserves (Ind. & Leg.)	\$0	\$0	\$0	\$0
Paid to Date	\$0	\$0	\$0	\$0
Total Ultimate Incurred	\$0	\$0	\$0	\$0
<u><i>Derivation of Loss Adjustment Expenses</i></u>				
IBNR LAE	\$0	\$0	\$0	\$0
Case Reserves LAE	\$0	\$0	\$0	\$0
Total LAE(2.25%)	\$0	\$0	\$0	\$0
<u><i>Distribution of Losses between CLLAS and Proportional Reinsurers</i></u>				
Retention	0.5000	0.0800	0.1600	
Reinsured to Registered	0.0000	0.7816	0.5350	
Reinsured to Unregistered	0.5000	0.1384	0.3050	
Paid to Date Retained	\$0	\$0	\$0	\$0
Paid Ceded to				
Registered Reinsurers	\$0	\$0	\$0	\$0
Unregistered Reinsurers	\$0	\$0	\$0	\$0
Case Reserves Retained	\$0	\$0	\$0	\$0
Case Reserves Ceded to				
Registered Reinsurers	\$0	\$0	\$0	\$0
Unregistered Reinsurers	\$0	\$0	\$0	\$0
IBNR Reserves Retained	\$0	\$0	\$0	\$0
IBNR Reserves Ceded to				
Registered Reinsurers	\$0	\$0	\$0	\$0
Unregistered Reinsurers	\$0	\$0	\$0	\$0
Total Reserves Retained	\$0	\$0	\$0	\$0
Reserves Ceded to				
Registered Reinsurers	\$0	\$0	\$0	\$0
Unregistered Reinsurers	\$0	\$0	\$0	\$0

CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY

IBNR - REFLECTING PROPORTIONAL REINSURANCE

Period: 1988-1

As at December 31, 2009

<i>LAYER</i>	<i>4.4 xs .6</i>	<i>5 xs 5</i>	<i>15 xs 10</i>	<i>Totals</i>
<u><i>Derivation of Ultimate Incurred</i></u>				
Earned Lawyer Count	763	763	763	
Expected Loss Cost per Lawyer	\$527	\$298	\$465	
Gross Expected Loss Volume	\$402,101	\$227,374	\$354,795	
IBNR Factor	0.000	0.000	0.000	
IBNR Amount	\$0	\$0	\$0	\$0
Case Reserves	\$0	\$0	\$0	\$0
Total Reserves (Ind. & Leg.)	\$0	\$0	\$0	\$0
Paid to Date	\$0	\$0	\$0	\$0
Total Ultimate Incurred	\$0	\$0	\$0	\$0
<u><i>Derivation of Loss Adjustment Expenses</i></u>				
IBNR LAE	\$0	\$0	\$0	\$0
Case Reserves LAE	\$0	\$0	\$0	\$0
Total LAE(2.25%)	\$0	\$0	\$0	\$0
<u><i>Distribution of Losses between CLLAS and Proportional Reinsurers</i></u>				
Retention	0.5000	0.0800	0.1600	
Reinsured to Registered	0.0000	0.7816	0.5350	
Reinsured to Unregistered	0.5000	0.1384	0.3050	
Paid to Date Retained	\$0	\$0	\$0	\$0
Paid Ceded to				
Registered Reinsurers	\$0	\$0	\$0	\$0
Unregistered Reinsurers	\$0	\$0	\$0	\$0
Case Reserves Retained	\$0	\$0	\$0	\$0
Case Reserves Ceded to				
Registered Reinsurers	\$0	\$0	\$0	\$0
Unregistered Reinsurers	\$0	\$0	\$0	\$0
IBNR Reserves Retained	\$0	\$0	\$0	\$0
IBNR Reserves Ceded to				
Registered Reinsurers	\$0	\$0	\$0	\$0
Unregistered Reinsurers	\$0	\$0	\$0	\$0
Total Reserves Retained	\$0	\$0	\$0	\$0
Reserves Ceded to				
Registered Reinsurers	\$0	\$0	\$0	\$0
Unregistered Reinsurers	\$0	\$0	\$0	\$0

CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY

IBNR - REFLECTING PROPORTIONAL REINSURANCE

Period: 1988-2
As at December 31, 2009

<i>LAYER</i>	<i>4 xs 1</i>	<i>5 xs 5</i>	<i>15 xs 10</i>	<i>Totals</i>
<u><i>Derivation of Ultimate Incurred</i></u>				
Earned Lawyer Count	863	863	863	
Expected Loss Cost per Lawyer	\$483	\$298	\$465	
Gross Expected Loss Volume	\$416,829	\$257,174	\$401,295	
IBNR Factor	0.000	0.000	0.000	
IBNR Amount	\$0	\$0	\$0	\$0
Case Reserves	\$0	\$0	\$0	\$0
Total Reserves (Ind. & Leg.)	\$0	\$0	\$0	\$0
Paid to Date	\$0	\$0	\$0	\$0
Total Ultimate Incurred	\$0	\$0	\$0	\$0
<u><i>Derivation of Loss Adjustment Expenses</i></u>				
IBNR LAE	\$0	\$0	\$0	\$0
Case Reserves LAE	\$0	\$0	\$0	\$0
Total LAE(2.25%)	\$0	\$0	\$0	\$0
<u><i>Distribution of Losses between CLLAS and Proportional Reinsurers</i></u>				
Retention	0.5000	0.0800	0.1733	
Reinsured to Registered	0.0000	0.7490	0.5438	
Reinsured to Unregistered	0.5000	0.1710	0.2829	
Paid to Date Retained	\$0	\$0	\$0	\$0
Paid Ceded to				
Registered Reinsurers	\$0	\$0	\$0	\$0
Unregistered Reinsurers	\$0	\$0	\$0	\$0
Case Reserves Retained	\$0	\$0	\$0	\$0
Case Reserves Ceded to				
Registered Reinsurers	\$0	\$0	\$0	\$0
Unregistered Reinsurers	\$0	\$0	\$0	\$0
IBNR Reserves Retained	\$0	\$0	\$0	\$0
IBNR Reserves Ceded to				
Registered Reinsurers	\$0	\$0	\$0	\$0
Unregistered Reinsurers	\$0	\$0	\$0	\$0
Total Reserves Retained	\$0	\$0	\$0	\$0
Reserves Ceded to				
Registered Reinsurers	\$0	\$0	\$0	\$0
Unregistered Reinsurers	\$0	\$0	\$0	\$0

CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY

IBNR - REFLECTING PROPORTIONAL REINSURANCE

Period: 1989-1

As at December 31, 2009

LAYER	4 xs 1	5 xs 5	15 xs 10	Totals
<u>Derivation of Ultimate Incurred</u>				
Earned Lawyer Count	944	944	944	
Expected Loss Cost per Lawyer	\$483	\$298	\$465	
Gross Expected Loss Volume	\$455,952	\$281,312	\$438,960	
IBNR Factor	0.000	0.000	0.000	
IBNR Amount	\$0	\$0	\$0	\$0
Case Reserves	\$0	\$0	\$0	\$0
Total Reserves (Ind. & Leg.)	\$0	\$0	\$0	\$0
Paid to Date	\$0	\$0	\$0	\$0
Total Ultimate Incurred	\$0	\$0	\$0	\$0
<u>Derivation of Loss Adjustment Expenses</u>				
IBNR LAE	\$0	\$0	\$0	\$0
Case Reserves LAE	\$0	\$0	\$0	\$0
Total LAE(2.25%)	\$0	\$0	\$0	\$0
<u>Distribution of Losses between CLLAS and Proportional Reinsurers</u>				
Retention	0.5000	0.0800	0.1733	
Reinsured to Registered	0.0000	0.7490	0.5438	
Reinsured to Unregistered	0.5000	0.1710	0.2829	
Paid to Date Retained	\$0	\$0	\$0	\$0
Paid Ceded to				
Registered Reinsurers	\$0	\$0	\$0	\$0
Unregistered Reinsurers	\$0	\$0	\$0	\$0
Case Reserves Retained	\$0	\$0	\$0	\$0
Case Reserves Ceded to				
Registered Reinsurers	\$0	\$0	\$0	\$0
Unregistered Reinsurers	\$0	\$0	\$0	\$0
IBNR Reserves Retained	\$0	\$0	\$0	\$0
IBNR Reserves Ceded to				
Registered Reinsurers	\$0	\$0	\$0	\$0
Unregistered Reinsurers	\$0	\$0	\$0	\$0
Total Reserves Retained	\$0	\$0	\$0	\$0
Reserves Ceded to				
Registered Reinsurers	\$0	\$0	\$0	\$0
Unregistered Reinsurers	\$0	\$0	\$0	\$0

CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY

IBNR - REFLECTING PROPORTIONAL REINSURANCE

Period: 1989-2

As at December 31, 2009

<i>LAYER</i>	<i>4 xs 1</i>	<i>5 xs 5</i>	<i>15 xs 10</i>	<i>Totals</i>
<u><i>Derivation of Ultimate Incurred</i></u>				
Earned Lawyer Count	1,026	1,026	1,026	
Expected Loss Cost per Lawyer	\$483	\$298	\$465	
Gross Expected Loss Volume	\$495,558	\$305,748	\$477,090	
IBNR Factor	0.000	0.000	0.000	
IBNR Amount	\$0	\$0	\$0	\$0
Case Reserves	\$0	\$0	\$0	\$0
Total Reserves (Ind. & Leg.)	\$0	\$0	\$0	\$0
Paid to Date	\$0	\$0	\$0	\$0
Total Ultimate Incurred	\$0	\$0	\$0	\$0
<u><i>Derivation of Loss Adjustment Expenses</i></u>				
IBNR LAE	\$0	\$0	\$0	\$0
Case Reserves LAE	\$0	\$0	\$0	\$0
Total LAE(2.25%)	\$0	\$0	\$0	\$0
<u><i>Distribution of Losses between CLLAS and Proportional Reinsurers</i></u>				
Retention	0.5000	0.0800	0.1733	
Reinsured to Registered	0.0000	0.7587	0.6251	
Reinsured to Unregistered	0.5000	0.1613	0.2016	
Paid to Date Retained	\$0	\$0	\$0	\$0
Paid Ceded to				
Registered Reinsurers	\$0	\$0	\$0	\$0
Unregistered Reinsurers	\$0	\$0	\$0	\$0
Case Reserves Retained	\$0	\$0	\$0	\$0
Case Reserves Ceded to				
Registered Reinsurers	\$0	\$0	\$0	\$0
Unregistered Reinsurers	\$0	\$0	\$0	\$0
IBNR Reserves Retained	\$0	\$0	\$0	\$0
IBNR Reserves Ceded to				
Registered Reinsurers	\$0	\$0	\$0	\$0
Unregistered Reinsurers	\$0	\$0	\$0	\$0
Total Reserves Retained	\$0	\$0	\$0	\$0
Reserves Ceded to				
Registered Reinsurers	\$0	\$0	\$0	\$0
Unregistered Reinsurers	\$0	\$0	\$0	\$0

CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY

IBNR - REFLECTING PROPORTIONAL REINSURANCE

Period: 1990-1
As at December 31, 2009

<i>LAYER</i>	<i>4 xs 1</i>	<i>5 xs 5</i>	<i>15 xs 10</i>	<i>Totals</i>
<u><i>Derivation of Ultimate Incurred</i></u>				
Earned Lawyer Count	1,052	1,052	1,052	
Expected Loss Cost per Lawyer	\$483	\$298	\$465	
Gross Expected Loss Volume	\$508,116	\$313,496	\$489,180	
IBNR Factor	0.000	0.000	0.000	
IBNR Amount	\$0	\$0	\$0	\$0
Case Reserves	\$0	\$0	\$0	\$0
Total Reserves (Ind. & Leg.)	\$0	\$0	\$0	\$0
Paid to Date	\$0	\$0	\$0	\$0
Total Ultimate Incurred	\$0	\$0	\$0	\$0
<u><i>Derivation of Loss Adjustment Expenses</i></u>				
IBNR LAE	\$0	\$0	\$0	\$0
Case Reserves LAE	\$0	\$0	\$0	\$0
Total LAE(2.25%)	\$0	\$0	\$0	\$0
<u><i>Distribution of Losses between CLLAS and Proportional Reinsurers</i></u>				
Retention	0.5000	0.0800	0.1733	
Reinsured to Registered	0.1375	0.7587	0.6532	
Reinsured to Unregistered	0.3625	0.1613	0.1735	
Paid to Date Retained	\$0	\$0	\$0	\$0
Paid Ceded to				
Registered Reinsurers	\$0	\$0	\$0	\$0
Unregistered Reinsurers	\$0	\$0	\$0	\$0
Case Reserves Retained	\$0	\$0	\$0	\$0
Case Reserves Ceded to				
Registered Reinsurers	\$0	\$0	\$0	\$0
Unregistered Reinsurers	\$0	\$0	\$0	\$0
IBNR Reserves Retained	\$0	\$0	\$0	\$0
IBNR Reserves Ceded to				
Registered Reinsurers	\$0	\$0	\$0	\$0
Unregistered Reinsurers	\$0	\$0	\$0	\$0
Total Reserves Retained	\$0	\$0	\$0	\$0
Reserves Ceded to				
Registered Reinsurers	\$0	\$0	\$0	\$0
Unregistered Reinsurers	\$0	\$0	\$0	\$0

CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY

IBNR - REFLECTING PROPORTIONAL REINSURANCE

Period: 1990-2

As at December 31, 2009

LAYER	4 xs 1	5 xs 5	15 xs 10	25 xs 50	Totals
<u>Derivation of Ultimate Incurred</u>					
Earned Lawyer Count	1,176	1,176	1,176	1,176	
Expected Loss Cost per Lawyer	\$483	\$298	\$465	\$200	
Gross Expected Loss Volume	\$568,008	\$350,448	\$546,840	\$235,200	
IBNR Factor	0.000	0.000	0.000	0.000	
IBNR Amount	\$0	\$0	\$0	\$0	\$0
Case Reserves	\$0	\$0	\$0	\$0	\$0
Total Reserves (Ind. & Leg.)	\$0	\$0	\$0	\$0	\$0
Paid to Date	\$3,593,148	\$0	\$0	\$0	\$3,593,148
Total Ultimate Incurred	\$3,593,148	\$0	\$0	\$0	\$3,593,148

Derivation of Loss Adjustment Expenses

IBNR LAE	\$0	\$0	\$0	\$0	\$0
Case Reserves LAE	\$0	\$0	\$0	\$0	\$0
Total LAE(2.25%)	\$0	\$0	\$0	\$0	\$0

Distribution of Losses between CLLAS and Proportional Reinsurers

Retention	0.5000	0.0800	0.1733	0.0000	
Reinsured to Registered	0.5000	0.8110	0.7449	0.7955	
Reinsured to Unregistered	0.0000	0.1090	0.0818	0.2045	
Paid to Date Retained	\$1,796,574	\$0	\$0	\$0	\$1,796,574
Paid Ceded to					
Registered Reinsurers	\$1,796,574	\$0	\$0	\$0	\$1,796,574
Unregistered Reinsurers	\$0	\$0	\$0	\$0	\$0
Case Reserves Retained	\$0	\$0	\$0	\$0	\$0
Case Reserves Ceded to					
Registered Reinsurers	\$0	\$0	\$0	\$0	\$0
Unregistered Reinsurers	\$0	\$0	\$0	\$0	\$0
IBNR Reserves Retained	\$0	\$0	\$0	\$0	\$0
IBNR Reserves Ceded to					
Registered Reinsurers	\$0	\$0	\$0	\$0	\$0
Unregistered Reinsurers	\$0	\$0	\$0	\$0	\$0
Total Reserves Retained	\$0	\$0	\$0	\$0	\$0
Reserves Ceded to					
Registered Reinsurers	\$0	\$0	\$0	\$0	\$0
Unregistered Reinsurers	\$0	\$0	\$0	\$0	\$0

CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY

IBNR - REFLECTING PROPORTIONAL REINSURANCE

Period: 1991-1

As at December 31, 2009

<i>LAYER</i>	<i>4 xs 1</i>	<i>5 xs 5</i>	<i>15 xs 10</i>	<i>25 xs 50</i>	<i>Totals</i>
<u><i>Derivation of Ultimate Incurred</i></u>					
Earned Lawyer Count	1,176	1,176	1,176	1,176	
Expected Loss Cost per Lawyer	\$483	\$298	\$465	\$200	
Gross Expected Loss Volume	\$568,008	\$350,448	\$546,840	\$235,200	
IBNR Factor	0.000	0.000	0.000	0.000	
IBNR Amount	\$0	\$0	\$0	\$0	\$0
Case Reserves	\$0	\$0	\$0	\$0	\$0
Total Reserves (Ind. & Leg.)	\$0	\$0	\$0	\$0	\$0
Paid to Date	\$0	\$0	\$0	\$0	\$0
Total Case Incurred	\$0	\$0	\$0	\$0	\$0
<u><i>Derivation of Loss Adjustment Expenses</i></u>					
IBNR LAE	\$0	\$0	\$0	\$0	\$0
Case Reserves LAE	\$0	\$0	\$0	\$0	\$0
Total LAE(2.25%)	\$0	\$0	\$0	\$0	\$0
<u><i>Distribution of Losses between CLLAS and Proportional Reinsurers</i></u>					
Retention	0.5000	0.0800	0.1733	0.0000	
Reinsured to Registered	0.5000	0.8110	0.7449	0.7955	
Reinsured to Unregistered	0.0000	0.1090	0.0818	0.2045	
Paid to Date Retained	\$0	\$0	\$0	\$0	\$0
Paid Ceded to					
Registered Reinsurers	\$0	\$0	\$0	\$0	\$0
Unregistered Reinsurers	\$0	\$0	\$0	\$0	\$0
Case Reserves Retained	\$0	\$0	\$0	\$0	\$0
Case Reserves Ceded to					
Registered Reinsurers	\$0	\$0	\$0	\$0	\$0
Unregistered Reinsurers	\$0	\$0	\$0	\$0	\$0
IBNR Reserves Retained	\$0	\$0	\$0	\$0	\$0
IBNR Reserves Ceded to					
Registered Reinsurers	\$0	\$0	\$0	\$0	\$0
Unregistered Reinsurers	\$0	\$0	\$0	\$0	\$0
Total Reserves Retained	\$0	\$0	\$0	\$0	\$0
Reserves Ceded to					
Registered Reinsurers	\$0	\$0	\$0	\$0	\$0
Unregistered Reinsurers	\$0	\$0	\$0	\$0	\$0

CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY

IBNR - REFLECTING PROPORTIONAL REINSURANCE

Period: 1991-2

As at December 31, 2009

LAYER	4 xs 1	7.5 xs 5	12.5 xs 12.5	10 xs 25	25 xs 50	Totals
<u>Derivation of Ultimate Incurred</u>						
Earned Lawyer Count	1,200	1,200	1,200	1,200	1,200	
Expected Loss Cost per Lawyer	\$680	\$520	\$420	\$220	\$200	
Gross Expected Loss Volume	\$816,000	\$624,000	\$504,000	\$264,000	\$240,000	
IBNR Factor	0.000	0.000	0.000	0.000	0.000	
IBNR Amount	\$0	\$0	\$0	\$0	\$0	\$0
Case Reserves	\$0	\$0	\$0	\$0	\$0	\$0
Total Reserves (Ind. & Leg.)	\$0	\$0	\$0	\$0	\$0	\$0
Paid to Date	\$4,000,000	\$792,618	\$0	\$0	\$0	\$4,792,618
Total Ultimate Incurred	\$4,000,000	\$792,618	\$0	\$0	\$0	\$4,792,618

Derivation of Loss Adjustment Expenses

IBNR LAE	\$0	\$0	\$0	\$0	\$0	\$0
Case Reserves LAE	\$0	\$0	\$0	\$0	\$0	\$0
Total LAE(2.25%)	\$0	\$0	\$0	\$0	\$0	\$0

Distribution of Losses between CLLAS and Proportional Reinsurers

Retention	0.5000	0.2000	0.1800	0.1250	0.0000	
Reinsured to Registered	0.5000	0.7150	0.7252	0.8750	0.7975	
Reinsured to Unregistered	0.0000	0.0850	0.0948	0.0000	0.2025	
Paid to Date Retained	\$2,000,000	\$158,524	\$0	\$0	\$0	\$2,158,524
Paid Ceded to						
Registered Reinsurers	\$2,000,000	\$566,722	\$0	\$0	\$0	\$2,566,722
Unregistered Reinsurers	\$0	\$67,373	\$0	\$0	\$0	\$67,373
Case Reserves Retained	\$0	\$0	\$0	\$0	\$0	\$0
Case Reserves Ceded to						
Registered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0
Unregistered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0
IBNR Reserves Retained	\$0	\$0	\$0	\$0	\$0	\$0
IBNR Reserves Ceded to						
Registered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0
Unregistered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0
Total Reserves Retained	\$0	\$0	\$0	\$0	\$0	\$0
Reserves Ceded to						
Registered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0
Unregistered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0

CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY

IBNR - REFLECTING PROPORTIONAL REINSURANCE

Period: 1992-1

As at December 31, 2009

LAYER	4 xs 1	7.5 xs 5	12.5 xs 12.5	10 xs 25	25 xs 50	Totals
<u>Derivation of Ultimate Incurred</u>						
Earned Lawyer Count	1,200	1,200	1,200	1,200	1,200	
Expected Loss Cost per Lawyer	\$680	\$520	\$420	\$220	\$290	
Gross Expected Loss Volume	\$816,000	\$624,000	\$504,000	\$264,000	\$348,000	
IBNR Factor	0.000	0.000	0.000	0.000	0.000	
IBNR Amount	\$0	\$0	\$0	\$0	\$0	\$0
Case Reserves	\$0	\$0	\$0	\$0	\$0	\$0
Total Reserves (Ind. & Leg.)	\$0	\$0	\$0	\$0	\$0	\$0
Paid to Date	\$2,623,945	\$0	\$0	\$0	\$0	\$2,623,945
Total Ultimate Incurred	\$2,623,945	\$0	\$0	\$0	\$0	\$2,623,945

Derivation of Loss Adjustment Expenses

IBNR LAE	\$0	\$0	\$0	\$0	\$0	\$0
Case Reserves LAE	\$0	\$0	\$0	\$0	\$0	\$0
Total LAE(2.25%)	\$0	\$0	\$0	\$0	\$0	\$0

Distribution of Losses between CLLAS and Proportional Reinsurers

Retention	0.5000	0.2000	0.1800	0.1250	0.0000	
Reinsured to Registered	0.5000	0.7150	0.7252	0.8750	0.7975	
Reinsured to Unregistered	0.0000	0.0850	0.0948	0.0000	0.2025	
Paid to Date Retained	\$1,311,972	\$0	\$0	\$0	\$0	\$1,311,972
Paid Ceded to						
Registered Reinsurers	\$1,311,972	\$0	\$0	\$0	\$0	\$1,311,972
Unregistered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0
Case Reserves Retained	\$0	\$0	\$0	\$0	\$0	\$0
Case Reserves Ceded to						
Registered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0
Unregistered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0
IBNR Reserves Retained	\$0	\$0	\$0	\$0	\$0	\$0
IBNR Reserves Ceded to						
Registered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0
Unregistered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0
Total Reserves Retained	\$0	\$0	\$0	\$0	\$0	\$0
Reserves Ceded to						
Registered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0
Unregistered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0

CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY

IBNR - REFLECTING PROPORTIONAL REINSURANCE

Period: 1992-2

As at December 31, 2009

<i>LAYER</i>	<i>4 xs 1</i>	<i>7.5 xs 5</i>	<i>12.5 xs 12.5</i>	<i>10 xs 25</i>	<i>25 xs 50</i>	<i>Totals</i>
<u><i>Derivation of Ultimate Incurred</i></u>						
Earned Lawyer Count	1,217	1,217	1,217	1,217	1,217	
Expected Loss Cost per Lawyer	\$680	\$520	\$420	\$220	\$290	
Gross Expected Loss Volume	\$827,220	\$632,580	\$510,930	\$267,630	\$352,785	
IBNR Factor	0.000	0.000	0.000	0.000	0.000	
IBNR Amount	\$0	\$0	\$0	\$0	\$0	\$0
Case Reserves	\$0	\$0	\$0	\$0	\$0	\$0
Total Reserves (Ind. & Leg.)	\$0	\$0	\$0	\$0	\$0	\$0
Paid to Date	\$0	\$0	\$0	\$0	\$0	\$0
Total Ultimate Incurred	\$0	\$0	\$0	\$0	\$0	\$0
<u><i>Derivation of Loss Adjustment Expenses</i></u>						
IBNR LAE	\$0	\$0	\$0	\$0	\$0	\$0
Case Reserves LAE	\$0	\$0	\$0	\$0	\$0	\$0
Total LAE(2.25%)	\$0	\$0	\$0	\$0	\$0	\$0
<u><i>Distribution of Losses between CLLAS and Proportional Reinsurers</i></u>						
Retention	0.5000	0.2000	0.1800	0.1250	0.0000	
Reinsured to Registered	0.5000	0.7160	0.7534	0.8750	0.8981	
Reinsured to Unregistered	0.0000	0.0840	0.0666	0.0000	0.1019	
Paid to Date Retained	\$0	\$0	\$0	\$0	\$0	\$0
Paid Ceded to						
Registered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0
Unregistered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0
Case Reserves Retained	\$0	\$0	\$0	\$0	\$0	\$0
Case Reserves Ceded to						
Registered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0
Unregistered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0
IBNR Reserves Retained	\$0	\$0	\$0	\$0	\$0	\$0
IBNR Reserves Ceded to						
Registered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0
Unregistered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0
Total Reserves Retained	\$0	\$0	\$0	\$0	\$0	\$0
Reserves Ceded to						
Registered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0
Unregistered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0

CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY

IBNR - REFLECTING PROPORTIONAL REINSURANCE

Period: 1993-1

As at December 31, 2009

LAYER	4 xs 1	7.5 xs 5	12.5 xs 12.5	10 xs 25	25 xs 50	Totals
<u>Derivation of Ultimate Incurred</u>						
Earned Lawyer Count	1,217	1,217	1,217	1,217	1,217	
Expected Loss Cost per Lawyer	\$680	\$520	\$420	\$220	\$290	
Gross Expected Loss Volume	\$827,220	\$632,580	\$510,930	\$267,630	\$352,785	
IBNR Factor	0.000	0.000	0.000	0.000	0.000	
IBNR Amount	\$0	\$0	\$0	\$0	\$0	\$0
Case Reserves	\$0	\$0	\$0	\$0	\$0	\$0
Total Reserves (Ind. & Leg.)	\$0	\$0	\$0	\$0	\$0	\$0
Paid to Date	\$326,599	\$0	\$0	\$0	\$0	\$326,599
Total Ultimate Incurred	\$326,599	\$0	\$0	\$0	\$0	\$326,599

Derivation of Loss Adjustment Expenses

IBNR LAE	\$0	\$0	\$0	\$0	\$0	\$0
Case Reserves LAE	\$0	\$0	\$0	\$0	\$0	\$0
Total LAE(2.25%)	\$0	\$0	\$0	\$0	\$0	\$0

Distribution of Losses between CLLAS and Proportional Reinsurers

Retention	0.5000	0.2000	0.1800	0.1250	0.0000	
Reinsured to Registered	0.5000	0.7160	0.7534	0.8750	0.8981	
Reinsured to Unregistered	0.0000	0.0840	0.0666	0.0000	0.1019	
Paid to Date Retained	\$163,299	\$0	\$0	\$0	\$0	\$163,299
Paid Ceded to						
Registered Reinsurers	\$163,299	\$0	\$0	\$0	\$0	\$163,299
Unregistered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0
Case Reserves Retained	\$0	\$0	\$0	\$0	\$0	\$0
Case Reserves Ceded to						
Registered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0
Unregistered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0
IBNR Reserves Retained	\$0	\$0	\$0	\$0	\$0	\$0
IBNR Reserves Ceded to						
Registered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0
Unregistered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0
Total Reserves Retained	\$0	\$0	\$0	\$0	\$0	\$0
Reserves Ceded to						
Registered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0
Unregistered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0

CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY

IBNR - REFLECTING PROPORTIONAL REINSURANCE

Period: 1993-2

As at December 31, 2009

LAYER	4 xs 1	7.5 xs 5	12.5 xs 12.5	10 xs 25	25 xs 50	Totals
-------	--------	----------	--------------	----------	----------	--------

Derivation of Ultimate Incurred

Earned Lawyer Count	1,254	1,254	1,254	1,254	1,254	
Expected Loss Cost per Lawyer	\$680	\$520	\$420	\$220	\$290	
Gross Expected Loss Volume	\$852,380	\$651,820	\$526,470	\$275,770	\$363,515	
IBNR Factor	0.000	0.000	0.000	0.000	0.000	
IBNR Amount	\$0	\$0	\$0	\$0	\$0	\$0
Case Reserves	\$0	\$0	\$0	\$0	\$0	\$0
Total Reserves (Ind. & Leg.)	\$0	\$0	\$0	\$0	\$0	\$0
Paid to Date	\$8,000,000	\$15,000,000	\$7,654,825	\$0	\$0	\$30,654,825
Total Ultimate Incurred	\$8,000,000	\$15,000,000	\$7,654,825	\$0	\$0	\$30,654,825

Derivation of Loss Adjustment Expenses

IBNR LAE	\$0	\$0	\$0	\$0	\$0	\$0
Case Reserves LAE	\$0	\$0	\$0	\$0	\$0	\$0
Total LAE(2.25%)	\$0	\$0	\$0	\$0	\$0	\$0

Distribution of Losses between CLLAS and Proportional Reinsurers

Retention	0.5000	0.2000	0.1800	0.1250	0.0000	
Reinsured to Registered	0.5000	0.7362	0.7544	0.8750	0.8641	
Reinsured to Unregistered	0.0000	0.0638	0.0656	0.0000	0.1359	
Paid to Date Retained	\$4,000,000	\$3,000,000	\$1,377,869	\$0	\$0	\$8,377,869
Paid Ceded to						
Registered Reinsurers	\$4,000,000	\$11,043,000	\$5,774,800	\$0	\$0	\$20,817,800
Unregistered Reinsurers	\$0	\$957,000	\$502,157	\$0	\$0	\$1,459,157
Case Reserves Retained	\$0	\$0	\$0	\$0	\$0	\$0
Case Reserves Ceded to						
Registered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0
Unregistered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0
IBNR Reserves Retained	\$0	\$0	\$0	\$0	\$0	\$0
IBNR Reserves Ceded to						
Registered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0
Unregistered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0
Total Reserves Retained	\$0	\$0	\$0	\$0	\$0	\$0
Reserves Ceded to						
Registered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0
Unregistered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0

CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY

IBNR - REFLECTING PROPORTIONAL REINSURANCE

Period: 1994-1

As at December 31, 2009

LAYER	4 xs 1	7.5 xs 5	12.5 xs 12.5	10 xs 25	25 xs 50	Totals
<u>Derivation of Ultimate Incurred</u>						
Earned Lawyer Count	1,254	1,254	1,254	1,254	1,254	
Expected Loss Cost per Lawyer	\$680	\$520	\$420	\$220	\$290	
Gross Expected Loss Volume	\$852,380	\$651,820	\$526,470	\$275,770	\$363,515	
IBNR Factor	0.000	0.000	0.000	0.000	0.000	
IBNR Amount	\$0	\$0	\$0	\$0	\$0	\$0
Case Reserves	\$0	\$0	\$0	\$0	\$0	\$0
Total Reserves (Ind. & Leg.)	\$0	\$0	\$0	\$0	\$0	\$0
Paid to Date	\$0	\$0	\$0	\$0	\$0	\$0
Total Ultimate Incurred	\$0	\$0	\$0	\$0	\$0	\$0
<u>Derivation of Loss Adjustment Expenses</u>						
IBNR LAE	\$0	\$0	\$0	\$0	\$0	\$0
Case Reserves LAE	\$0	\$0	\$0	\$0	\$0	\$0
Total LAE(2.25%)	\$0	\$0	\$0	\$0	\$0	\$0
<u>Distribution of Losses between CLLAS and Proportional Reinsurers</u>						
Retention	0.5000	0.2000	0.1800	0.1250	0.0000	
Reinsured to Registered	0.5000	0.7362	0.7544	0.8750	0.8641	
Reinsured to Unregistered	0.0000	0.0638	0.0656	0.0000	0.1359	
Paid to Date Retained	\$0	\$0	\$0	\$0	\$0	\$0
Paid Ceded to						
Registered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0
Unregistered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0
Case Reserves Retained	\$0	\$0	\$0	\$0	\$0	\$0
Case Reserves Ceded to						
Registered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0
Unregistered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0
IBNR Reserves Retained	\$0	\$0	\$0	\$0	\$0	\$0
IBNR Reserves Ceded to						
Registered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0
Unregistered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0
Total Reserves Retained	\$0	\$0	\$0	\$0	\$0	\$0
Reserves Ceded to						
Registered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0
Unregistered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0

CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY

IBNR - REFLECTING PROPORTIONAL REINSURANCE

Period: 1994-2

As at December 31, 2009

LAYER	4 xs 1	7.5 xs 5	12.5 xs 12.5	10 xs 25	25 xs 50	Totals
<u>Derivation of Ultimate Incurred</u>						
Earned Lawyer Count	1,257	1,257	1,257	1,257	1,257	
Expected Loss Cost per Lawyer	\$680	\$520	\$420	\$220	\$290	
Gross Expected Loss Volume	\$854,760	\$653,640	\$527,940	\$276,540	\$364,530	
IBNR Factor	0.000	0.000	0.000	0.000	0.000	
IBNR Amount	\$0	\$0	\$0	\$0	\$0	\$0
Case Reserves	\$0	\$0	\$0	\$0	\$0	\$0
Total Reserves (Ind. & Leg.)	\$0	\$0	\$0	\$0	\$0	\$0
Paid to Date	\$4,856,364	\$0	\$0	\$0	\$0	\$4,856,364
Total Ultimate Incurred	\$4,856,364	\$0	\$0	\$0	\$0	\$4,856,364

Derivation of Loss Adjustment Expenses

IBNR LAE	\$0	\$0	\$0	\$0	\$0	\$0
Case Reserves LAE	\$0	\$0	\$0	\$0	\$0	\$0
Total LAE(2.25%)	\$0	\$0	\$0	\$0	\$0	\$0

Distribution of Losses between CLLAS and Proportional Reinsurers

Retention	0.5000	0.2000	0.1800	0.1250	0.0000	
Reinsured to Registered	0.4458	0.7493	0.7630	0.8750	0.8548	
Reinsured to Unregistered	0.0542	0.0507	0.0570	0.0000	0.1452	
Paid to Date Retained	\$2,428,182	\$0	\$0	\$0	\$0	\$2,428,182
Paid Ceded to						
Registered Reinsurers	\$2,164,967	\$0	\$0	\$0	\$0	\$2,164,967
Unregistered Reinsurers	\$263,215	\$0	\$0	\$0	\$0	\$263,215
Case Reserves Retained	\$0	\$0	\$0	\$0	\$0	\$0
Case Reserves Ceded to						
Registered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0
Unregistered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0
IBNR Reserves Retained	\$0	\$0	\$0	\$0	\$0	\$0
IBNR Reserves Ceded to						
Registered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0
Unregistered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0
Total Reserves Retained	\$0	\$0	\$0	\$0	\$0	\$0
Reserves Ceded to						
Registered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0
Unregistered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0

CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY

IBNR - REFLECTING PROPORTIONAL REINSURANCE

Period: 1995-1
As at December 31, 2009

LAYER	.75 xs .25	4 xs 1	7.5 xs 5	12.5 xs 12.5	10 xs 25	25 xs 50	Totals
<u>Derivation of Ultimate Incurred</u>							
Earned Lawyer Count	1,257	1,257	1,257	1,257	1,257	1,257	
Expected Loss Cost per Lawyer	\$10	\$990	\$605	\$495	\$255	\$335	
Gross Expected Loss Volume	\$12,570	\$1,244,430	\$760,485	\$622,215	\$320,535	\$421,095	
IBNR Factor	0.000	0.000	0.000	0.000	0.000	0.000	
IBNR Amount	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Case Reserves	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Reserves (Ind. & Leg.)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Paid to Date	\$0	\$4,374,911	\$87,714	\$0	\$0	\$0	\$4,462,625
Total Ultimate Incurred	\$0	\$4,374,911	\$87,714	\$0	\$0	\$0	\$4,462,625
<u>Derivation of Loss Adjustment Expenses</u>							
IBNR LAE	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Case Reserves LAE	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total LAE(2.25%)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<u>Distribution of Losses between CLLAS and Proportional Reinsurers</u>							
Retention	1.0000	0.5000	0.2000	0.1800	0.1250	0.0000	
Reinsured to Registered	0.0000	0.4458	0.7493	0.7630	0.8750	0.8548	
Reinsured to Unregistered	0.0000	0.0542	0.0507	0.0570	0.0000	0.1452	
Paid to Date Retained	\$0	\$2,187,455	\$17,543	\$0	\$0	\$0	\$2,204,998
Paid Ceded to							
Registered Reinsurers	\$0	\$1,950,335	\$65,724	\$0	\$0	\$0	\$2,016,059
Unregistered Reinsurers	\$0	\$237,120	\$4,447	\$0	\$0	\$0	\$241,567
Case Reserves Retained	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Case Reserves Ceded to							
Registered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Unregistered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0
IBNR Reserves Retained	\$0	\$0	\$0	\$0	\$0	\$0	\$0
IBNR Reserves Ceded to							
Registered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Unregistered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Reserves Retained	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Reserves Ceded to							
Registered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Unregistered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0

CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY

IBNR - REFLECTING PROPORTIONAL REINSURANCE

Period: 1995-2

As at December 31, 2009

LAYER	.75 xs .25	4 xs 1	7.5 xs 5	12.5 xs 12.5	10 xs 25	25 xs 50	Totals
<u>Derivation of Ultimate Incurred</u>							
Earned Lawyer Count	1,263	1,263	1,263	1,263	1,263	1,263	
Expected Loss Cost per Lawyer	\$10	\$990	\$605	\$495	\$255	\$335	
Gross Expected Loss Volume	\$12,625	\$1,249,875	\$763,813	\$624,938	\$321,938	\$422,938	
IBNR Factor	0	0.000	0.000	0.000	0.000	0.000	
IBNR Amount	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Case Reserves	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Reserves (Ind. & Leg.)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Paid to Date	\$0	\$3,742,644	\$0	\$0	\$0	\$0	\$3,742,644
Total Ultimate Incurred	\$0	\$3,742,644	\$0	\$0	\$0	\$0	\$3,742,644
<u>Derivation of Loss Adjustment Expenses</u>							
IBNR LAE	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Case Reserves LAE	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total LAE(2.25%)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<u>Distribution of Losses between CLLAS and Proportional Reinsurers</u>							
Retention	1.0000	0.5000	0.2000	0.1800	0.1250	0.0000	
Reinsured to Registered	0.0000	0.4214	0.7521	0.7741	0.8180	0.8812	
Reinsured to Unregistered	0.0000	0.0786	0.0479	0.0459	0.0570	0.1188	
Paid to Date Retained	\$0	\$1,871,322	\$0	\$0	\$0	\$0	\$1,871,322
Paid Ceded to							
Registered Reinsurers	\$0	\$1,577,150	\$0	\$0	\$0	\$0	\$1,577,150
Unregistered Reinsurers	\$0	\$294,172	\$0	\$0	\$0	\$0	\$294,172
Case Reserves Retained	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Case Reserves Ceded to							
Registered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Unregistered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0
IBNR Reserves Retained	\$0	\$0	\$0	\$0	\$0	\$0	\$0
IBNR Reserves Ceded to							
Registered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Unregistered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Reserves Retained	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Reserves Ceded to							
Registered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Unregistered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0

CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY

IBNR - REFLECTING PROPORTIONAL REINSURANCE

Period : 1996-1

As at December 31, 2009

<i>LAYER</i>	<i>.75 xs .25</i>	<i>4 xs 1</i>	<i>7.5 xs 5</i>	<i>12.5 xs 12.5</i>	<i>10 xs 25</i>	<i>25 xs 50</i>	<i>Totals</i>
<i><u>Derivation of Ultimate Incurred</u></i>							
Earned Lawyer Count	1,263	1,263	1,263	1,263	1,263	1,263	
Expected Loss Cost per Lawyer	\$10	\$990	\$605	\$495	\$255	\$335	
Gross Expected Loss Volume	\$12,625	\$1,249,875	\$763,813	\$624,938	\$321,938	\$422,938	
IBNR Factor	0	0.000	0.000	0.000	0.000	0.000	
IBNR Amount	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Case Reserves	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Reserves (Ind. & Leg.)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Paid to Date	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Ultimate Incurred	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<i><u>Derivation of Loss Adjustment Expenses</u></i>							
IBNR LAE	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Case Reserves LAE	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total LAE(2.25%)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<i><u>Distribution of Losses between CLLAS and Proportional Reinsurers</u></i>							
Retention	1.0000	0.5000	0.2000	0.1800	0.1250	0.0000	
Reinsured to Registered	0.0000	0.4214	0.7521	0.7741	0.8180	0.8812	
Reinsured to Unregistered	0.0000	0.0786	0.0479	0.0459	0.0570	0.1188	
Paid to Date Retained	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Paid Ceded to							
Registered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Unregistered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Case Reserves Retained	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Case Reserves Ceded to							
Registered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Unregistered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0
IBNR Reserves Retained	\$0	\$0	\$0	\$0	\$0	\$0	\$0
IBNR Reserves Ceded to							
Registered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Unregistered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Reserves Retained	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Reserves Ceded to							
Registered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Unregistered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0

CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY

IBNR - REFLECTING PROPORTIONAL REINSURANCE

Period : 1996-2

As at December 31, 2009

LAYER	.75 xs .25	4 xs 1	7.5 xs 5	12.5 xs 12.5	10 xs 25	25 xs 50	Totals
<u>Derivation of Ultimate Incurred</u>							
Earned Lawyer Count	1,297	1,297	1,297	1,297	1,297	1,297	
Expected Loss Cost per Lawyer	\$10	\$1,100	\$680	\$560	\$290	\$290	
Gross Expected Loss Volume	\$12,970	\$1,426,700	\$881,960	\$726,320	\$376,130	\$376,130	
IBNR Factor	0	0.000	0.000	0.000	0.000	0.000	
IBNR Amount	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Case Reserves	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Reserves (Ind. & Leg.)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Paid to Date	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Ultimate Incurred	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<u>Derivation of Loss Adjustment Expenses</u>							
IBNR LAE	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Case Reserves LAE	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total LAE(2.25%)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<u>Distribution of Losses between CLLAS and Proportional Reinsurers</u>							
Retention	1.0000	0.5000	0.2000	0.1800	0.1250	0.0000	
Reinsured to Registered	0.0000	0.4294	0.7522	0.7797	0.8180	0.8774	
Reinsured to Unregistered	0.0000	0.0706	0.0478	0.0403	0.0570	0.1226	
Paid to Date Retained	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Paid Ceded to							
Registered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Unregistered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Case Reserves Retained	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Case Reserves Ceded to							
Registered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Unregistered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0
IBNR Reserves Retained	\$0	\$0	\$0	\$0	\$0	\$0	\$0
IBNR Reserves Ceded to							
Registered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Unregistered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Reserves Retained	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Reserves Ceded to							
Registered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Unregistered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0

CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY

IBNR - REFLECTING PROPORTIONAL REINSURANCE

Period : 1997-1

As at December 31, 2009

LAYER	.75 xs .25	4 xs 1	7.5 xs 5	12.5 xs 12.5	10 xs 25	25 xs 50	Totals
<u>Derivation of Ultimate Incurred</u>							
Earned Lawyer Count	1,297	1,297	1,297	1,297	1,297	1,297	
Expected Loss Cost per Lawyer	\$10	\$1,100	\$680	\$560	\$290	\$290	
Gross Expected Loss Volume	\$12,970	\$1,426,700	\$881,960	\$726,320	\$376,130	\$376,130	
IBNR Factor	0	0.000	0.000	0.000	0.000	0.000	
IBNR Amount	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Case Reserves	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Reserves (Ind. & Leg.)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Paid to Date	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Ultimate Incurred	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<u>Derivation of Loss Adjustment Expenses</u>							
IBNR LAE	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Case Reserves LAE	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total LAE(2.25%)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<u>Distribution of Losses between CLLAS and Proportional Reinsurers</u>							
Retention	1.0000	0.5000	0.2000	0.1800	0.1250	0.0000	
Reinsured to Registered	0.0000	0.4294	0.7522	0.7797	0.8180	0.8774	
Reinsured to Unregistered	0.0000	0.0706	0.0478	0.0403	0.0570	0.1226	
Paid to Date Retained	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Paid Ceded to							
Registered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Unregistered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Case Reserves Retained	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Case Reserves Ceded to							
Registered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Unregistered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0
IBNR Reserves Retained	\$0	\$0	\$0	\$0	\$0	\$0	\$0
IBNR Reserves Ceded to							
Registered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Unregistered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Reserves Retained	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Reserves Ceded to							
Registered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Unregistered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0

CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY

IBNR - REFLECTING PROPORTIONAL REINSURANCE

Period : 1997-2

As at December 31, 2009

LAYER	.75 xs .25	4 xs 1	7.5 xs 5	12.5 xs 12.5	10 xs 25	25 xs 50	15 xs 120	Totals
<u>Derivation of Ultimate Incurred</u>								
Earned Lawyer Count	1,320	1,320	1,320	1,320	1,320	1,320	1,006	
Expected Loss Cost per Lawyer	\$10	\$1,100	\$680	\$560	\$290	\$290	\$125	
Gross Expected Loss Volume	\$13,200	\$1,452,000	\$897,600	\$739,200	\$382,800	\$382,800	\$125,750	
IBNR Factor	0	0.000	0.000	0.000	0.000	0.000	0	
IBNR Amount	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Case Reserves	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Reserves (Ind. & Leg.)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Paid to Date	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Ultimate Incurred	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<u>Derivation of Loss Adjustment Expenses</u>								
IBNR LAE	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Case Reserves LAE	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total LAE(2.25%)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<u>Distribution of Losses between CLLAS and Proportional Reinsurers</u>								
Retention	1.0000	0.5000	0.2000	0.1800	0.1250	0.0000	0.0000	
Reinsured to Registered	0.0000	0.4294	0.7434	0.7797	0.7903	0.8717	0.8902	
Reinsured to Unregistered	0.0000	0.0706	0.0566	0.0403	0.0847	0.1283	0.1098	
Paid to Date Retained	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Paid Ceded to								
Registered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Unregistered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Case Reserves Retained	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Case Reserves Ceded to								
Registered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Unregistered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
IBNR Reserves Retained	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
IBNR Reserves Ceded to								
Registered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Unregistered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Reserves Retained	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Reserves Ceded to								
Registered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Unregistered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY

IBNR - REFLECTING PROPORTIONAL REINSURANCE

Period : 1998-1

As at December 31, 2009

LAYER	.75 xs .25	4 xs 1	7.5 xs 5	12.5 xs 12.5	10 xs 25	25 xs 50	15 xs 120	Totals
-------	------------	--------	----------	--------------	----------	----------	-----------	--------

Derivation of Ultimate Incurred

Earned Lawyer Count	1,320	1,320	1,320	1,320	1,320	1,320	1,006	
Expected Loss Cost per Lawyer	\$10	\$1,100	\$680	\$560	\$290	\$290	\$125	
Gross Expected Loss Volume	\$13,200	\$1,452,000	\$897,600	\$739,200	\$382,800	\$382,800	\$125,750	
IBNR Factor	0	0.000	0.000	0.000	0.000	0.000	0	
IBNR Amount	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Case Reserves	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Reserves (Ind. & Leg.)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Paid to Date	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Ultimate Incurred	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

Derivation of Loss Adjustment Expenses

IBNR LAE	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Case Reserves LAE	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total LAE(2.25%)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

Distribution of Losses between CLLAS and Proportional Reinsurers

Retention	1.0000	0.5000	0.2000	0.1800	0.1250	0.0000	0.0000	
Reinsured to Registered	0.0000	0.4294	0.7434	0.7797	0.7903	0.8717	0.8902	
Reinsured to Unregistered	0.0000	0.0706	0.0566	0.0403	0.0847	0.1283	0.1098	
Paid to Date Retained	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Paid Ceded to								
Registered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Unregistered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Case Reserves Retained	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Case Reserves Ceded to								
Registered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Unregistered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
IBNR Reserves Retained	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
IBNR Reserves Ceded to								
Registered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Unregistered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Reserves Retained	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Reserves Ceded to								
Registered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Unregistered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY

IBNR - REFLECTING PROPORTIONAL REINSURANCE

Period : 1998-2

As at December 31, 2009

LAYER	.75 xs .25	4 xs 1	7.5 xs 5	12.5 xs 12.5	10 xs 25	30 xs 50	20 xs 130	Totals
<u>Derivation of Ultimate Incurred</u>								
Earned Lawyer Count	1,400	1,400	1,400	1,400	1,400	1,400	1,071	
Expected Loss Cost per Lawyer	\$10	\$1,140	\$750	\$635	\$335	\$285	\$185	
Gross Expected Loss Volume	\$14,000	\$1,596,000	\$1,050,000	\$889,000	\$469,000	\$399,000	\$198,043	
IBNR Factor	0.008	0.008	0.008	0.008	0.008	0.008	0.008	
IBNR Amount	\$112	\$12,768	\$8,400	\$7,112	\$3,752	\$3,192	\$1,584	\$36,920
Case Reserves	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Reserves (Ind. & Leg.)	\$112	\$12,768	\$8,400	\$7,112	\$3,752	\$3,192	\$1,584	\$36,920
Paid to Date	\$0	\$7,658,266	\$7,500,000	\$5,138,403	\$0	\$0	\$0	\$20,296,669
Total Ultimate Incurred	\$112	\$7,671,034	\$7,508,400	\$5,145,515	\$3,752	\$3,192	\$1,584	\$20,333,589

Derivation of Loss Adjustment Expenses

IBNR LAE	\$3	\$287	\$189	\$160	\$84	\$72	\$36	\$831
Case Reserves LAE	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total LAE(2.25%)	\$3	\$287	\$189	\$160	\$84	\$72	\$36	\$831

Distribution of Losses between CLLAS and Proportional Reinsurers

Retention	1.0000	0.5000	0.2000	0.1800	0.1250	0.0000	0.0000	
Reinsured to Registered	0.0000	0.4263	0.7404	0.7793	0.7903	0.8717	0.8902	
Reinsured to Unregistered	0.0000	0.0737	0.0596	0.0407	0.0847	0.1283	0.1098	
Paid to Date Retained	\$0	\$3,829,133	\$1,500,000	\$924,913	\$0	\$0	\$0	\$6,254,045
Paid Ceded to								
Registered Reinsurers	\$0	\$3,264,719	\$5,553,000	\$4,004,358	\$0	\$0	\$0	\$12,822,076
Unregistered Reinsurers	\$0	\$564,414	\$447,000	\$209,133	\$0	\$0	\$0	\$1,220,547
Case Reserves Retained	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Case Reserves Ceded to								
Registered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Unregistered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
IBNR Reserves Retained	\$112	\$6,384	\$1,680	\$1,280	\$469	\$0	\$0	\$9,925
IBNR Reserves Ceded to								
Registered Reinsurers	\$0	\$5,443	\$6,219	\$5,542	\$2,965	\$2,782	\$1,410	\$24,363
Unregistered Reinsurers	\$0	\$941	\$501	\$289	\$318	\$410	\$174	\$2,632
Total Reserves Retained	\$112	\$6,384	\$1,680	\$1,280	\$469	\$0	\$0	\$9,925
Reserves Ceded to								
Registered Reinsurers	\$0	\$5,443	\$6,219	\$5,542	\$2,965	\$2,782	\$1,410	\$24,363
Unregistered Reinsurers	\$0	\$941	\$501	\$289	\$318	\$410	\$174	\$2,632

CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY

IBNR - REFLECTING PROPORTIONAL REINSURANCE

Period : 1999-1

As at December 31, 2009

LAYER	.75 xs .25	4 xs 1	7.5 xs 5	12.5 xs 12.5	10 xs 25	30 xs 50	20 xs 130	Totals
-------	------------	--------	----------	--------------	----------	----------	-----------	--------

Derivation of Ultimate Incurred

Earned Lawyer Count	1,438	1,438	1,438	1,438	1,438	1,438	1,109	
Expected Loss Cost per Lawyer	\$10	\$1,140	\$750	\$635	\$335	\$285	\$185	
Gross Expected Loss Volume	\$14,380	\$1,639,320	\$1,078,500	\$913,130	\$481,730	\$409,830	\$205,073	
IBNR Factor	0.008	0.008	0.008	0.008	0.008	0.008	0.008	
IBNR Amount	\$115	\$13,115	\$8,628	\$7,305	\$3,854	\$3,279	\$1,641	\$37,936
Case Reserves	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Reserves (Ind. & Leg.)	\$115	\$13,115	\$8,628	\$7,305	\$3,854	\$3,279	\$1,641	\$37,936
Paid to Date	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Ultimate Incurred	\$115	\$13,115	\$8,628	\$7,305	\$3,854	\$3,279	\$1,641	\$37,936

Derivation of Loss Adjustment Expenses

IBNR LAE	\$3	\$295	\$194	\$164	\$87	\$74	\$37	\$854
Case Reserves LAE	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total LAE(2.25%)	\$3	\$295	\$194	\$164	\$87	\$74	\$37	\$854

Distribution of Losses between CLLAS and Proportional Reinsurers

Retention	1.0000	0.5000	0.2000	0.1800	0.1250	0.0000	0.0000	
Reinsured to Registered	0.0000	0.4263	0.7404	0.7793	0.7903	0.8717	0.8902	
Reinsured to Unregistered	0.0000	0.0737	0.0596	0.0407	0.0847	0.1283	0.1098	
Paid to Date Retained	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Paid Ceded to								
Registered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Unregistered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Case Reserves Retained	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Case Reserves Ceded to								
Registered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Unregistered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
IBNR Reserves Retained	\$115	\$6,557	\$1,726	\$1,315	\$482	\$0	\$0	\$10,195
IBNR Reserves Ceded to								
Registered Reinsurers	\$0	\$5,591	\$6,388	\$5,693	\$3,046	\$2,858	\$1,460	\$25,036
Unregistered Reinsurers	\$0	\$967	\$514	\$297	\$326	\$421	\$180	\$2,705
Total Reserves Retained	\$115	\$6,557	\$1,726	\$1,315	\$482	\$0	\$0	\$10,195
Reserves Ceded to								
Registered Reinsurers	\$0	\$5,591	\$6,388	\$5,693	\$3,046	\$2,858	\$1,460	\$25,036
Unregistered Reinsurers	\$0	\$967	\$514	\$297	\$326	\$421	\$180	\$2,705

CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY

IBNR - REFLECTING PROPORTIONAL REINSURANCE

Period : 1999-2

As at December 31, 2009

LAYER	.75 xs .25	4 xs 1	7.5 xs 5	12.5 xs 12.5	10 xs 25	30 xs 50	20 xs 130	Totals
<u>Derivation of Ultimate Incurred</u>								
Earned Lawyer Count	1,497	1,497	1,497	1,497	1,497	1,514	1,177	
Expected Loss Cost per Lawyer	\$10	\$1,112	\$769	\$665	\$353	\$300	\$205	
Gross Expected Loss Volume	\$14,965	\$1,664,108	\$1,150,809	\$995,173	\$528,265	\$454,275	\$241,234	
IBNR Factor	0.015	0.015	0.015	0.015	0.015	0.015	0.015	
IBNR Amount	\$224	\$24,962	\$17,262	\$14,928	\$7,924	\$6,814	\$3,619	\$75,732
Case Reserves	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Reserves (Ind. & Leg.)	\$224	\$24,962	\$17,262	\$14,928	\$7,924	\$6,814	\$3,619	\$75,732
Paid to Date	\$0	\$5,466,191	\$2,605,779	\$0	\$0	\$0	\$0	\$8,071,971
Total Ultimate Incurred	\$224	\$5,491,153	\$2,623,041	\$14,928	\$7,924	\$6,814	\$3,619	\$8,147,703

Derivation of Loss Adjustment Expenses

IBNR LAE	\$5	\$562	\$388	\$336	\$178	\$153	\$81	\$1,704
Case Reserves LAE	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total LAE(2.25%)	\$5	\$562	\$388	\$336	\$178	\$153	\$81	\$1,704

Distribution of Losses between CLLAS and Proportional Reinsurers

Retention	1.0000	0.5000	0.2000	0.1800	0.1250	0.0000	0.0000	
Reinsured to Registered	0.0000	0.4680	0.7598	0.7761	0.7912	0.8600	0.8816	
Reinsured to Unregistered	0.0000	0.0320	0.0402	0.0439	0.0838	0.1400	0.1184	
Paid to Date Retained	\$0	\$2,733,096	\$521,156	\$0	\$0	\$0	\$0	\$3,254,252
Paid Ceded to								
Registered Reinsurers	\$0	\$2,558,178	\$1,979,871	\$0	\$0	\$0	\$0	\$4,538,049
Unregistered Reinsurers	\$0	\$174,918	\$104,752	\$0	\$0	\$0	\$0	\$279,670
Case Reserves Retained	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Case Reserves Ceded to								
Registered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Unregistered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
IBNR Reserves Retained	\$224	\$12,481	\$3,452	\$2,687	\$990	\$0	\$0	\$19,835
IBNR Reserves Ceded to								
Registered Reinsurers	\$0	\$11,682	\$13,116	\$11,585	\$6,269	\$5,860	\$3,190	\$51,703
Unregistered Reinsurers	\$0	\$799	\$694	\$655	\$664	\$954	\$428	\$4,194
Total Reserves Retained	\$224	\$12,481	\$3,452	\$2,687	\$990	\$0	\$0	\$19,835
Reserves Ceded to								
Registered Reinsurers	\$0	\$11,682	\$13,116	\$11,585	\$6,269	\$5,860	\$3,190	\$51,703
Unregistered Reinsurers	\$0	\$799	\$694	\$655	\$664	\$954	\$428	\$4,194

CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY

IBNR - REFLECTING PROPORTIONAL REINSURANCE

Period : 2000-1

As at December 31, 2009

LAYER	.75 xs .25	4 xs 1	7.5 xs 5	12.5 xs 12.5	10 xs 25	30 xs 50	20 xs 130	Totals
-------	------------	--------	----------	--------------	----------	----------	-----------	--------

Derivation of Ultimate Incurred

Earned Lawyer Count	1,732	1,732	1,732	1,732	1,732	1,768	1,322	
Expected Loss Cost per Lawyer	\$10	\$1,112	\$769	\$665	\$353	\$300	\$205	
Gross Expected Loss Volume	\$17,324	\$1,926,447	\$1,332,228	\$1,152,057	\$611,543	\$530,375	\$271,095	
IBNR Factor	0.015	0.015	0.015	0.015	0.015	0.015	0.015	
IBNR Amount	\$260	\$28,897	\$19,983	\$17,281	\$9,173	\$7,956	\$4,066	\$87,616
Case Reserves	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Reserves (Ind. & Leg.)	\$260	\$28,897	\$19,983	\$17,281	\$9,173	\$7,956	\$4,066	\$87,616
Paid to Date	\$0	\$420,614	\$0	\$0	\$0	\$0	\$0	\$420,614
Total Ultimate Incurred	\$260	\$449,511	\$19,983	\$17,281	\$9,173	\$7,956	\$4,066	\$508,230

Derivation of Loss Adjustment Expenses

IBNR LAE	\$6	\$650	\$450	\$389	\$206	\$179	\$91	\$1,971
Case Reserves LAE	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total LAE(2.25%)	\$6	\$650	\$450	\$389	\$206	\$179	\$91	\$1,971

Distribution of Losses between CLLAS and Proportional Reinsurers

Retention	1.0000	0.5000	0.2000	0.1800	0.1250	0.0000	0.0000	
Reinsured to Registered	0.0000	0.4680	0.7598	0.7761	0.7912	0.8600	0.8816	
Reinsured to Unregistered	0.0000	0.0320	0.0402	0.0439	0.0838	0.1400	0.1184	
Paid to Date Retained	\$0	\$210,307	\$0	\$0	\$0	\$0	\$0	\$210,307
Paid Ceded to								
Registered Reinsurers	\$0	\$196,847	\$0	\$0	\$0	\$0	\$0	\$196,847
Unregistered Reinsurers	\$0	\$13,460	\$0	\$0	\$0	\$0	\$0	\$13,460
Case Reserves Retained	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Case Reserves Ceded to								
Registered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Unregistered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
IBNR Reserves Retained	\$260	\$14,448	\$3,997	\$3,111	\$1,147	\$0	\$0	\$22,962
IBNR Reserves Ceded to								
Registered Reinsurers	\$0	\$13,524	\$15,183	\$13,412	\$7,258	\$6,842	\$3,585	\$59,803
Unregistered Reinsurers	\$0	\$925	\$803	\$759	\$769	\$1,114	\$481	\$4,851
Total Reserves Retained	\$260	\$14,448	\$3,997	\$3,111	\$1,147	\$0	\$0	\$22,962
Reserves Ceded to								
Registered Reinsurers	\$0	\$13,524	\$15,183	\$13,412	\$7,258	\$6,842	\$3,585	\$59,803
Unregistered Reinsurers	\$0	\$925	\$803	\$759	\$769	\$1,114	\$481	\$4,851

CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY

IBNR - REFLECTING PROPORTIONAL REINSURANCE

Period : 2000-2

As at December 31, 2009

LAYER	.75 xs .25	4 xs 1	7.5 xs 5	12.5 xs 12.5	10 xs 25	30 xs 50	20 xs 140	Totals
<u>Derivation of Ultimate Incurred</u>								
Earned Lawyer Count	1,918	1,918	1,918	1,918	1,918	1,945	1,462	
Expected Loss Cost per Lawyer	\$70	\$1,463	\$1,167	\$948	\$436	\$82	\$43	
Gross Expected Loss Volume	\$134,248	\$2,805,790	\$2,238,112	\$1,818,106	\$836,175	\$159,517	\$62,859	
IBNR Factor	0.034	0.034	0.034	0.034	0.034	0.034	0.034	
IBNR Amount	\$4,564	\$95,397	\$76,096	\$61,816	\$28,430	\$5,424	\$2,137	\$273,863
Case Reserves	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Reserves (Ind. & Leg.)	\$4,564	\$95,397	\$76,096	\$61,816	\$28,430	\$5,424	\$2,137	\$273,863
Paid to Date	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Ultimate Incurred	\$4,564	\$95,397	\$76,096	\$61,816	\$28,430	\$5,424	\$2,137	\$273,863
<u>Derivation of Loss Adjustment Expenses</u>								
IBNR LAE	\$103	\$2,146	\$1,712	\$1,391	\$640	\$122	\$48	\$6,162
Case Reserves LAE	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total LAE(2.25%)	\$103	\$2,146	\$1,712	\$1,391	\$640	\$122	\$48	\$6,162
<u>Distribution of Losses between CLLAS and Proportional Reinsurers</u>								
Retention	1.0000	0.5000	0.2000	0.1800	0.1250	0.0000	0.0000	
Reinsured to Registered	0.0000	0.4680	0.7598	0.7761	0.7912	0.8600	0.8816	
Reinsured to Unregistered	0.0000	0.0320	0.0402	0.0439	0.0838	0.1400	0.1184	
Paid to Date Retained	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Paid Ceded to								
Registered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Unregistered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Case Reserves Retained	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Case Reserves Ceded to								
Registered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Unregistered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
IBNR Reserves Retained	\$4,564	\$47,698	\$15,219	\$11,127	\$3,554	\$0	\$0	\$82,163
IBNR Reserves Ceded to								
Registered Reinsurers	\$0	\$44,646	\$57,818	\$47,975	\$22,494	\$4,664	\$1,884	\$179,481
Unregistered Reinsurers	\$0	\$3,053	\$3,059	\$2,714	\$2,382	\$759	\$253	\$12,220
Total Reserves Retained	\$4,564	\$47,698	\$15,219	\$11,127	\$3,554	\$0	\$0	\$82,163
Reserves Ceded to								
Registered Reinsurers	\$0	\$44,646	\$57,818	\$47,975	\$22,494	\$4,664	\$1,884	\$179,481
Unregistered Reinsurers	\$0	\$3,053	\$3,059	\$2,714	\$2,382	\$759	\$253	\$12,220

CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY

IBNR - REFLECTING PROPORTIONAL REINSURANCE

Period : 2001-1

As at December 31, 2009

LAYER	.75 xs .25	4 xs 1	7.5 xs 5	12.5 xs 12.5	10 xs 25	30 xs 50	20 xs 140	Totals
<u>Derivation of Ultimate Incurred</u>								
Earned Lawyer Count	2,090	2,090	2,090	2,090	2,090	2,096	1,561	
Expected Loss Cost per Lawyer	\$70	\$1,463	\$1,167	\$948	\$436	\$82	\$43	
Gross Expected Loss Volume	\$146,300	\$3,057,670	\$2,439,030	\$1,981,320	\$911,240	\$171,858	\$67,116	
IBNR Factor	0.034	0.034	0.034	0.034	0.034	0.034	0.034	
IBNR Amount	\$4,974	\$103,961	\$82,927	\$67,365	\$30,982	\$5,843	\$2,282	\$298,334
Case Reserves	\$0	\$1,000,000	\$0	\$0	\$0	\$0	\$0	\$1,000,000
Total Reserves (Ind. & Leg.)	\$4,974	\$1,103,961	\$82,927	\$67,365	\$30,982	\$5,843	\$2,282	\$1,298,334
Paid to Date	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Ultimate Incurred	\$4,974	\$1,103,961	\$82,927	\$67,365	\$30,982	\$5,843	\$2,282	\$1,298,334
<u>Derivation of Loss Adjustment Expenses</u>								
IBNR LAE	\$112	\$2,339	\$1,866	\$1,516	\$697	\$131	\$51	\$6,713
Case Reserves LAE	\$0	\$22,500	\$0	\$0	\$0	\$0	\$0	\$22,500
Total LAE(2.25%)	\$112	\$24,839	\$1,866	\$1,516	\$697	\$131	\$51	\$29,213
<u>Distribution of Losses between CLLAS and Proportional Reinsurers</u>								
Retention	1.0000	0.5000	0.2000	0.1800	0.1250	0.0000	0.0000	
Reinsured to Registered	0.0000	0.4680	0.7598	0.7761	0.7912	0.8600	0.8816	
Reinsured to Unregistered	0.0000	0.0320	0.0402	0.0439	0.0838	0.1400	0.1184	
Paid to Date Retained	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Paid Ceded to								
Registered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Unregistered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Case Reserves Retained	\$0	\$500,000	\$0	\$0	\$0	\$0	\$0	\$500,000
Case Reserves Ceded to								
Registered Reinsurers	\$0	\$468,000	\$0	\$0	\$0	\$0	\$0	\$468,000
Unregistered Reinsurers	\$0	\$32,000	\$0	\$0	\$0	\$0	\$0	\$32,000
IBNR Reserves Retained	\$4,974	\$51,980	\$16,585	\$12,126	\$3,873	\$0	\$0	\$89,538
IBNR Reserves Ceded to								
Registered Reinsurers	\$0	\$48,654	\$63,008	\$52,282	\$24,513	\$5,025	\$2,012	\$195,493
Unregistered Reinsurers	\$0	\$3,327	\$3,334	\$2,957	\$2,596	\$818	\$270	\$13,302
Total Reserves Retained	\$4,974	\$551,980	\$16,585	\$12,126	\$3,873	\$0	\$0	\$589,538
Reserves Ceded to								
Registered Reinsurers	\$0	\$516,654	\$63,008	\$52,282	\$24,513	\$5,025	\$2,012	\$663,493
Unregistered Reinsurers	\$0	\$35,327	\$3,334	\$2,957	\$2,596	\$818	\$270	\$45,302

CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY

IBNR - REFLECTING PROPORTIONAL REINSURANCE

Period : 2001-2

As at December 31, 2009

LAYER	.75 xs .25	4 xs 1	7.5 xs 5	12.5 xs 12.5	10 xs 25	30 xs 50	20 xs 140	Totals
<u>Derivation of Ultimate Incurred</u>								
Earned Lawyer Count	2,067	2,067	2,067	2,067	2,067	2,096	1,568	
Expected Loss Cost per Lawyer	\$70	\$1,463	\$1,167	\$948	\$436	\$82	\$43	
Gross Expected Loss Volume	\$144,690	\$3,024,021	\$2,412,189	\$1,959,516	\$901,212	\$171,831	\$67,424	
IBNR Factor	0.048	0.048	0.048	0.048	0.048	0.048	0.048	
IBNR Amount	\$6,945	\$145,153	\$115,785	\$94,057	\$43,258	\$8,248	\$3,236	\$416,682
Case Reserves	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Reserves (Ind. & Leg.)	\$6,945	\$145,153	\$115,785	\$94,057	\$43,258	\$8,248	\$3,236	\$416,682
Paid to Date	\$0	\$7,154,054	\$7,500,000	\$2,890,929	\$0	\$0	\$0	\$17,544,983
Total Ultimate Incurred	\$6,945	\$7,299,207	\$7,615,785	\$2,984,986	\$43,258	\$8,248	\$3,236	\$17,961,665
<u>Derivation of Loss Adjustment Expenses</u>								
IBNR LAE	\$156	\$3,266	\$2,605	\$2,116	\$973	\$186	\$73	\$9,375
Case Reserves LAE	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total LAE(2.25%)	\$156	\$3,266	\$2,605	\$2,116	\$973	\$186	\$73	\$9,375
<u>Distribution of Losses between CLLAS and Proportional Reinsurers</u>								
Retention	1.0000	0.5000	0.2000	0.1800	0.1250	0.0000	0.0000	
Reinsured to Registered	0.0000	0.4680	0.8000	0.7897	0.7912	0.8600	0.8816	
Reinsured to Unregistered	0.0000	0.0320	0.0000	0.0303	0.0838	0.1400	0.1184	
Paid to Date Retained	\$0	\$3,577,027	\$1,500,000	\$520,367	\$0	\$0	\$0	\$5,597,394
Paid Ceded to								
Registered Reinsurers	\$0	\$3,348,097	\$6,000,000	\$2,282,966	\$0	\$0	\$0	\$11,631,064
Unregistered Reinsurers	\$0	\$228,930	\$0	\$87,595	\$0	\$0	\$0	\$316,525
Case Reserves Retained	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Case Reserves Ceded to								
Registered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Unregistered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
IBNR Reserves Retained	\$6,945	\$72,577	\$23,157	\$16,930	\$5,407	\$0	\$0	\$125,016
IBNR Reserves Ceded to								
Registered Reinsurers	\$0	\$67,932	\$92,628	\$74,277	\$34,226	\$7,093	\$2,853	\$279,009
Unregistered Reinsurers	\$0	\$4,645	\$0	\$2,850	\$3,625	\$1,155	\$383	\$12,658
Total Reserves Retained	\$6,945	\$72,577	\$23,157	\$16,930	\$5,407	\$0	\$0	\$125,016
Reserves Ceded to								
Registered Reinsurers	\$0	\$67,932	\$92,628	\$74,277	\$34,226	\$7,093	\$2,853	\$279,009
Unregistered Reinsurers	\$0	\$4,645	\$0	\$2,850	\$3,625	\$1,155	\$383	\$12,658

CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY

IBNR - REFLECTING PROPORTIONAL REINSURANCE

Period : 2002-1

As at December 31, 2009

LAYER	.75 xs .25	4 xs 1	7.5 xs 5	12.5 xs 12.5	10 xs 25	30 xs 50	20 xs 140	Totals
<u>Derivation of Ultimate Incurred</u>								
Earned Lawyer Count	2,175	2,175	2,175	2,175	2,175	2,175	1,663	
Expected Loss Cost per Lawyer	\$70	\$1,463	\$1,167	\$948	\$436	\$82	\$43	
Gross Expected Loss Volume	\$152,215	\$3,181,294	\$2,537,642	\$2,061,426	\$948,082	\$178,309	\$71,509	
IBNR Factor	0.048	0.048	0.048	0.048	0.048	0.048	0.048	
IBNR Amount	\$7,306	\$152,702	\$121,807	\$98,948	\$45,508	\$8,559	\$3,432	\$438,263
Case Reserves	\$0	\$700,000	\$0	\$0	\$0	\$0	\$0	\$700,000
Total Reserves (Ind. & Leg.)	\$7,306	\$852,702	\$121,807	\$98,948	\$45,508	\$8,559	\$3,432	\$1,138,263
Paid to Date	\$0	\$8,773	\$0	\$0	\$0	\$0	\$0	\$8,773
Total Ultimate Incurred	\$7,306	\$861,475	\$121,807	\$98,948	\$45,508	\$8,559	\$3,432	\$1,147,036
<u>Derivation of Loss Adjustment Expenses</u>								
IBNR LAE	\$164	\$3,436	\$2,741	\$2,226	\$1,024	\$193	\$77	\$9,861
Case Reserves LAE	\$0	\$15,750	\$0	\$0	\$0	\$0	\$0	\$15,750
Total LAE(2.25%)	\$164	\$19,186	\$2,741	\$2,226	\$1,024	\$193	\$77	\$25,611
<u>Distribution of Losses between CLLAS and Proportional Reinsurers</u>								
Retention	1.0000	0.5000	0.2000	0.1800	0.1250	0.0000	0.0000	
Reinsured to Registered	0.0000	0.4680	0.8000	0.7897	0.7912	0.8600	0.8816	
Reinsured to Unregistered	0.0000	0.0320	0.0000	0.0303	0.0838	0.1400	0.1184	
Paid to Date Retained	\$0	\$4,387	\$0	\$0	\$0	\$0	\$0	\$4,387
Paid Ceded to								
Registered Reinsurers	\$0	\$4,106	\$0	\$0	\$0	\$0	\$0	\$4,106
Unregistered Reinsurers	\$0	\$281	\$0	\$0	\$0	\$0	\$0	\$281
Case Reserves Retained	\$0	\$350,000	\$0	\$0	\$0	\$0	\$0	\$350,000
Case Reserves Ceded to								
Registered Reinsurers	\$0	\$327,600	\$0	\$0	\$0	\$0	\$0	\$327,600
Unregistered Reinsurers	\$0	\$22,400	\$0	\$0	\$0	\$0	\$0	\$22,400
IBNR Reserves Retained	\$7,306	\$76,351	\$24,361	\$17,811	\$5,688	\$0	\$0	\$131,518
IBNR Reserves Ceded to								
Registered Reinsurers	\$0	\$71,465	\$97,445	\$78,140	\$36,006	\$7,361	\$3,026	\$293,442
Unregistered Reinsurers	\$0	\$4,886	\$0	\$2,998	\$3,814	\$1,198	\$406	\$13,303
Total Reserves Retained	\$7,306	\$426,351	\$24,361	\$17,811	\$5,688	\$0	\$0	\$481,518
Reserves Ceded to								
Registered Reinsurers	\$0	\$399,065	\$97,445	\$78,140	\$36,006	\$7,361	\$3,026	\$621,042
Unregistered Reinsurers	\$0	\$27,286	\$0	\$2,998	\$3,814	\$1,198	\$406	\$35,703

CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY

IBNR - REFLECTING PROPORTIONAL REINSURANCE

Period : 2002-2

As at December 31, 2009

LAYER	.75 xs .25	4 xs 1	7.5 xs 5	12.5 xs 12.5	10 xs 25	30 xs 50	20 xs 140	Totals
<u>Derivation of Ultimate Incurred</u>								
Earned Lawyer Count	2,175	2,175	2,175	2,175	2,175	2,175	1,971	
Expected Loss Cost per Lawyer	\$73	\$1,524	\$1,224	\$1,002	\$464	\$92	\$49	
Gross Expected Loss Volume	\$158,739	\$3,313,938	\$2,661,588	\$2,178,849	\$1,008,968	\$200,054	\$96,555	
IBNR Factor	0.048	0.048	0.048	0.048	0.048	0.048	0.048	
IBNR Amount	\$7,619	\$159,069	\$127,756	\$104,585	\$48,430	\$9,603	\$4,635	\$461,697
Case Reserves	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Reserves (Ind. & Leg.)	\$7,619	\$159,069	\$127,756	\$104,585	\$48,430	\$9,603	\$4,635	\$461,697
Paid to Date	\$0	\$271,947	\$0	\$0	\$0	\$0	\$0	\$271,947
Total Ultimate Incurred	\$7,619	\$431,016	\$127,756	\$104,585	\$48,430	\$9,603	\$4,635	\$733,644
<u>Derivation of Loss Adjustment Expenses</u>								
IBNR LAE	\$171	\$3,579	\$2,875	\$2,353	\$1,090	\$216	\$104	\$10,388
Case Reserves LAE	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total LAE(2.25%)	\$171	\$3,579	\$2,875	\$2,353	\$1,090	\$216	\$104	\$10,388
<u>Distribution of Losses between CLLAS and Proportional Reinsurers</u>								
Retention	1.0000	1.0000	0.2000	0.1800	0.1250	0.0000	0.0000	
Reinsured to Registered	0.0000	0.0000	0.8000	0.8200	0.6342	0.7646	0.1823	
Reinsured to Unregistered	0.0000	0.0000	0.0000	0.0000	0.2408	0.2354	0.8177	
Paid to Date Retained	\$0	\$271,947	\$0	\$0	\$0	\$0	\$0	\$271,947
Paid Ceded to								
Registered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Unregistered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Case Reserves Retained	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Case Reserves Ceded to								
Registered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Unregistered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
IBNR Reserves Retained	\$7,619	\$159,069	\$25,551	\$18,825	\$6,054	\$0	\$0	\$217,119
IBNR Reserves Ceded to								
Registered Reinsurers	\$0	\$0	\$102,205	\$85,759	\$30,715	\$7,342	\$845	\$226,866
Unregistered Reinsurers	\$0	\$0	\$0	\$0	\$11,662	\$2,260	\$3,790	\$17,712
Total Reserves Retained	\$7,619	\$159,069	\$25,551	\$18,825	\$6,054	\$0	\$0	\$217,119
Reserves Ceded to								
Registered Reinsurers	\$0	\$0	\$102,205	\$85,759	\$30,715	\$7,342	\$845	\$226,866
Unregistered Reinsurers	\$0	\$0	\$0	\$0	\$11,662	\$2,260	\$3,790	\$17,712

CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY

IBNR - REFLECTING PROPORTIONAL REINSURANCE

Period : 2003-1

As at December 31, 2009

LAYER	.75 xs .25	4 xs 1	7.5 xs 5	12.5 xs 12.5	10 xs 25	30 xs 50	20 xs 140	Totals
<u>Derivation of Ultimate Incurred</u>								
Earned Lawyer Count	2,349	2,349	2,349	2,349	2,349	2,349	2,040	
Expected Loss Cost per Lawyer	\$73	\$1,524	\$1,224	\$1,002	\$464	\$92	\$49	
Gross Expected Loss Volume	\$171,450	\$3,579,305	\$2,874,717	\$2,353,322	\$1,089,762	\$216,074	\$99,948	
IBNR Factor	0.048	0.048	0.048	0.048	0.048	0.048	0.048	
IBNR Amount	\$8,230	\$171,807	\$137,986	\$112,959	\$52,309	\$10,372	\$4,797	\$498,460
Case Reserves	\$0	\$3,126,287	\$0	\$0	\$0	\$0	\$0	\$3,126,287
Total Reserves (Ind. & Leg.)	\$8,230	\$3,298,094	\$137,986	\$112,959	\$52,309	\$10,372	\$4,797	\$3,624,747
Paid to Date	\$0	\$3,122,910	\$0	\$0	\$0	\$0	\$0	\$3,122,910
Total Ultimate Incurred	\$8,230	\$6,421,004	\$137,986	\$112,959	\$52,309	\$10,372	\$4,797	\$6,747,657
<u>Derivation of Loss Adjustment Expenses</u>								
IBNR LAE	\$185	\$3,866	\$3,105	\$2,542	\$1,177	\$233	\$108	\$11,215
Case Reserves LAE	\$0	\$70,341	\$0	\$0	\$0	\$0	\$0	\$70,341
Total LAE(2.25%)	\$185	\$74,207	\$3,105	\$2,542	\$1,177	\$233	\$108	\$81,557
<u>Distribution of Losses between CLLAS and Proportional Reinsurers</u>								
Retention	1.0000	1.0000	0.2000	0.1800	0.1250	0.0000	0.0000	
Reinsured to Registered	0.0000	0.0000	0.8000	0.8200	0.6342	0.7646	0.1823	
Reinsured to Unregistered	0.0000	0.0000	0.0000	0.0000	0.2408	0.2354	0.8177	
Paid to Date Retained	\$0	\$3,122,910	\$0	\$0	\$0	\$0	\$0	\$3,122,910
Paid Ceded to								
Registered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Unregistered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Case Reserves Retained	\$0	\$3,126,287	\$0	\$0	\$0	\$0	\$0	\$3,126,287
Case Reserves Ceded to								
Registered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Unregistered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
IBNR Reserves Retained	\$8,230	\$171,807	\$27,597	\$20,333	\$6,539	\$0	\$0	\$234,505
IBNR Reserves Ceded to								
Registered Reinsurers	\$0	\$0	\$110,389	\$92,627	\$33,174	\$7,930	\$875	\$244,995
Unregistered Reinsurers	\$0	\$0	\$0	\$0	\$12,596	\$2,441	\$3,923	\$18,960
Total Reserves Retained	\$8,230	\$3,298,094	\$27,597	\$20,333	\$6,539	\$0	\$0	\$3,360,792
Reserves Ceded to								
Registered Reinsurers	\$0	\$0	\$110,389	\$92,627	\$33,174	\$7,930	\$875	\$244,995
Unregistered Reinsurers	\$0	\$0	\$0	\$0	\$12,596	\$2,441	\$3,923	\$18,960

CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY

IBNR - REFLECTING PROPORTIONAL REINSURANCE

Period : 2003-2

As at December 31, 2009

LAYER	.75 xs .25	4 xs 1	7.5 xs 5	12.5 xs 12.5	10 xs 25	30 xs 50	20 xs 140	Totals
-------	------------	--------	----------	--------------	----------	----------	-----------	--------

Derivation of Ultimate Incurred

Earned Lawyer Count	2,349	2,349	2,349	2,349	2,349	2,349	2,040	
Expected Loss Cost per Lawyer	\$76	\$1,592	\$1,218	\$1,025	\$483	\$103	\$57	
Gross Expected Loss Volume	\$178,496	\$3,739,011	\$2,861,780	\$2,407,226	\$1,134,252	\$241,908	\$116,266	
IBNR Factor	0.070	0.070	0.070	0.070	0.070	0.070	0.070	
IBNR Amount	\$12,495	\$261,731	\$200,325	\$168,506	\$79,398	\$16,934	\$8,139	\$747,526
Case Reserves	\$0	\$25,000	\$0	\$0	\$0	\$0	\$0	\$25,000
Total Reserves (Ind. & Leg.)	\$12,495	\$286,731	\$200,325	\$168,506	\$79,398	\$16,934	\$8,139	\$772,526
Paid to Date	\$0	\$1,636,976	\$0	\$0	\$0	\$0	\$0	\$1,636,976
Total Ultimate Incurred	\$12,495	\$1,923,707	\$200,325	\$168,506	\$79,398	\$16,934	\$8,139	\$2,409,502

Derivation of Loss Adjustment Expenses

IBNR LAE	\$281	\$5,889	\$4,507	\$3,791	\$1,786	\$381	\$183	\$16,819
Case Reserves LAE	\$0	\$563	\$0	\$0	\$0	\$0	\$0	\$563
Total LAE(2.25%)	\$281	\$6,451	\$4,507	\$3,791	\$1,786	\$381	\$183	\$17,382

Distribution of Losses between CLLAS and Proportional Reinsurers

Retention	1.0000	1.0000	0.2000	0.1800	0.1250	0.0000	0.0000	
Reinsured to Registered	0.0000	0.0000	0.8000	0.8200	0.5750	0.7385	0.0966	
Reinsured to Unregistered	0.0000	0.0000	0.0000	0.0000	0.3000	0.2615	0.9034	
Paid to Date Retained	\$0	\$1,636,976	\$0	\$0	\$0	\$0	\$0	\$1,636,976
Paid Ceded to								
Registered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Unregistered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Case Reserves Retained	\$0	\$25,000	\$0	\$0	\$0	\$0	\$0	\$25,000
Case Reserves Ceded to								
Registered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Unregistered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
IBNR Reserves Retained	\$12,495	\$261,731	\$40,065	\$30,331	\$9,925	\$0	\$0	\$354,546
IBNR Reserves Ceded to								
Registered Reinsurers	\$0	\$0	\$160,260	\$138,175	\$45,654	\$12,505	\$786	\$357,380
Unregistered Reinsurers	\$0	\$0	\$0	\$0	\$23,819	\$4,428	\$7,352	\$35,600
Total Reserves Retained	\$12,495	\$286,731	\$40,065	\$30,331	\$9,925	\$0	\$0	\$379,546
Reserves Ceded to								
Registered Reinsurers	\$0	\$0	\$160,260	\$138,175	\$45,654	\$12,505	\$786	\$357,380
Unregistered Reinsurers	\$0	\$0	\$0	\$0	\$23,819	\$4,428	\$7,352	\$35,600

CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY

IBNR - REFLECTING PROPORTIONAL REINSURANCE

Period : 2004-1

As at December 31, 2009

LAYER	.75 xs .25	4 xs 1	7.5 xs 5	12.5 xs 12.5	10 xs 25	30 xs 50	20 xs 140	Totals
<u>Derivation of Ultimate Incurred</u>								
Earned Lawyer Count	2,371	2,371	2,371	2,371	2,371	2,371	2,059	
Expected Loss Cost per Lawyer	\$76	\$1,592	\$1,215	\$1,023	\$482	\$103	\$57	
Gross Expected Loss Volume	\$180,168	\$3,774,035	\$2,879,622	\$2,424,815	\$1,143,109	\$244,174	\$117,370	
IBNR Factor	0.070	0.070	0.070	0.070	0.070	0.070	0.070	
IBNR Amount	\$12,612	\$264,182	\$201,574	\$169,737	\$80,018	\$17,092	\$8,216	\$753,431
Case Reserves	\$0	\$0	\$0	\$0	\$3,500,000	\$0	\$0	\$3,500,000
Total Reserves (Ind. & Leg.)	\$12,612	\$264,182	\$201,574	\$169,737	\$3,580,018	\$17,092	\$8,216	\$4,253,431
Paid to Date	\$0	\$5,504,053	\$7,500,000	\$12,500,000	\$942,538	\$0	\$0	\$26,446,591
Total Ultimate Incurred	\$12,612	\$5,768,235	\$7,701,574	\$12,669,737	\$4,522,555	\$17,092	\$8,216	\$30,700,021
<u>Derivation of Loss Adjustment Expenses</u>								
IBNR LAE	\$284	\$5,944	\$4,535	\$3,819	\$1,800	\$385	\$185	\$16,952
Case Reserves LAE	\$0	\$0	\$0	\$0	\$78,750	\$0	\$0	\$78,750
Total LAE(2.25%)	\$284	\$5,944	\$4,535	\$3,819	\$80,550	\$385	\$185	\$95,702
<u>Distribution of Losses between CLLAS and Proportional Reinsurers</u>								
Retention	1.0000	1.0000	0.2000	0.1800	0.1250	0.0000	0.0000	
Reinsured to Registered	0.0000	0.0000	0.8000	0.8200	0.5750	0.7385	0.0966	
Reinsured to Unregistered	0.0000	0.0000	0.0000	0.0000	0.3000	0.2615	0.9034	
Paid to Date Retained	\$0	\$5,504,053	\$1,500,000	\$2,250,000	\$117,817	\$0	\$0	\$9,371,870
Paid Ceded to								
Registered Reinsurers	\$0	\$0	\$6,000,000	\$10,250,000	\$541,959	\$0	\$0	\$16,791,959
Unregistered Reinsurers	\$0	\$0	\$0	\$0	\$282,761	\$0	\$0	\$282,761
Case Reserves Retained	\$0	\$0	\$0	\$0	\$437,500	\$0	\$0	\$437,500
Case Reserves Ceded to								
Registered Reinsurers	\$0	\$0	\$0	\$0	\$2,012,500	\$0	\$0	\$2,012,500
Unregistered Reinsurers	\$0	\$0	\$0	\$0	\$1,050,000	\$0	\$0	\$1,050,000
IBNR Reserves Retained	\$12,612	\$264,182	\$40,315	\$30,553	\$10,002	\$0	\$0	\$357,664
IBNR Reserves Ceded to								
Registered Reinsurers	\$0	\$0	\$161,259	\$139,184	\$46,010	\$12,623	\$794	\$359,870
Unregistered Reinsurers	\$0	\$0	\$0	\$0	\$24,005	\$4,470	\$7,422	\$35,897
Total Reserves Retained	\$12,612	\$264,182	\$40,315	\$30,553	\$447,502	\$0	\$0	\$795,164
Reserves Ceded to								
Registered Reinsurers	\$0	\$0	\$161,259	\$139,184	\$2,058,510	\$12,623	\$794	\$2,372,370
Unregistered Reinsurers	\$0	\$0	\$0	\$0	\$1,074,005	\$4,470	\$7,422	\$1,085,897

CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY

IBNR - REFLECTING PROPORTIONAL REINSURANCE

Period : 2004-2

As at December 31, 2009

LAYER	.75 xs .25	4 xs 1	7.5 xs 5	12.5 xs 12.5	10 xs 25	30 xs 50	20 xs 140	Totals
<u>Derivation of Ultimate Incurred</u>								
Earned Lawyer Count	2,371	2,371	2,371	2,371	2,371	2,371	2,059	
Expected Loss Cost per Lawyer	\$79	\$1,668	\$1,284	\$1,092	\$520	\$118	\$66	
Gross Expected Loss Volume	\$187,279	\$3,954,203	\$3,043,825	\$2,588,971	\$1,232,842	\$279,734	\$135,902	
IBNR Factor	0.130	0.130	0.130	0.130	0.130	0.130	0.130	
IBNR Amount	\$24,346	\$514,046	\$395,697	\$336,566	\$160,269	\$36,365	\$17,667	\$1,484,958
Case Reserves	\$0	\$58,214	\$0	\$0	\$0	\$0	\$0	\$58,214
Total Reserves (Ind. & Leg.)	\$24,346	\$572,260	\$395,697	\$336,566	\$160,269	\$36,365	\$17,667	\$1,543,172
Paid to Date	\$0	\$941,786	\$0	\$0	\$0	\$0	\$0	\$941,786
Total Ultimate Incurred	\$24,346	\$1,514,046	\$395,697	\$336,566	\$160,269	\$36,365	\$17,667	\$2,484,958
<u>Derivation of Loss Adjustment Expenses</u>								
IBNR LAE	\$548	\$11,566	\$8,903	\$7,573	\$3,606	\$818	\$398	\$33,412
Case Reserves LAE	\$0	\$1,310	\$0	\$0	\$0	\$0	\$0	\$1,310
Total LAE(2.25%)	\$548	\$12,876	\$8,903	\$7,573	\$3,606	\$818	\$398	\$34,721
<u>Distribution of Losses between CLLAS and Proportional Reinsurers</u>								
Retention	1.0000	1.0000	0.2000	0.1800	0.1250	0.0000	0.0000	
Reinsured to Registered	0.0000	0.0000	0.7500	0.8200	0.6305	0.7486	0.0966	
Reinsured to Unregistered	0.0000	0.0000	0.0500	0.0000	0.2445	0.2514	0.9034	
Paid to Date Retained	\$0	\$941,786	\$0	\$0	\$0	\$0	\$0	\$941,786
Paid Ceded to								
Registered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Unregistered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Case Reserves Retained	\$0	\$58,214	\$0	\$0	\$0	\$0	\$0	\$58,214
Case Reserves Ceded to								
Registered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Unregistered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
IBNR Reserves Retained	\$24,346	\$514,046	\$79,139	\$60,582	\$20,034	\$0	\$0	\$698,148
IBNR Reserves Ceded to								
Registered Reinsurers	\$0	\$0	\$296,773	\$275,984	\$101,050	\$27,223	\$1,707	\$702,737
Unregistered Reinsurers	\$0	\$0	\$19,785	\$0	\$39,186	\$9,142	\$15,961	\$84,074
Total Reserves Retained	\$24,346	\$572,260	\$79,139	\$60,582	\$20,034	\$0	\$0	\$756,362
Reserves Ceded to								
Registered Reinsurers	\$0	\$0	\$296,773	\$275,984	\$101,050	\$27,223	\$1,707	\$702,737
Unregistered Reinsurers	\$0	\$0	\$19,785	\$0	\$39,186	\$9,142	\$15,961	\$84,074

CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY

IBNR - REFLECTING PROPORTIONAL REINSURANCE

Period : 2005-1

As at December 31, 2009

LAYER	.75 xs .25	4 xs 1	7.5 xs 5	12.5 xs 12.5	10 xs 25	30 xs 50	20 xs 140	Totals
-------	------------	--------	----------	--------------	----------	----------	-----------	--------

Derivation of Ultimate Incurred

Earned Lawyer Count	2,373	2,373	2,373	2,373	2,373	2,373	2,049	
Expected Loss Cost per Lawyer	\$79	\$1,668	\$1,280	\$1,090	\$519	\$118	\$66	
Gross Expected Loss Volume	\$187,428	\$3,957,330	\$3,036,359	\$2,585,526	\$1,231,847	\$279,955	\$135,201	
IBNR Factor	0.130	0.130	0.130	0.130	0.130	0.130	0.130	
IBNR Amount	\$24,366	\$514,453	\$394,727	\$336,118	\$160,140	\$36,394	\$17,576	\$1,483,774
Case Reserves	\$0	\$811,662	\$0	\$0	\$0	\$0	\$0	\$811,662
Total Reserves (Ind. & Leg.)	\$24,366	\$1,326,115	\$394,727	\$336,118	\$160,140	\$36,394	\$17,576	\$2,295,436
Paid to Date	\$0	\$38,338	\$0	\$0	\$0	\$0	\$0	\$38,338
Total Ultimate Incurred	\$24,366	\$1,364,453	\$394,727	\$336,118	\$160,140	\$36,394	\$17,576	\$2,333,774

Derivation of Loss Adjustment Expenses

IBNR LAE	\$548	\$11,575	\$8,881	\$7,563	\$3,603	\$819	\$395	\$33,385
Case Reserves LAE	\$0	\$18,262	\$0	\$0	\$0	\$0	\$0	\$18,262
Total LAE(2.25%)	\$548	\$29,838	\$8,881	\$7,563	\$3,603	\$819	\$395	\$51,647

Distribution of Losses between CLLAS and Proportional Reinsurers

Retention	1.0000	1.0000	0.2000	0.1800	0.1250	0.0000	0.0000	
Reinsured to Registered	0.0000	0.0000	0.7500	0.8200	0.6305	0.7486	0.0966	
Reinsured to Unregistered	0.0000	0.0000	0.0500	0.0000	0.2445	0.2514	0.9034	
Paid to Date Retained	\$0	\$38,338	\$0	\$0	\$0	\$0	\$0	\$38,338
Paid Ceded to								
Registered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Unregistered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Case Reserves Retained	\$0	\$811,662	\$0	\$0	\$0	\$0	\$0	\$811,662
Case Reserves Ceded to								
Registered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Unregistered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
IBNR Reserves Retained	\$24,366	\$514,453	\$78,945	\$60,501	\$20,018	\$0	\$0	\$698,283
IBNR Reserves Ceded to								
Registered Reinsurers	\$0	\$0	\$296,045	\$275,617	\$100,968	\$27,245	\$1,698	\$701,573
Unregistered Reinsurers	\$0	\$0	\$19,736	\$0	\$39,154	\$9,149	\$15,878	\$83,918
Total Reserves Retained	\$24,366	\$1,326,115	\$78,945	\$60,501	\$20,018	\$0	\$0	\$1,509,945
Reserves Ceded to								
Registered Reinsurers	\$0	\$0	\$296,045	\$275,617	\$100,968	\$27,245	\$1,698	\$701,573
Unregistered Reinsurers	\$0	\$0	\$19,736	\$0	\$39,154	\$9,149	\$15,878	\$83,918

CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY

IBNR - REFLECTING PROPORTIONAL REINSURANCE

Period : 2005-2

As at December 31, 2009

LAYER	.75 xs .25	4 xs 1	7.5 xs 5	12.5 xs 12.5	10 xs 25	30 xs 50	20 xs 140	Totals
<u>Derivation of Ultimate Incurred</u>								
Earned Lawyer Count	2,373	2,373	2,373	2,373	2,373	2,373	2,049	
Expected Loss Cost per Lawyer	\$83	\$1,752	\$1,359	\$1,171	\$565	\$139	\$79	
Gross Expected Loss Volume	\$196,918	\$4,156,620	\$3,223,221	\$2,778,400	\$1,339,985	\$329,778	\$161,832	
IBNR Factor	0.298	0.298	0.298	0.298	0.298	0.298	0.298	
IBNR Amount	\$58,681	\$1,238,673	\$960,520	\$827,963	\$399,315	\$98,274	\$48,226	\$3,631,652
Case Reserves	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Reserves (Ind. & Leg.)	\$58,681	\$1,238,673	\$960,520	\$827,963	\$399,315	\$98,274	\$48,226	\$3,631,652
Paid to Date	\$0	\$709,280	\$0	\$0	\$0	\$0	\$0	\$709,280
Total Ultimate Incurred	\$58,681	\$1,947,953	\$960,520	\$827,963	\$399,315	\$98,274	\$48,226	\$4,340,933
<u>Derivation of Loss Adjustment Expenses</u>								
IBNR LAE	\$1,320	\$27,870	\$21,612	\$18,629	\$8,985	\$2,211	\$1,085	\$81,712
Case Reserves LAE	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total LAE(2.25%)	\$1,320	\$27,870	\$21,612	\$18,629	\$8,985	\$2,211	\$1,085	\$81,712
<u>Distribution of Losses between CLLAS and Proportional Reinsurers</u>								
Retention	1.0000	1.0000	0.2000	0.1800	0.1250	0.0000	0.0000	
Reinsured to Registered	0.0000	0.0000	0.7500	0.8000	0.8750	1.0000	0.3600	
Reinsured to Unregistered	0.0000	0.0000	0.0500	0.0200	0.0000	0.0000	0.6400	
Paid to Date Retained	\$0	\$709,280	\$0	\$0	\$0	\$0	\$0	\$709,280
Paid Ceded to								
Registered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Unregistered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Case Reserves Retained	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Case Reserves Ceded to								
Registered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Unregistered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
IBNR Reserves Retained	\$58,681	\$1,238,673	\$192,104	\$149,033	\$49,914	\$0	\$0	\$1,688,406
IBNR Reserves Ceded to								
Registered Reinsurers	\$0	\$0	\$720,390	\$662,371	\$349,401	\$98,274	\$17,361	\$1,847,797
Unregistered Reinsurers	\$0	\$0	\$48,026	\$16,559	\$0	\$0	\$30,865	\$95,450
Total Reserves Retained	\$58,681	\$1,238,673	\$192,104	\$149,033	\$49,914	\$0	\$0	\$1,688,406
Reserves Ceded to								
Registered Reinsurers	\$0	\$0	\$720,390	\$662,371	\$349,401	\$98,274	\$17,361	\$1,847,797
Unregistered Reinsurers	\$0	\$0	\$48,026	\$16,559	\$0	\$0	\$30,865	\$95,450

CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY

IBNR - REFLECTING PROPORTIONAL REINSURANCE

Period : 2006-1

As at December 31, 2009

LAYER	.75 xs .25	4 xs 1	7.5 xs 5	12.5 xs 12.5	10 xs 25	30 xs 50	20 xs 140	Totals
<u>Derivation of Ultimate Incurred</u>								
Earned Lawyer Count	2,397	2,397	2,397	2,397	2,397	2,397	2,076	
Expected Loss Cost per Lawyer	\$83	\$1,752	\$1,357	\$1,170	\$564	\$139	\$79	
Gross Expected Loss Volume	\$198,972	\$4,199,982	\$3,251,953	\$2,804,645	\$1,352,973	\$333,218	\$164,004	
IBNR Factor	0.298	0.298	0.298	0.298	0.298	0.298	0.298	
IBNR Amount	\$59,294	\$1,251,595	\$969,082	\$835,784	\$403,186	\$99,299	\$48,873	\$3,667,112
Case Reserves	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Reserves (Ind. & Leg.)	\$59,294	\$1,251,595	\$969,082	\$835,784	\$403,186	\$99,299	\$48,873	\$3,667,112
Paid to Date	\$0	\$2,833	\$0	\$0	\$0	\$0	\$0	\$2,833
Total Ultimate Incurred	\$59,294	\$1,254,428	\$969,082	\$835,784	\$403,186	\$99,299	\$48,873	\$3,669,946
<u>Derivation of Loss Adjustment Expenses</u>								
IBNR LAE	\$1,334	\$28,161	\$21,804	\$18,805	\$9,072	\$2,234	\$1,100	\$82,510
Case Reserves LAE	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total LAE(2.25%)	\$1,334	\$28,161	\$21,804	\$18,805	\$9,072	\$2,234	\$1,100	\$82,510
<u>Distribution of Losses between CLLAS and Proportional Reinsurers</u>								
Retention	1.0000	1.0000	0.2000	0.1800	0.1250	0.0000	0.0000	
Reinsured to Registered	0.0000	0.0000	0.7500	0.8000	0.8750	1.0000	0.3600	
Reinsured to Unregistered	0.0000	0.0000	0.0500	0.0200	0.0000	0.0000	0.6400	
Paid to Date Retained	\$0	\$2,833	\$0	\$0	\$0	\$0	\$0	\$2,833
Paid Ceded to								
Registered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Unregistered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Case Reserves Retained	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Case Reserves Ceded to								
Registered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Unregistered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
IBNR Reserves Retained	\$59,294	\$1,251,595	\$193,816	\$150,441	\$50,398	\$0	\$0	\$1,705,544
IBNR Reserves Ceded to								
Registered Reinsurers	\$0	\$0	\$726,811	\$668,627	\$352,788	\$99,299	\$17,594	\$1,865,120
Unregistered Reinsurers	\$0	\$0	\$48,454	\$16,716	\$0	\$0	\$31,279	\$96,449
Total Reserves Retained	\$59,294	\$1,251,595	\$193,816	\$150,441	\$50,398	\$0	\$0	\$1,705,544
Reserves Ceded to								
Registered Reinsurers	\$0	\$0	\$726,811	\$668,627	\$352,788	\$99,299	\$17,594	\$1,865,120
Unregistered Reinsurers	\$0	\$0	\$48,454	\$16,716	\$0	\$0	\$31,279	\$96,449

CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY

IBNR - REFLECTING PROPORTIONAL REINSURANCE

Period : 2006-2

As at December 31, 2009

LAYER	.75 xs .25	4 xs 1	7.5 xs 5	12.5 xs 12.5	10 xs 25	30 xs 50	20 xs 140	20 xs 160	Totals
<u>Derivation of Ultimate Incurred</u>									
Earned Lawyer Count	1,972	1,972	2,397	2,397	2,397	2,397	2,076	877	
Expected Loss Cost per Lawyer	\$220	\$2,243	\$1,510	\$1,302	\$540	\$42	\$24	\$18	
Gross Expected Loss Volume	\$433,895	\$4,423,757	\$3,620,949	\$3,121,345	\$1,295,199	\$100,685	\$49,824	\$15,791	
IBNR Factor	0.494	0.494	0.494	0.494	0.494	0.494	0.494	0.494	
IBNR Amount	\$214,344	\$2,185,336	\$1,788,749	\$1,541,944	\$639,828	\$49,738	\$24,613	\$7,801	\$6,452,354
Case Reserves	\$0	\$2,550,000	\$0	\$0	\$0	\$0	\$0	\$0	\$2,550,000
Total Reserves (Ind. & Leg.)	\$214,344	\$4,735,336	\$1,788,749	\$1,541,944	\$639,828	\$49,738	\$24,613	\$7,801	\$9,002,354
Paid to Date	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Ultimate Incurred	\$214,344	\$4,735,336	\$1,788,749	\$1,541,944	\$639,828	\$49,738	\$24,613	\$7,801	\$9,002,354
<u>Derivation of Loss Adjustment Expenses</u>									
IBNR LAE	\$4,823	\$49,170	\$40,247	\$34,694	\$14,396	\$1,119	\$554	\$176	\$145,178
Case Reserves LAE	\$0	\$57,375	\$0	\$0	\$0	\$0	\$0	\$0	\$57,375
Total LAE(2.25%)	\$4,823	\$106,545	\$40,247	\$34,694	\$14,396	\$1,119	\$554	\$176	\$202,553
<u>Distribution of Losses between CLLAS and Proportional Reinsurers</u>									
Retention	1.0000	1.0000	0.2000	0.1800	0.1250	0.0000	0.0000	0.0000	
Reinsured to Registered	0.0000	0.0000	0.7500	0.7700	0.8750	1.0000	0.3600	1.0000	
Reinsured to Unregistered	0.0000	0.0000	0.0500	0.0500	0.0000	0.0000	0.6400	0.0000	
Paid to Date Retained	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Paid Ceded to									
Registered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Unregistered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Case Reserves Retained	\$0	\$2,550,000	\$0	\$0	\$0	\$0	\$0	\$0	\$2,550,000
Case Reserves Ceded to									
Registered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Unregistered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
IBNR Reserves Retained	\$214,344	\$2,185,336	\$357,750	\$277,550	\$79,979	\$0	\$0	\$0	\$3,114,958
IBNR Reserves Ceded to									
Registered Reinsurers	\$0	\$0	\$1,341,562	\$1,187,297	\$559,850	\$49,738	\$8,861	\$7,801	\$3,155,108
Unregistered Reinsurers	\$0	\$0	\$89,437	\$77,097	\$0	\$0	\$15,752	\$0	\$182,287
Total Reserves Retained	\$214,344	\$4,735,336	\$357,750	\$277,550	\$79,979	\$0	\$0	\$0	\$5,664,958
Reserves Ceded to									
Registered Reinsurers	\$0	\$0	\$1,341,562	\$1,187,297	\$559,850	\$49,738	\$8,861	\$7,801	\$3,155,108
Unregistered Reinsurers	\$0	\$0	\$89,437	\$77,097	\$0	\$0	\$15,752	\$0	\$182,287

CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY

IBNR - REFLECTING PROPORTIONAL REINSURANCE

Period : 2007-1

As at December 31, 2009

LAYER	.75 xs .25	4 xs 1	7.5 xs 5	12.5 xs 12.5	10 xs 25	30 xs 50	20 xs 140	20 xs 160	Totals
<u>Derivation of Ultimate Incurred</u>									
Earned Lawyer Count	1,946	1,946	2,374	2,374	2,374	2,374	2,127	2,127	
Expected Loss Cost per Lawyer	\$220	\$2,243	\$1,509	\$1,301	\$540	\$42	\$24	\$18	
Gross Expected Loss Volume	\$428,065	\$4,364,317	\$3,583,157	\$3,088,127	\$1,281,128	\$99,719	\$51,054	\$38,291	
IBNR Factor	0.494	0.494	0.494	0.494	0.494	0.494	0.494	0.494	
IBNR Amount	\$211,464	\$2,155,973	\$1,770,079	\$1,525,535	\$632,877	\$49,261	\$25,221	\$18,916	\$6,389,325
Case Reserves	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Reserves (Ind. & Leg.)	\$211,464	\$2,155,973	\$1,770,079	\$1,525,535	\$632,877	\$49,261	\$25,221	\$18,916	\$6,389,325
Paid to Date	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Ultimate Incurred	\$211,464	\$2,155,973	\$1,770,079	\$1,525,535	\$632,877	\$49,261	\$25,221	\$18,916	\$6,389,325
<u>Derivation of Loss Adjustment Expenses</u>									
IBNR LAE	\$4,758	\$48,509	\$39,827	\$34,325	\$14,240	\$1,108	\$567	\$426	\$143,760
Case Reserves LAE	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total LAE(2.25%)	\$4,758	\$48,509	\$39,827	\$34,325	\$14,240	\$1,108	\$567	\$426	\$143,760
<u>Distribution of Losses between CLLAS and Proportional Reinsurers</u>									
Retention	1.0000	1.0000	0.2000	0.1800	0.1250	0.0000	0.0000	0.0000	
Reinsured to Registered	0.0000	0.0000	0.7500	0.7700	0.8750	1.0000	0.3600	1.0000	
Reinsured to Unregistered	0.0000	0.0000	0.0500	0.0500	0.0000	0.0000	0.6400	0.0000	
Paid to Date Retained	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Paid Ceded to									
Registered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Unregistered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Case Reserves Retained	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Case Reserves Ceded to									
Registered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Unregistered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
IBNR Reserves Retained	\$211,464	\$2,155,973	\$354,016	\$274,596	\$79,110	\$0	\$0	\$0	\$3,075,159
IBNR Reserves Ceded to									
Registered Reinsurers	\$0	\$0	\$1,327,560	\$1,174,662	\$553,767	\$49,261	\$9,079	\$18,916	\$3,133,245
Unregistered Reinsurers	\$0	\$0	\$88,504	\$76,277	\$0	\$0	\$16,141	\$0	\$180,922
Total Reserves Retained	\$211,464	\$2,155,973	\$354,016	\$274,596	\$79,110	\$0	\$0	\$0	\$3,075,159
Reserves Ceded to									
Registered Reinsurers	\$0	\$0	\$1,327,560	\$1,174,662	\$553,767	\$49,261	\$9,079	\$18,916	\$3,133,245
Unregistered Reinsurers	\$0	\$0	\$88,504	\$76,277	\$0	\$0	\$16,141	\$0	\$180,922

CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY

IBNR - REFLECTING PROPORTIONAL REINSURANCE

Period : 2007-2
As at December 31, 2009

LAYER	.75 xs .25	4 xs 1	7.5 xs 5	12.5 xs 12.5	10 xs 25	30 xs 50	20 xs 140	20 xs 160	Totals
<u>Derivation of Ultimate Incurred</u>									
Earned Lawyer Count	1,931	1,931	2,356	2,356	2,356	2,356	2,099	1,414	
Expected Loss Cost per Lawyer	\$126	\$1,792	\$1,261	\$945	\$379	\$28	\$13	\$9	
Gross Expected Loss Volume	\$243,306	\$3,460,352	\$2,970,168	\$2,225,966	\$893,454	\$65,961	\$27,284	\$12,724	
IBNR Factor	0.633	0.633	0.633	0.633	0.633	0.633	0.633	0.633	
IBNR Amount	\$154,013	\$2,190,403	\$1,880,117	\$1,409,036	\$565,556	\$41,753	\$17,271	\$8,054	\$6,266,203
Case Reserves	\$0	\$100,000	\$0	\$0	\$0	\$0	\$0	\$0	\$100,000
Total Reserves (Ind. & Leg.)	\$154,013	\$2,290,403	\$1,880,117	\$1,409,036	\$565,556	\$41,753	\$17,271	\$8,054	\$6,366,203
Paid to Date	\$0	\$2,166,000	\$0	\$0	\$0	\$0	\$0	\$0	\$2,166,000
Total Ultimate Incurred	\$154,013	\$4,456,403	\$1,880,117	\$1,409,036	\$565,556	\$41,753	\$17,271	\$8,054	\$8,532,203
<u>Derivation of Loss Adjustment Expenses</u>									
IBNR LAE	\$3,465	\$49,284	\$42,303	\$31,703	\$12,725	\$939	\$389	\$181	\$140,990
Case Reserves LAE	\$0	\$2,250	\$0	\$0	\$0	\$0	\$0	\$0	\$2,250
Total LAE(2.25%)	\$3,465	\$51,534	\$42,303	\$31,703	\$12,725	\$939	\$389	\$181	\$143,240
<u>Distribution of Losses between CLLAS and Proportional Reinsurers</u>									
Retention	1.0000	1.0000	0.3000	0.1800	0.1250	0.0000	0.0000	0.0000	
Reinsured to Registered	0.0000	0.0000	0.6500	0.7700	0.8750	1.0000	0.3600	1.0000	
Reinsured to Unregistered	0.0000	0.0000	0.0500	0.0500	0.0000	0.0000	0.6400	0.0000	
Paid to Date Retained	\$0	\$2,166,000	\$0	\$0	\$0	\$0	\$0	\$0	\$2,166,000
Paid Ceded to									
Registered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Unregistered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Case Reserves Retained	\$0	\$100,000	\$0	\$0	\$0	\$0	\$0	\$0	\$100,000
Case Reserves Ceded to									
Registered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Unregistered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
IBNR Reserves Retained	\$154,013	\$2,190,403	\$564,035	\$253,627	\$70,695	\$0	\$0	\$0	\$3,232,772
IBNR Reserves Ceded to									
Registered Reinsurers	\$0	\$0	\$1,222,076	\$1,084,958	\$494,862	\$41,753	\$6,217	\$8,054	\$2,857,920
Unregistered Reinsurers	\$0	\$0	\$94,006	\$70,452	\$0	\$0	\$11,053	\$0	\$175,511
Total Reserves Retained	\$154,013	\$2,290,403	\$564,035	\$253,627	\$70,695	\$0	\$0	\$0	\$3,332,772
Reserves Ceded to									
Registered Reinsurers	\$0	\$0	\$1,222,076	\$1,084,958	\$494,862	\$41,753	\$6,217	\$8,054	\$2,857,920
Unregistered Reinsurers	\$0	\$0	\$94,006	\$70,452	\$0	\$0	\$11,053	\$0	\$175,511

CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY

IBNR - REFLECTING PROPORTIONAL REINSURANCE

Period : 2008-1

As at December 31, 2009

LAYER	.75 xs .25	4 xs 1	7.5 xs 5	12.5 xs 12.5	10 xs 25	30 xs 50	20 xs 140	20 xs 160	Totals
<u>Derivation of Ultimate Incurred</u>									
Earned Lawyer Count	1,995	1,995	2,428	2,428	2,428	2,428	2,162	1,476	
Expected Loss Cost per Lawyer	\$126	\$1,792	\$1,262	\$945	\$379	\$28	\$13	\$9	
Gross Expected Loss Volume	\$251,339	\$3,574,592	\$3,063,498	\$2,295,130	\$921,305	\$67,977	\$28,103	\$13,280	
IBNR Factor	0.633	0.633	0.633	0.633	0.633	0.633	0.633	0.633	
IBNR Amount	\$159,097	\$2,262,717	\$1,939,194	\$1,452,817	\$583,186	\$43,029	\$17,789	\$8,406	\$6,466,236
Case Reserves	\$0	\$2,000,000	\$0	\$0	\$0	\$0	\$0	\$0	\$2,000,000
Total Reserves (Ind. & Leg.)	\$159,097	\$4,262,717	\$1,939,194	\$1,452,817	\$583,186	\$43,029	\$17,789	\$8,406	\$8,466,236
Paid to Date	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Ultimate Incurred	\$159,097	\$4,262,717	\$1,939,194	\$1,452,817	\$583,186	\$43,029	\$17,789	\$8,406	\$8,466,236
<u>Derivation of Loss Adjustment Expenses</u>									
IBNR LAE	\$3,580	\$50,911	\$43,632	\$32,688	\$13,122	\$968	\$400	\$189	\$145,490
Case Reserves LAE	\$0	\$45,000	\$0	\$0	\$0	\$0	\$0	\$0	\$45,000
Total LAE(2.25%)	\$3,580	\$95,911	\$43,632	\$32,688	\$13,122	\$968	\$400	\$189	\$190,490
<u>Distribution of Losses between CLLAS and Proportional Reinsurers</u>									
Retention	1.0000	1.0000	0.3000	0.1800	0.1250	0.0000	0.0000	0.0000	
Reinsured to Registered	0.0000	0.0000	0.6500	0.7700	0.8750	1.0000	0.3600	1.0000	
Reinsured to Unregistered	0.0000	0.0000	0.0500	0.0500	0.0000	0.0000	0.6400	0.0000	
Paid to Date Retained	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Paid Ceded to									
Registered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Unregistered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Case Reserves Retained	\$0	\$2,000,000	\$0	\$0	\$0	\$0	\$0	\$0	\$2,000,000
Case Reserves Ceded to									
Registered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Unregistered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
IBNR Reserves Retained	\$159,097	\$2,262,717	\$581,758	\$261,507	\$72,898	\$0	\$0	\$0	\$3,337,978
IBNR Reserves Ceded to									
Registered Reinsurers	\$0	\$0	\$1,260,476	\$1,118,669	\$510,288	\$43,029	\$6,404	\$8,406	\$2,947,273
Unregistered Reinsurers	\$0	\$0	\$96,960	\$72,641	\$0	\$0	\$11,385	\$0	\$180,986
Total Reserves Retained	\$159,097	\$4,262,717	\$581,758	\$261,507	\$72,898	\$0	\$0	\$0	\$5,337,978
Reserves Ceded to									
Registered Reinsurers	\$0	\$0	\$1,260,476	\$1,118,669	\$510,288	\$43,029	\$6,404	\$8,406	\$2,947,273
Unregistered Reinsurers	\$0	\$0	\$96,960	\$72,641	\$0	\$0	\$11,385	\$0	\$180,986

CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY

IBNR - REFLECTING PROPORTIONAL REINSURANCE

Period : 2008-2

As at December 31, 2009

LAYER	.975 xs .025	4 xs 1	7.5 xs 5	12.5 xs 12.5	10 xs 25	30 xs 50	20 xs 140	30 xs 160	Totals
<u>Derivation of Ultimate Incurred</u>									
Earned Lawyer Count	1,967	1,967	2,393	2,393	2,393	2,393	2,136	1,457	
Expected Loss Cost per Lawyer	\$164	\$1,597	\$1,066	\$768	\$381	\$8	\$3	\$2	
Gross Expected Loss Volume	\$322,506	\$3,140,501	\$2,551,353	\$1,837,058	\$911,711	\$19,140	\$6,409	\$2,915	
IBNR Factor	0.844	0.844	0.844	0.844	0.844	0.844	0.844	0.844	
IBNR Amount	\$272,195	\$2,650,582	\$2,153,342	\$1,550,477	\$769,484	\$16,154	\$5,409	\$2,460	\$7,420,103
Case Reserves	\$0	\$19,958	\$0	\$0	\$0	\$0	\$0	\$0	\$19,958
Total Reserves (Ind. & Leg.)	\$272,195	\$2,670,540	\$2,153,342	\$1,550,477	\$769,484	\$16,154	\$5,409	\$2,460	\$7,440,060
Paid to Date	\$0	\$5,042	\$0	\$0	\$0	\$0	\$0	\$0	\$5,042
Total Ultimate Incurred	\$272,195	\$2,675,582	\$2,153,342	\$1,550,477	\$769,484	\$16,154	\$5,409	\$2,460	\$7,445,103
<u>Derivation of Loss Adjustment Expenses</u>									
IBNR LAE	\$6,124	\$59,638	\$48,450	\$34,886	\$17,313	\$363	\$122	\$55	\$166,952
Case Reserves LAE	\$0	\$449	\$0	\$0	\$0	\$0	\$0	\$0	\$449
Total LAE(2.25%)	\$6,124	\$60,087	\$48,450	\$34,886	\$17,313	\$363	\$122	\$55	\$167,401
<u>Distribution of Losses between CLLAS and Proportional Reinsurers</u>									
Retention	1.0000	1.0000	0.3500	0.2400	0.1250	0.0000	0.0000	0.0000	
Reinsured to Registered	0.0000	0.0000	0.6000	0.7100	0.8750	1.0000	0.3600	1.0000	
Reinsured to Unregistered	0.0000	0.0000	0.0500	0.0500	0.0000	0.0000	0.6400	0.0000	
Paid to Date Retained	\$0	\$5,042	\$0	\$0	\$0	\$0	\$0	\$0	\$5,042
Paid Ceded to									
Registered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Unregistered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Case Reserves Retained	\$0	\$19,958	\$0	\$0	\$0	\$0	\$0	\$0	\$19,958
Case Reserves Ceded to									
Registered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Unregistered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
IBNR Reserves Retained	\$272,195	\$2,650,582	\$753,670	\$372,114	\$96,185	\$0	\$0	\$0	\$4,144,747
IBNR Reserves Ceded to									
Registered Reinsurers	\$0	\$0	\$1,292,005	\$1,100,838	\$673,298	\$16,154	\$1,947	\$2,460	\$3,086,703
Unregistered Reinsurers	\$0	\$0	\$107,667	\$77,524	\$0	\$0	\$3,462	\$0	\$188,653
Total Reserves Retained	\$272,195	\$2,670,540	\$753,670	\$372,114	\$96,185	\$0	\$0	\$0	\$4,164,705
Reserves Ceded to									
Registered Reinsurers	\$0	\$0	\$1,292,005	\$1,100,838	\$673,298	\$16,154	\$1,947	\$2,460	\$3,086,703
Unregistered Reinsurers	\$0	\$0	\$107,667	\$77,524	\$0	\$0	\$3,462	\$0	\$188,653

CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY

IBNR - REFLECTING PROPORTIONAL REINSURANCE

Period : 2009-1
As at December 31, 2009

LAYER	.975 xs .025	4 xs 1	7.5 xs 5	12.5 xs 12.5	10 xs 25	30 xs 50	20 xs 140	30 xs 160	Totals
<u>Derivation of Ultimate Incurred</u>									
Earned Lawyer Count	2,013	2,013	2,443	2,443	2,443	2,443	2,174	1,854	
Expected Loss Cost per Lawyer	\$164	\$1,597	\$1,067	\$768	\$381	\$8	\$3	\$2	
Gross Expected Loss Volume	\$330,132	\$3,214,761	\$2,607,331	\$1,876,395	\$931,126	\$19,540	\$6,521	\$3,709	
IBNR Factor	0.844	0.844	0.844	0.844	0.844	0.844	0.844	0.844	
IBNR Amount	\$278,631	\$2,713,258	\$2,200,587	\$1,583,677	\$785,870	\$16,492	\$5,504	\$3,130	\$7,587,150
Case Reserves	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Reserves (Ind. & Leg.)	\$278,631	\$2,713,258	\$2,200,587	\$1,583,677	\$785,870	\$16,492	\$5,504	\$3,130	\$7,587,150
Paid to Date	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Ultimate Incurred	\$278,631	\$2,713,258	\$2,200,587	\$1,583,677	\$785,870	\$16,492	\$5,504	\$3,130	\$7,587,150
<u>Derivation of Loss Adjustment Expenses</u>									
IBNR LAE	\$6,269	\$61,048	\$49,513	\$35,633	\$17,682	\$371	\$124	\$70	\$170,711
Case Reserves LAE	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total LAE(2.25%)	\$6,269	\$61,048	\$49,513	\$35,633	\$17,682	\$371	\$124	\$70	\$170,711
<u>Distribution of Losses between CLLAS and Proportional Reinsurers</u>									
Retention	1.0000	1.0000	0.3500	0.2400	0.1250	0.0000	0.0000	0.0000	
Reinsured to Registered	0.0000	0.0000	0.6000	0.7100	0.8750	1.0000	0.3600	1.0000	
Reinsured to Unregistered	0.0000	0.0000	0.0500	0.0500	0.0000	0.0000	0.6400	0.0000	
Paid to Date Retained	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Paid Ceded to									
Registered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Unregistered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Case Reserves Retained	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Case Reserves Ceded to									
Registered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Unregistered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
IBNR Reserves Retained	\$278,631	\$2,713,258	\$770,206	\$380,083	\$98,234	\$0	\$0	\$0	\$4,240,412
IBNR Reserves Ceded to									
Registered Reinsurers	\$0	\$0	\$1,320,352	\$1,124,411	\$687,637	\$16,492	\$1,981	\$3,130	\$3,154,003
Unregistered Reinsurers	\$0	\$0	\$110,029	\$79,184	\$0	\$0	\$3,523	\$0	\$192,736
Total Reserves Retained	\$278,631	\$2,713,258	\$770,206	\$380,083	\$98,234	\$0	\$0	\$0	\$4,240,412
Reserves Ceded to									
Registered Reinsurers	\$0	\$0	\$1,320,352	\$1,124,411	\$687,637	\$16,492	\$1,981	\$3,130	\$3,154,003
Unregistered Reinsurers	\$0	\$0	\$110,029	\$79,184	\$0	\$0	\$3,523	\$0	\$192,736

CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY

IBNR - REFLECTING PROPORTIONAL REINSURANCE

Period : 2009-2

As at December 31, 2009

LAYER	.975 xs .025	4 xs 1	7.5 xs 5	12.5 xs 12.5	10 xs 25	30 xs 50	20 xs 140	30 xs 160	Totals
<u>Derivation of Ultimate Incurred</u>									
Earned Lawyer Count	1,981	1,981	2,402	2,402	2,402	2,402	2,118	1,441	
Expected Loss Cost per Lawyer	\$170	\$1,685	\$1,078	\$844	\$373	\$13	\$7	\$5	
Gross Expected Loss Volume	\$336,487	\$3,337,143	\$2,587,900	\$2,027,484	\$894,687	\$31,220	\$14,828	\$7,206	
IBNR Factor	0.922	0.922	0.922	0.922	0.922	0.922	0.922	0.922	
IBNR Amount	\$310,241	\$3,076,845	\$2,386,043	\$1,869,340	\$824,901	\$28,784	\$13,671	\$6,644	\$8,516,470
Case Reserves	\$0	\$25,000	\$0	\$0	\$0	\$0	\$0	\$0	\$25,000
Total Reserves (Ind. & Leg.)	\$310,241	\$3,101,845	\$2,386,043	\$1,869,340	\$824,901	\$28,784	\$13,671	\$6,644	\$8,541,470
Paid to Date	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Ultimate Incurred	\$310,241	\$3,101,845	\$2,386,043	\$1,869,340	\$824,901	\$28,784	\$13,671	\$6,644	\$8,541,470
<u>Derivation of Loss Adjustment Expenses</u>									
IBNR LAE	\$6,980	\$69,229	\$53,686	\$42,060	\$18,560	\$648	\$308	\$149	\$191,621
Case Reserves LAE	\$0	\$563	\$0	\$0	\$0	\$0	\$0	\$0	\$563
Total LAE(2.25%)	\$6,980	\$69,792	\$53,686	\$42,060	\$18,560	\$648	\$308	\$149	\$192,183
<u>Distribution of Losses between CLLAS and Proportional Reinsurers</u>									
Retention	1.0000	1.0000	0.4500	0.2800	0.1500	0.0000	0.0000	0.0000	
Reinsured to Registered	0.0000	0.0000	0.5200	0.6800	0.8500	1.0000	0.3600	1.0000	
Reinsured to Unregistered	0.0000	0.0000	0.0300	0.0400	0.0000	0.0000	0.6400	0.0000	
Paid to Date Retained	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Paid Ceded to									
Registered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Unregistered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Case Reserves Retained	\$0	\$25,000	\$0	\$0	\$0	\$0	\$0	\$0	\$25,000
Case Reserves Ceded to									
Registered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Unregistered Reinsurers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
IBNR Reserves Retained	\$310,241	\$3,076,845	\$1,073,720	\$523,415	\$123,735	\$0	\$0	\$0	\$5,107,956
IBNR Reserves Ceded to									
Registered Reinsurers	\$0	\$0	\$1,240,743	\$1,271,151	\$701,166	\$28,784	\$4,922	\$6,644	\$3,253,410
Unregistered Reinsurers	\$0	\$0	\$71,581	\$74,774	\$0	\$0	\$8,750	\$0	\$155,104
Total Reserves Retained	\$310,241	\$3,101,845	\$1,073,720	\$523,415	\$123,735	\$0	\$0	\$0	\$5,132,956
Reserves Ceded to									
Registered Reinsurers	\$0	\$0	\$1,240,743	\$1,271,151	\$701,166	\$28,784	\$4,922	\$6,644	\$3,253,410
Unregistered Reinsurers	\$0	\$0	\$71,581	\$74,774	\$0	\$0	\$8,750	\$0	\$155,104

CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY

IBNR - REFLECTING PROPORTIONAL REINSURANCE

Period: All Years
As at December 31, 2009

LAYER	Totals
IBNR Amount	\$63,491,798
Case Reserves	\$13,916,122
Total Reserves (Ind. & Leg.)	\$77,407,919
Paid to Date	\$136,737,481
Total Ultimate Incurred	\$214,145,400
Paid to Date Retained	\$53,900,108
Paid Ceded to	
Registered Reinsurers	\$78,398,646
Unregistered Reinsurers	\$4,438,727
Case Reserves Retained	\$10,003,622
Case Reserves Ceded to	
Registered Reinsurers	\$2,808,100
Unregistered Reinsurers	\$1,104,400
IBNR Reserves Retained	\$32,699,347
IBNR Reserves Ceded to	
Registered Reinsurers	\$29,002,327
Unregistered Reinsurers	\$1,790,124
Total Reserves Retained	\$42,702,968
Reserves Ceded to	
Registered Reinsurers	\$31,810,427
Unregistered Reinsurers	\$2,894,524

CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY

INDICATED INCURRED LOSS DEVELOPMENT FACTORS
FOR LOSSES IN EXCESS OF VARIOUS PER OCCURRENCE RETENTIONS (1)

Retention per Occurrence		Loss Development Factor to Ultimate at Duration t (in months)												
		t=	6	18	30	42	54	66	78	90	102	114	126	138
\$	25,000		2.979	1.991	1.360	1.160	1.057	0.990	0.959	0.957	0.966	0.975	0.974	0.972
	50,000		3.524	2.278	1.480	1.223	1.089	1.002	0.962	0.956	0.963	0.972	0.971	0.967
	100,000		4.141	2.592	1.611	1.307	1.136	1.019	0.968	0.958	0.963	0.973	0.971	0.965
	200,000		5.150	2.971	1.680	1.354	1.147	1.011	0.958	0.953	0.957	0.971	0.972	0.963
	300,000		5.381	3.028	1.650	1.328	1.126	0.988	0.934	0.934	0.941	0.956	0.956	0.946
	1,000,000		12.900	6.400	2.725	1.975	1.425	1.150	1.075	1.050	1.050	1.035	1.015	1.008
	Selected		12.900	6.400	2.725	1.975	1.425	1.150	1.075	1.050	1.050	1.035	1.015	1.008

(1) Based on industry data for Lawyers Professional Liability insurance.

CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY

DETERMINATION OF THE PROVISION FOR UNALLOCATED LOSS ADJUSTMENT EXPENSES

<i>Year</i>	<i>Assumed Annual Claims Management Expenses (1) (in \$2010)</i>	<i>Assumed Portion Applicable to Losses Outstanding As at December 31, 2009</i>	<i>Future Indexing (3% per year)</i>	<i>Estimated Provision As at December 31, 2009</i>
2010	\$416,000	7/7	1.000	\$ 416,000
2011	416,000	6/7	1.030	367,269
2012	416,000	5/7	1.061	315,239
2013	416,000	4/7	1.093	259,757
2014	416,000	3/7	1.126	200,662
2015	416,000	2/7	1.159	137,788
2016	416,000	1/7	1.194	70,961
Total				\$ 1,767,675

Gross Outstanding Liabilities

- Case Reserve	\$ 13,916,122
- IBNR	<u>63,491,798</u>
- Total	\$ 77,407,919

Unallocated Loss Adjustment Expenses Provision
as a % of Gross Outstanding liabilities

- Indicated	2.28%
- Selected	2.25%

(1) Based upon actual CLLAS internal claims management expenses of \$365,000 in 2009 and estimated 2010 expenses of \$416,000.

CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY

DETERMINATION OF THE IMPACT OF THE HARMONIZED SALES TAX

(1) Gross Outstanding Liabilities		
(a) - Case Reserves	\$	13,916,122
(b) - IBNR		63,491,798
(c) - Total	\$	<u>77,407,919</u>
(2) Proportion of Unpaid Claims Expected to be Paid after July 1, 2010		93.99%
(3) Proportion of Total Incurred Relating to Legal Expenses		10.70%
(4) Proportion of Gross Case Reserves in Province		
(a) - Ontario		46.28%
(b) - British Columbia		49.51%
(5) Impact of Harmonized Sales Tax in Province		
(a) - Ontario		8.00%
(b) - British Columbia		7.00%
(6) Impact of Harmonized Sales Tax		
(a) - Indicated = (1c) x (2) x (3) x [(4a) x (5a) + (4b) x (5b)]	\$	558,200
(b) - Indicated Impact as Percentage of Outstanding Liabilities = (6a) / (1c)		0.72%
(c) - Selected		0.72%

CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY
GROSS AND NET OF PROPORTIONAL EXPERIENCE - PRIOR TO THE IMPACT OF THE HARMONIZED SALES TAX
As at December 31, 2009

<i>Policy Period</i>	GROSS CLLAS EXPERIENCE (1)				NET OF PROPORTIONAL REINSURANCE			
	<i>Paid</i>	<i>Case Reserves</i>	<i>IBNR</i>	<i>Total Incurred</i>	<i>Paid</i>	<i>Case Reserves</i>	<i>IBNR</i>	<i>Total Incurred</i>
July 1, 1987 - June 30, 1988	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
July 1, 1988 - June 30, 1989	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
July 1, 1989 - June 30, 1990	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
July 1, 1990 - June 30, 1991	\$3,593,148	\$0	\$0	\$3,593,148	\$1,796,574	\$0	\$0	\$1,796,574
July 1, 1991 - June 30, 1992	\$7,416,563	\$0	\$0	\$7,416,563	\$3,470,496	\$0	\$0	\$3,470,496
July 1, 1992 - June 30, 1993	\$326,599	\$0	\$0	\$326,599	\$163,299	\$0	\$0	\$163,299
July 1, 1993 - June 30, 1994	\$30,654,825	\$0	\$0	\$30,654,825	\$8,388,230 (2)	\$0	\$0	\$8,388,230
July 1, 1994 - June 30, 1995	\$9,318,988	\$0	\$0	\$9,318,988	\$4,633,180	\$0	\$0	\$4,633,180
July 1, 1995 - June 30, 1996	\$3,742,644	\$0	\$0	\$3,742,644	\$1,871,322	\$0	\$0	\$1,871,322
July 1, 1996 - June 30, 1997	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
July 1, 1997 - June 30, 1998	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
July 1, 1998 - June 30, 1999	\$20,296,669	\$0	\$74,856	\$20,371,525	\$6,254,045	\$0	\$20,120	\$6,274,165
July 1, 1999 - June 30, 2000	\$8,492,585	\$0	\$163,348	\$8,655,933	\$3,464,559	\$0	\$42,797	\$3,507,356
July 1, 2000 - June 30, 2001	\$0	\$1,000,000	\$572,198	\$1,572,198	\$0	\$500,000	\$171,701	\$671,701
July 1, 2001 - June 30, 2002	\$17,553,756	\$700,000	\$854,945	\$19,108,701	\$5,601,781	\$350,000	\$256,534	\$6,208,315
July 1, 2002 - June 30, 2003	\$3,394,857	\$3,126,287	\$960,157	\$7,481,301	\$3,394,857	\$3,126,287	\$451,624	\$6,972,768
July 1, 2003 - June 30, 2004	\$28,083,567	\$3,525,000	\$1,500,956	\$33,109,523	\$11,008,846	\$462,500	\$712,210	\$12,183,556
July 1, 2004 - June 30, 2005	\$980,124	\$869,876	\$2,968,732	\$4,818,732	\$980,124	\$869,876	\$1,396,430	\$3,246,430
July 1, 2005 - June 30, 2006	\$712,114	\$0	\$7,298,765	\$8,010,878	\$712,114	\$0	\$3,393,950	\$4,106,064
July 1, 2006 - June 30, 2007	\$0	\$2,550,000	\$12,841,679	\$15,391,679	\$0	\$2,550,000	\$6,190,117	\$8,740,117
July 1, 2007 - June 30, 2008	\$2,166,000	\$2,100,000	\$12,732,438	\$16,998,438	\$2,166,000	\$2,100,000	\$6,570,749	\$10,836,749
July 1, 2008 - June 30, 2009	\$5,042	\$19,958	\$15,007,253	\$15,032,253	\$5,042	\$19,958	\$8,385,159	\$8,410,159
July 1, 2009 - December 31, 2009	\$0	\$25,000	\$8,516,470	\$8,541,470	\$0	\$25,000	\$5,107,956	\$5,132,956
Total	\$136,737,481	\$13,916,122	\$63,491,798	\$214,145,400	\$53,910,469	\$10,003,622	\$32,699,347	\$96,613,437

(1) Excluding unallocated loss adjustment expenses.

(2) An expense amount of \$10,361 for claim 94-010 is fully assumed by CLLAS.

CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY
GROSS AND NET OF PROPORTIONAL EXPERIENCE - INCLUDING THE IMPACT OF THE HARMONIZED SALES TAX
As at December 31, 2009

<i>Policy Period</i>	GROSS CLLAS EXPERIENCE (1)				NET OF PROPORTIONAL REINSURANCE			
	<i>Paid</i>	<i>Case Reserves (3)</i>	<i>IBNR (3)</i>	<i>Total Incurred</i>	<i>Paid</i>	<i>Case Reserves (3)</i>	<i>IBNR (3)</i>	<i>Total Incurred</i>
July 1, 1987 - June 30, 1988	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
July 1, 1988 - June 30, 1989	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
July 1, 1989 - June 30, 1990	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
July 1, 1990 - June 30, 1991	\$3,593,148	\$0	\$0	\$3,593,148	\$1,796,574	\$0	\$0	\$1,796,574
July 1, 1991 - June 30, 1992	\$7,416,563	\$0	\$0	\$7,416,563	\$3,470,496	\$0	\$0	\$3,470,496
July 1, 1992 - June 30, 1993	\$326,599	\$0	\$0	\$326,599	\$163,299	\$0	\$0	\$163,299
July 1, 1993 - June 30, 1994	\$30,654,825	\$0	\$0	\$30,654,825	\$8,388,230 (2)	\$0	\$0	\$8,388,230
July 1, 1994 - June 30, 1995	\$9,318,988	\$0	\$0	\$9,318,988	\$4,633,180	\$0	\$0	\$4,633,180
July 1, 1995 - June 30, 1996	\$3,742,644	\$0	\$0	\$3,742,644	\$1,871,322	\$0	\$0	\$1,871,322
July 1, 1996 - June 30, 1997	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
July 1, 1997 - June 30, 1998	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
July 1, 1998 - June 30, 1999	\$20,296,669	\$0	\$75,395	\$20,372,064	\$6,254,045	\$0	\$20,265	\$6,274,310
July 1, 1999 - June 30, 2000	\$8,492,585	\$0	\$164,525	\$8,657,109	\$3,464,559	\$0	\$43,105	\$3,507,664
July 1, 2000 - June 30, 2001	\$0	\$1,007,200	\$576,317	\$1,583,517	\$0	\$503,600	\$172,937	\$676,537
July 1, 2001 - June 30, 2002	\$17,553,756	\$705,040	\$861,101	\$19,119,897	\$5,601,781	\$352,520	\$258,381	\$6,212,682
July 1, 2002 - June 30, 2003	\$3,394,857	\$3,148,797	\$967,070	\$7,510,723	\$3,394,857	\$3,148,797	\$454,875	\$6,998,529
July 1, 2003 - June 30, 2004	\$28,083,567	\$3,550,380	\$1,511,763	\$33,145,710	\$11,008,846	\$465,830	\$717,338	\$12,192,014
July 1, 2004 - June 30, 2005	\$980,124	\$876,139	\$2,990,107	\$4,846,370	\$980,124	\$876,139	\$1,406,485	\$3,262,748
July 1, 2005 - June 30, 2006	\$712,114	\$0	\$7,351,316	\$8,063,430	\$712,114	\$0	\$3,418,386	\$4,130,500
July 1, 2006 - June 30, 2007	\$0	\$2,568,360	\$12,934,139	\$15,502,499	\$0	\$2,568,360	\$6,234,686	\$8,803,046
July 1, 2007 - June 30, 2008	\$2,166,000	\$2,115,120	\$12,824,112	\$17,105,232	\$2,166,000	\$2,115,120	\$6,618,058	\$10,899,178
July 1, 2008 - June 30, 2009	\$5,042	\$20,102	\$15,115,305	\$15,140,449	\$5,042	\$20,102	\$8,445,532	\$8,470,675
July 1, 2009 - December 31, 2009	\$0	\$25,180	\$8,577,789	\$8,602,969	\$0	\$25,180	\$5,144,733	\$5,169,913
Total	\$136,737,481	\$14,016,318	\$63,948,939	\$214,702,737	\$53,910,469	\$10,075,648	\$32,934,782	\$96,920,898

(1) Excluding unallocated loss adjustment expenses.

(2) An expense amount of \$10,361 for claim 94-010 is fully assumed by CLLAS.

(3) Amount from Exhibit V - Page 1, increased by 0.72% for the impact of the harmonized sales tax.

CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY
AGGREGATE AND NET OF AGGREGATE EXPERIENCE
As at December 31, 2009

Policy Period	STOP LOSS PROPORTION (1)						NET OF PROPORTIONAL & STOP LOSS			
	Stop Loss Reins. Ratio	Stop Loss Limit	Paid	Case Reserves	IBNR	Total Incurred	Paid	Case Reserves	IBNR	Total Incurred
July 1, 1987 - June 30, 1988	0.000	n/a	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
July 1, 1988 - June 30, 1989	0.000	n/a	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
July 1, 1989 - June 30, 1990	0.300	\$750,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
July 1, 1990 - June 30, 1991	0.330	\$900,000	\$900,000	\$0	\$0	\$900,000	\$896,574	\$0	\$0	\$896,574
July 1, 1991 - June 30, 1992	0.360	\$1,000,000	\$1,000,000	\$0	\$0	\$1,000,000	\$2,470,496	\$0	\$0	\$2,470,496
July 1, 1992 - June 30, 1993	0.360	\$1,000,000	\$163,299	\$0	\$0	\$163,299	\$0	\$0	\$0	\$0
July 1, 1993 - June 30, 1994	0.600	\$3,000,000 (2)	\$2,750,000	\$0	\$0	\$2,750,000	\$5,638,230	\$0	\$0	\$5,638,230
July 1, 1994 - June 30, 1995	0.600	\$3,000,000 (2)	\$2,750,000	\$0	\$0	\$2,750,000	\$1,883,180	\$0	\$0	\$1,883,180
July 1, 1995 - June 30, 1996	0.300	\$4.7M xs \$3.3M	\$0	\$0	\$0	\$0	\$1,871,322	\$0	\$0	\$1,871,322
July 1, 1996 - June 30, 1997	0.300	\$4.7M xs \$3.3M	\$0	\$0	\$0 (3)	\$0	\$0	\$0	\$0 (3)	\$0
July 1, 1997 - June 30, 1998	0.300	\$4.7M xs \$3.3M	\$0	\$0	\$0 (3)	\$0	\$0	\$0	\$0 (3)	\$0
July 1, 1998 - June 30, 1999	0.300	\$4.7M xs \$3.3M	\$2,954,045	\$0	\$20,265 (4)	\$2,974,310	\$3,300,000	\$0	\$0 (4)	\$3,300,000
July 1, 1999 - June 30, 2000	0.300	\$4.7M xs \$3.3M	\$164,559	\$0	\$43,105 (4)	\$207,664	\$3,300,000	\$0	\$0 (4)	\$3,300,000
July 1, 2000 - June 30, 2001	0.300	\$4.7M xs \$3.3M	\$0	\$0	\$51,881 (3)	\$51,881	\$0	\$503,600	\$121,056 (3)	\$624,656
July 1, 2001 - June 30, 2002	0.300	\$4.7M xs \$3.3M	\$2,301,781	\$352,520	\$258,381 (4)	\$2,912,682	\$3,300,000	(\$0)	\$0 (4)	\$3,300,000
July 1, 2002 - June 30, 2003	0.300	\$7.5M xs \$5.5M	\$0	\$1,043,653	\$454,875 (4)	\$1,498,529	\$3,394,857	\$2,105,143	\$0 (4)	\$5,500,000
July 1, 2003 - June 30, 2004	0.300	\$7.5M xs \$5.5M	\$5,508,846	\$465,830	\$717,338 (4)	\$6,692,014	\$5,500,000	\$0	\$0 (4)	\$5,500,000
July 1, 2004 - June 30, 2005	0.300	\$7.5M xs \$5.5M	\$0	\$0	\$421,945 (3)	\$421,945	\$980,124	\$876,139	\$984,539 (3)	\$2,840,802
July 1, 2005 - June 30, 2006	0.400	\$9.5M xs \$5.5M	\$0	\$0	\$1,367,355 (3)	\$1,367,355	\$712,114	\$0	\$2,051,032 (3)	\$2,763,146
July 1, 2006 - June 30, 2007	0.100	\$5M xs \$15.0M	\$0	\$0	\$623,469 (3)	\$623,469	\$0	\$2,568,360	\$5,611,217 (3)	\$8,179,577
July 1, 2007 - June 30, 2008	0.100	\$5M xs \$15.0M	\$0	\$0	\$661,806 (3)	\$661,806	\$2,166,000	\$2,115,120	\$5,956,253 (3)	\$10,237,373
July 1, 2008 - June 30, 2009	0.100	\$5M xs \$15.0M	\$0	\$0	\$844,553 (3)	\$844,553	\$5,042	\$20,102	\$7,600,979 (3)	\$7,626,122
July 1, 2009 - December 31, 2009	0.150	\$10M xs \$15.0M	\$0	\$0	\$771,710 (3)	\$771,710	\$0	\$25,180	\$4,373,023 (3)	\$4,398,203
Total			\$18,492,531	\$1,862,003	\$6,236,683	\$26,591,217	\$35,417,938	\$8,213,644	\$26,698,099	\$70,329,681

(1) Ceded to Colchester Reinsurance Limited. Additional stop-loss coverage provided by Colchester per Schedule 1.

(2) First \$250,000 of CLLAS net of proportional retention is assumed by CLLAS and the next \$2,750,000 layer is assumed by Colchester.

(3) IBNR net of proportional reinsurance allocated by stop loss reinsurance ratio between CLLAS and Colchester.

(4) IBNR net of proportional reinsurance 100% allocated to Colchester Reinsurance Limited, subject to aggregate limits since attachment point is reached.

CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY
NET EXPERIENCE
As at December 31, 2009

<i>Policy Period</i>	ADDITIONAL NET LIABILITIES			NET CLLAS EXPERIENCE			
	<i>Walbrook Uncollectible IBNR</i>	<i>ULAE Case Reserves</i>	<i>ULAE IBNR</i>	<i>Paid</i>	<i>Total Case Reserves</i>	<i>Total IBNR (1)</i>	<i>Total Incurred</i>
July 1, 1987 - June 30, 1988	\$0	\$0	\$0	\$0	\$0	\$0	\$0
July 1, 1988 - June 30, 1989	\$0	\$0	\$0	\$0	\$0	\$0	\$0
July 1, 1989 - June 30, 1990	\$0	\$0	\$0	\$0	\$0	\$0	\$0
July 1, 1990 - June 30, 1991	\$0	\$0	\$0	\$896,574	\$0	\$0	\$896,574
July 1, 1991 - June 30, 1992	\$0	\$0	\$0	\$2,470,496	\$0	\$0	\$2,470,496
July 1, 1992 - June 30, 1993	\$0	\$0	\$0	\$0	\$0	\$0	\$0
July 1, 1993 - June 30, 1994	\$0	\$0	\$0	\$5,638,230	\$0	\$0	\$5,638,230
July 1, 1994 - June 30, 1995	\$0	\$0	\$0	\$1,883,180	\$0	\$0	\$1,883,180
July 1, 1995 - June 30, 1996	\$0	\$0	\$0	\$1,871,322	\$0	\$0	\$1,871,322
July 1, 1996 - June 30, 1997	\$0	\$0	\$0	\$0	\$0	\$0	\$0
July 1, 1997 - June 30, 1998	\$0	\$0	\$0	\$0	\$0	\$0	\$0
July 1, 1998 - June 30, 1999	\$0	\$0	\$1,684	\$3,300,000	\$0	\$1,684	\$3,301,684
July 1, 1999 - June 30, 2000	\$0	\$0	\$3,675	\$3,300,000	\$0	\$3,675	\$3,303,675
July 1, 2000 - June 30, 2001	\$0	\$22,500	\$12,874	\$0	\$503,600	\$156,431	\$660,031
July 1, 2001 - June 30, 2002	\$0	\$15,750	\$19,236	\$3,300,000	(\$0)	\$34,986	\$3,334,986
July 1, 2002 - June 30, 2003	\$0	\$70,341	\$21,604	\$3,394,857	\$2,105,143	\$91,945	\$5,591,945
July 1, 2003 - June 30, 2004	\$0	\$79,313	\$33,772	\$5,500,000	\$0	\$113,084	\$5,613,084
July 1, 2004 - June 30, 2005	\$0	\$19,572	\$66,796	\$980,124	\$876,139	\$1,070,908	\$2,927,171
July 1, 2005 - June 30, 2006	\$0	\$0	\$164,222	\$712,114	\$0	\$2,215,254	\$2,927,368
July 1, 2006 - June 30, 2007	\$0	\$57,375	\$288,938	\$0	\$2,568,360	\$5,957,530	\$8,525,890
July 1, 2007 - June 30, 2008	\$0	\$47,250	\$286,480	\$2,166,000	\$2,115,120	\$6,289,982	\$10,571,102
July 1, 2008 - June 30, 2009	\$0	\$449	\$337,663	\$5,042	\$20,102	\$7,939,091	\$7,964,235
July 1, 2009 - December 31, 2009	\$0	\$563	\$191,621	\$0	\$25,180	\$4,565,206	\$4,590,386
Total	\$0	\$313,113	\$1,428,565	\$35,417,938	\$8,213,644	\$28,439,777	\$72,071,360

(1) Including unallocated loss adjustment expenses and Walbrook uncollectible amounts.

CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY
GROSS AND NET LOSS AND LOSS ADJUSTMENT EXPENSE RATIO
As at December 31, 2009

<i>Policy Period</i>	<i>GROSS EARNED PREMIUM (\$'000'S)</i>	<i>GROSS ULTIMATE LOSS (\$'000'S)</i>	<i>GROSS LOSS RATIO</i>	<i>NET EARNED PREMIUM (\$'000'S)</i>	<i>NET ULTIMATE LOSSES (\$'000'S)</i>	<i>NET LOSS RATIO</i>
July 1, 1987 - June 30, 1988	\$4,434,000	\$0	0%	\$1,883,829	\$0	0%
July 1, 1988 - June 30, 1989	\$3,614,000	\$0	0%	\$1,137,725	\$0	0%
July 1, 1989 - June 30, 1990	\$3,740,400	\$0	0%	\$689,957	\$0	0%
July 1, 1990 - June 30, 1991	\$4,233,600	\$3,593,148	85%	\$586,847	\$896,574	153%
July 1, 1991 - June 30, 1992	\$4,320,000	\$7,416,563	172%	\$577,354	\$2,470,496	428%
July 1, 1992 - June 30, 1993	\$4,478,400	\$326,599	7%	\$389,208	\$0	0%
July 1, 1993 - June 30, 1994	\$4,512,600	\$30,654,825	679%	\$373,280	\$5,638,230	1510%
July 1, 1994 - June 30, 1995	\$5,153,700	\$9,318,988	181%	\$1,328,836	\$1,883,180	142%
July 1, 1995 - June 30, 1996	\$5,807,500	\$3,742,644	64%	\$1,930,552	\$1,871,322	97%
July 1, 1996 - June 30, 1997	\$5,276,196	\$0	0%	\$1,070,215	\$0	0%
July 1, 1997 - June 30, 1998	\$6,587,610	\$0	0%	\$1,627,963	\$0	0%
July 1, 1998 - June 30, 1999	\$10,826,416	\$20,373,748	188%	\$4,368,122	\$3,301,684	76%
July 1, 1999 - June 30, 2000	\$12,093,829	\$8,660,785	72%	\$5,100,300	\$3,303,675	65%
July 1, 2000 - June 30, 2001	\$14,968,458	\$1,618,892	11%	\$6,734,718	\$660,031	10%
July 1, 2001 - June 30, 2002	\$14,694,378	\$19,154,883	130%	\$5,919,526	\$3,334,986	56%
July 1, 2002 - June 30, 2003	\$17,346,379	\$7,602,668	44%	\$4,631,546 ⁽¹⁾	\$5,591,945	121%
July 1, 2003 - June 30, 2004	\$22,376,007	\$33,258,794	149%	\$6,619,932 ⁽²⁾	\$5,613,084	85%
July 1, 2004 - June 30, 2005	\$24,676,487	\$4,932,739	20%	\$6,832,821	\$2,927,171	43%
July 1, 2005 - June 30, 2006	\$25,025,027	\$8,227,652	33%	\$6,259,056	\$2,927,368	47%
July 1, 2006 - June 30, 2007	\$33,356,139	\$15,848,812	48%	\$12,326,959	\$8,525,890	69%
July 1, 2007 - June 30, 2008	\$27,040,048	\$17,438,962	64%	\$10,121,699	\$10,571,102	104%
July 1, 2008 - June 30, 2009	\$24,343,680	\$15,478,561	64%	\$9,812,057	\$7,964,235	81%
July 1, 2009 - Dec 31, 2009	\$11,921,846	\$8,795,152	74%	\$4,973,679	\$4,590,386	92%
Total	\$290,826,701	\$216,444,415	74%	\$95,296,182	\$72,071,360	76%
December 31, 1996 Retroassessment call	\$7,000,000			\$7,000,000		
June 30, 1998 Retroassessment call	\$1,600,000			\$1,600,000		
Total Including December 31, 1996 and June 30, 1998 Retroassessment calls	\$299,426,701	\$216,444,415	72%	\$103,896,182	\$72,071,360	69%

(1) Excluding reinsurance premium liability of \$(91,754)

(2) Excluding reinsurance premium liability of \$2,721,575

CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY
GROSS LOSS AND LOSS ADJUSTMENT EXPENSE RATIO
As at December 31, 2009

<i>GROSS</i>	<i>GROSS EARNED PREMIUM</i>	<i>ON-LEVEL PREMIUMS FACTOR</i>	<i>ON-LEVEL PREMIUMS (2009 \$)</i>	<i>GROSS ULTIMATE LOSSES</i>	<i>CLAIMS TREND FACTOR ⁽¹⁾</i>	<i>TRENDED ULTIMATE LOSSES (2009 \$)</i>	<i>ON-LEVEL AND TRENDED LOSS RATIOS</i>
July 1, 1996 - June 30, 1997	\$5,276,196	2.441	\$19,877,481 ⁽²⁾	\$0	2.755	\$0	0%
July 1, 1997 - June 30, 1998	\$6,587,610	1.989	\$13,105,840	\$0	2.551	\$0	0%
July 1, 1998 - June 30, 1999	\$10,826,416	1.301	\$15,688,778 ⁽³⁾	\$20,373,748	2.362	\$48,117,480	307%
July 1, 1999 - June 30, 2000	\$12,093,829	1.325	\$16,029,419	\$8,660,785	2.187	\$18,939,366	118%
July 1, 2000 - June 30, 2001	\$14,968,458	1.329	\$19,896,221	\$1,618,892	2.025	\$3,277,950	16%
July 1, 2001 - June 30, 2002	\$14,694,378	1.433	\$21,056,220	\$19,154,883	1.875	\$35,912,049	171%
July 1, 2002 - June 30, 2003	\$17,346,379	1.294	\$22,454,300	\$7,602,668	1.736	\$13,197,843	59%
July 1, 2003 - June 30, 2004	\$22,376,007	1.047	\$23,427,930	\$33,258,794	1.607	\$53,458,855	228%
July 1, 2004 - June 30, 2005	\$24,676,487	0.954	\$23,546,453	\$4,932,739	1.488	\$7,341,377	31%
July 1, 2005 - June 30, 2006	\$25,025,027	0.946	\$23,678,629	\$8,227,652	1.378	\$11,338,133	48%
July 1, 2006 - June 30, 2007	\$33,356,139	0.710	\$23,687,316	\$15,848,812	1.276	\$20,222,675	85%
July 1, 2007 - June 30, 2008	\$27,040,048	0.878	\$23,746,888	\$17,438,962	1.181	\$20,603,394	87%
July 1, 2008 - June 30, 2009	\$24,343,680	0.986	\$24,002,552	\$15,478,561	1.094	\$16,932,652	71%
July 1, 2009 - Dec 31, 2009	\$23,843,693 ⁽⁴⁾	1.000	\$23,843,693	\$17,590,304 ⁽⁴⁾	1.013	\$17,817,385	75%
						5 Years Average	73%
						All Years Average	93%
						Selected 2010 Gross Loss Ratio	90%

(1) Claims are trended to April 1, 2010 by 8%, as selected in a trend analysis performed as at December 31, 2008.

(2) Includes December 31, 1996 retroassessment call of \$7,000,000, to which the on-level premium factor has not been applied.

(3) Includes December 31, 1998 retroassessment call of \$1,600,000, to which the on-level premium factor has not been applied.

(4) Annualized figure based on six months results.

CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY
NET LOSS AND LOSS ADJUSTMENT EXPENSE RATIO
As at December 31, 2009

<i>NET</i>	<i>NET EARNED PREMIUM</i>	<i>ON-LEVEL PREMIUMS FACTOR</i>	<i>ON-LEVEL PREMIUMS (2009 \$)</i>	<i>NET ULTIMATE LOSSES</i>	<i>CLAIMS TREND FACTOR ⁽¹⁾</i>	<i>TRENDED ULTIMATE LOSSES (2009 \$)</i>	<i>ON-LEVEL AND TRENDED LOSS RATIOS</i>
July 1, 1996 - June 30, 1997	\$1,070,215	5.020	\$12,372,361 ⁽²⁾	\$0	2.755	\$0	0%
July 1, 1997 - June 30, 1998	\$1,627,963	3.359	\$5,467,630	\$0	2.551	\$0	0%
July 1, 1998 - June 30, 1999	\$4,368,122	1.346	\$7,477,702 ⁽³⁾	\$3,301,684	2.362	\$7,797,717	104%
July 1, 1999 - June 30, 2000	\$5,100,300	1.311	\$6,687,319	\$3,303,675	2.187	\$7,224,463	108%
July 1, 2000 - June 30, 2001	\$6,734,718	1.232	\$8,300,511	\$660,031	2.025	\$1,336,437	16%
July 1, 2001 - June 30, 2002	\$5,919,526	1.484	\$8,784,452	\$3,334,986	1.875	\$6,252,515	71%
July 1, 2002 - June 30, 2003	\$4,631,546	2.023	\$9,367,717	\$5,591,945	1.736	\$9,707,330	104%
July 1, 2003 - June 30, 2004	\$6,619,932	1.476	\$9,773,906	\$5,613,084	1.607	\$9,022,247	92%
July 1, 2004 - June 30, 2005	\$6,832,821	1.438	\$9,823,353	\$2,927,171	1.488	\$4,356,498	44%
July 1, 2005 - June 30, 2006	\$6,259,056	1.578	\$9,878,495	\$2,927,368	1.378	\$4,034,065	41%
July 1, 2006 - June 30, 2007	\$12,326,959	0.802	\$9,882,120	\$8,525,890	1.276	\$10,878,816	110%
July 1, 2007 - June 30, 2008	\$10,121,699	0.979	\$9,906,973	\$10,571,102	1.181	\$12,489,309	126%
July 1, 2008 - June 30, 2009	\$9,812,057	1.021	\$10,013,633	\$7,964,235	1.094	\$8,712,412	87%
July 1, 2009 - Dec 31, 2009	\$9,947,359 ⁽⁴⁾	1.000	\$9,947,359	\$9,180,773 ⁽⁴⁾	1.013	\$9,299,292	93%
						5 Years Average	91%
						All Years Average	71%
						Selected 2010 Net Loss Ratio	80%

(1) Claims are trended to April 1, 2010 by 8%, as selected in a trend analysis performed as at December 31, 2008.

(2) Includes December 31, 1996 retroassessment call of \$7,000,000, to which the on-level premium factor has not been applied.

(3) Includes December 31, 1998 retroassessment call of \$1,600,000, to which the on-level premium factor has not been applied.

(4) Annualized figure based on six months results.

CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY

INVESTMENT PORTFOLIO VALUATION & SELECTION OF DISCOUNT RATE

As at December 31, 2009

BONDS	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	Holdings	Coupon Rate	Maturity Date	Cost	Market Value	Valuation Date	Market Yield	Market Effective Yield	Duration
Bond Issuer									
Canada Government	450,000	5.50%	6/1/2010	448,965	459,399	12/31/2009	0.47%	0.47%	0.418
Canada Government	500,000	4.00%	9/1/2010	501,500	511,452	12/31/2009	0.55%	0.55%	0.656
Canada Government	500,000	6.00%	6/1/2011	511,425	534,185	12/31/2009	1.12%	1.12%	1.376
Canada Government	500,000	6.00%	6/1/2011	525,900	534,185	12/31/2009	1.12%	1.12%	1.376
Canada Government	600,000	4.00%	6/1/2016	595,140	631,075	12/31/2009	3.10%	3.13%	5.727
Canada Government	400,000	4.00%	6/1/2016	400,680	420,716	12/31/2009	3.10%	3.13%	5.727
British Columbia	500,000	6.38%	8/23/2010	521,100	518,249	12/31/2009	0.69%	0.69%	0.632
Ontario	500,000	6.10%	11/19/2010	510,600	523,157	12/31/2009	0.83%	0.83%	0.870
Ontario	400,000	4.40%	12/2/2011	404,680	420,874	12/31/2009	1.63%	1.63%	1.859
Ontario	250,000	4.40%	12/2/2011	254,375	263,046	12/31/2009	1.63%	1.63%	1.859
Ontario	550,000	4.40%	12/2/2011	553,135	578,702	12/31/2009	1.63%	1.63%	1.859
Ontario	600,000	4.50%	12/2/2012	626,363	637,603	12/31/2009	2.27%	2.28%	2.766
Ontario	400,000	4.50%	12/2/2012	409,320	425,068	12/31/2009	2.27%	2.28%	2.766
Ontario	250,000	4.50%	12/2/2012	256,450	265,668	12/31/2009	2.27%	2.28%	2.766
Ontario	750,000	4.75%	6/2/2013	763,125	803,774	12/31/2009	2.55%	2.56%	3.196
Ontario	150,000	4.75%	6/2/2013	155,175	160,755	12/31/2009	2.55%	2.56%	3.196
Ontario	300,000	4.75%	6/2/2013	310,410	321,509	12/31/2009	2.55%	2.56%	3.196
Ontario	75,000	4.75%	6/2/2013	76,280	80,377	12/31/2009	2.55%	2.56%	3.196
Manitoba	750,000	5.05%	12/3/2013	763,650	814,751	12/31/2009	2.71%	2.73%	3.611
Manitoba	250,000	5.05%	12/3/2013	252,425	271,584	12/31/2009	2.71%	2.73%	3.611
Ontario	250,000	5.00%	3/8/2014	255,550	270,952	12/31/2009	2.86%	2.88%	3.791
Ontario	500,000	5.00%	3/8/2014	514,150	541,903	12/31/2009	2.86%	2.88%	3.791
Ontario	125,000	3.25%	9/8/2014	124,795	126,256	12/31/2009	3.02%	3.04%	4.342
Ontario	375,000	3.25%	9/8/2014	374,385	378,767	12/31/2009	3.02%	3.04%	4.342
Alberta	300,000	0.00%	12/1/2014	300,648	296,637	12/31/2009	0.23%	0.23%	4.918
Manitoba	500,000	4.80%	12/3/2014	524,200	539,224	12/31/2009	3.07%	3.09%	4.450
Manitoba	250,000	4.80%	12/3/2014	259,225	269,612	12/31/2009	3.07%	3.09%	4.450
Ontario	250,000	4.50%	3/8/2015	254,232	265,706	12/31/2009	3.18%	3.20%	4.639
Ontario	250,000	4.50%	3/8/2015	254,232	265,706	12/31/2009	3.18%	3.20%	4.639
Ontario	250,000	4.50%	3/8/2015	253,825	265,706	12/31/2009	3.18%	3.20%	4.639
Ontario	250,000	4.50%	3/8/2015	254,325	265,706	12/31/2009	3.18%	3.20%	4.639
Ontario	350,000	4.50%	3/8/2015	355,320	371,989	12/31/2009	3.18%	3.20%	4.639
Ontario	750,000	4.40%	3/8/2016	759,300	789,697	12/31/2009	3.44%	3.47%	5.433
Ontario	350,000	4.40%	3/8/2016	345,660	368,525	12/31/2009	3.44%	3.47%	5.433
Ontario	650,000	4.40%	3/8/2016	684,450	684,404	12/31/2009	3.44%	3.47%	5.433
Ontario	500,000	4.30%	3/8/2017	499,350	517,567	12/31/2009	3.74%	3.77%	6.195
Ontario	500,000	4.30%	3/8/2017	504,400	517,567	12/31/2009	3.74%	3.77%	6.195
Ontario	750,000	4.30%	3/8/2017	772,275	776,351	12/31/2009	3.74%	3.77%	6.195
Ontario	500,000	4.20%	3/8/2018	504,650	507,109	12/31/2009	3.99%	4.03%	6.929
Ontario	500,000	4.20%	3/8/2018	498,666	507,109	12/31/2009	3.99%	4.03%	6.929
Canada Housing Trust	500,000	4.05%	3/15/2011	494,900	518,603	12/31/2009	0.94%	0.94%	1.176
Canada Housing Trust	500,000	4.05%	3/15/2011	503,461	518,603	12/31/2009	0.94%	0.94%	1.176
Canada Housing Trust	750,000	4.60%	9/15/2011	758,700	790,037	12/31/2009	1.42%	1.42%	1.640
Canada Housing Trust	250,000	4.60%	9/15/2011	255,950	263,346	12/31/2009	1.42%	1.42%	1.640
Canada Housing Trust	500,000	4.60%	9/15/2011	511,450	526,691	12/31/2009	1.42%	1.42%	1.640
Canada Housing Trust	1,000,000	4.00%	6/15/2012	999,000	1,049,114	12/31/2009	1.94%	1.95%	2.363
Canada Housing Trust	700,000	4.00%	6/15/2012	718,606	734,380	12/31/2009	1.94%	1.95%	2.363
Canada Housing Trust	500,000	4.00%	6/15/2012	494,851	524,557	12/31/2009	1.94%	1.95%	2.363
Canada Housing Trust	500,000	4.55%	12/15/2012	513,750	532,987	12/31/2009	2.23%	2.24%	2.800
Canada Housing Trust	250,000	4.55%	12/15/2012	256,675	266,494	12/31/2009	2.23%	2.24%	2.800

CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY

INVESTMENT PORTFOLIO VALUATION & SELECTION OF DISCOUNT RATE

As at December 31, 2009

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
BONDS									
Bond Issuer	Holdings	Coupon Rate	Maturity Date	Cost	Market Value	Valuation Date	Market Yield	Market Effective Yield	Duration
Canada Housing Trust	400,000	3.60%	6/15/2013	401,040	415,074	12/31/2009	2.46%	2.47%	3.280
Canada Housing Trust	500,000	3.60%	6/15/2013	497,800	518,843	12/31/2009	2.46%	2.47%	3.280
Canada Housing Trust	500,000	2.70%	12/15/2013	500,535	500,746	12/31/2009	2.66%	2.68%	3.775
Canada Housing Trust	500,000	2.70%	12/15/2013	500,535	500,746	12/31/2009	2.66%	2.68%	3.775
Canada Housing Trust	650,000	2.70%	12/15/2013	653,133	650,970	12/31/2009	2.66%	2.68%	3.775
Canada Housing Trust	500,000	3.55%	9/15/2013	522,569	517,276	12/31/2009	2.57%	2.58%	3.474
Canada Housing Trust	400,000	3.55%	9/15/2013	423,548	413,820	12/31/2009	2.57%	2.58%	3.474
Canada Housing Trust	750,000	2.20%	3/15/2014	748,598	733,803	12/31/2009	2.75%	2.77%	4.011
Canada Housing Trust	250,000	2.20%	3/15/2014	252,155	244,601	12/31/2009	2.75%	2.77%	4.011
Canada Housing Trust	500,000	2.20%	3/15/2014	496,300	489,202	12/31/2009	2.75%	2.77%	4.011
Canada Housing Trust	1,000,000	3.15%	6/15/2014	999,480	1,012,878	12/31/2009	2.84%	2.86%	4.189
Canada Housing Trust	250,000	2.75%	9/15/2014	249,750	248,039	12/31/2009	2.93%	2.95%	4.408
Canada Housing Trust	750,000	4.10%	12/15/2018	783,840	763,585	12/31/2009	3.86%	3.90%	7.585
Canada Mortgage and Housing	600,000	4.30%	4/1/2015	605,700	633,631	12/31/2009	3.13%	3.16%	4.724
Canada Mortgage and Housing	50,000	4.10%	10/1/2015	51,925	52,348	12/31/2009	3.20%	3.22%	5.147
Canada Mortgage and Housing	300,000	4.10%	10/1/2015	295,950	314,088	12/31/2009	3.20%	3.22%	5.147
Canada Mortgage and Housing	250,000	4.10%	10/1/2015	238,425	261,740	12/31/2009	3.20%	3.22%	5.147
Canada Mortgage and Housing	50,000	4.10%	10/1/2015	53,225	52,348	12/31/2009	3.20%	3.22%	5.147
Bank of Nova Scotia SR Deposit	250,000	4.25%	11/23/2010	251,150	257,064	12/31/2009	1.07%	1.07%	0.885
Bank of Nova Scotia SR Deposit	50,000	4.25%	11/23/2010	50,190	51,413	12/31/2009	1.07%	1.07%	0.885
Royal Bank of Canada SR Deposit	300,000	4.17%	1/11/2011	300,300	309,221	12/31/2009	1.15%	1.16%	1.000
Bank of Montreal	250,000	4.69%	1/31/2011	263,625	259,492	12/31/2009	1.15%	1.16%	1.051
Bank of Montreal	250,000	4.69%	1/31/2011	257,425	259,492	12/31/2009	1.15%	1.16%	1.051
Farm Credit Corporation	500,000	4.20%	2/15/2012	506,006	524,135	12/31/2009	1.87%	1.88%	2.027
Wells Fargo Financial Canada	400,000	4.40%	12/12/2012	399,120	415,863	12/31/2009	2.98%	3.01%	2.795
Canadian Imperial Bank	300,000	5.00%	9/10/2012	300,690	319,407	12/31/2009	2.50%	2.51%	2.521
Toronto Dominion Bank BA	500,000	4.85%	2/13/2013	508,500	533,831	12/31/2009	2.58%	2.60%	2.890
Toronto Dominion Bank BA	250,000	4.85%	2/13/2013	251,625	266,915	12/31/2009	2.58%	2.60%	2.890
Bank of Nova Scotia SR Deposit	250,000	4.56%	10/30/2013	250,175	263,805	12/31/2009	3.02%	3.05%	3.541
Wells Fargo Financial Canada	300,000	4.33%	12/6/2013	299,919	309,335	12/31/2009	3.48%	3.51%	3.652
Enbridge Gas	250,000	5.57%	1/29/2014	269,670	272,762	12/31/2009	3.17%	3.20%	3.646
CU Inc.	250,000	5.10%	11/18/2014	268,308	269,036	12/31/2009	3.39%	3.42%	4.380
Canadian Imperial Bank	300,000	4.75%	12/22/2014	304,440	318,068	12/31/2009	3.42%	3.45%	4.501
Canadian Imperial Bank	200,000	4.75%	12/22/2014	204,540	212,046	12/31/2009	3.42%	3.45%	4.501
GE Capital Canada Funding	300,000	4.65%	2/11/2015	306,600	306,480	12/31/2009	4.18%	4.22%	4.537
Bank of Montreal	200,000	4.55%	8/1/2017	199,882	207,316	12/31/2009	3.99%	4.03%	6.407
BOND TOTAL				36,108,350	37,106,852				

(10) Duration-Weighted Effective Market Yield on Bonds: 2.93%

(11) Selected Discount Rate: 2.90%

(1) - (5) From Investment Manager

(6) Valuation Date = 12/31/2009

(7) Expected future yield on bond

(8) = $[(1 + (7) / 2)^2] - 1$

(9) Duration of bond

(10) = $[(5) \times (8) \times (9)] / [(5) \times (9)]$

(11) Judgement

CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY

SELECTION FOR PROVISION FOR ADVERSE DEVIATION

As at December 31, 2009

Major Valuation Variables	Low Margin	High Margin	Considerations	Evaluation (1)	Weight(2)	Indicated PFAD	Selected PFAD
Claims Development	2.50%	20.00%	Company practices: Consistency in claims handling procedures and personnel	0	1	10.00%	10.00%
			System changes	0	1		
			Changes in case reserve estimation	0	1		
			Data: Number of years of past experience on which expected development is based	0	1		
			Volume of business in each year	1	1		
			Changes in volume of business over last five to seven years	0	1		
			Changes in mix of business over last five to seven years	0	1		
			Homogeneity of data grouping	1	1		
			Stability of historical development	1	1		
			Potential impact of large individual claims	2	1		
			Line of Business: Length of time over which potential development might take place from reporting of new losses	2	2		
			Likelihood of external changes which may significantly affect development	2	1		
			Net retention of the company for the line of business	1	1		
			Change in policy form	0	1		
Reinsurance Recovery	0.00%	15.00%	Ceded claims ratio	0	1	5.00%	5.00%
			Potential problem reinsurers	1	1		
			Balance sheet exposure for each assuming company	1	1		
Interest Rate	25 BP	200 BP	Investment portfolio	0	2	0.69%	0.75%
			Investment climate	0	1		
			Method of valuing assets	1	1		
			Matching of investments to claims payments patterns	1	1		

(1) Evaluation of Consideration:

Low Margin=0
Medium Margin=1
High Margin=2

(2) Consideration Weight:

Low Weight=0
Medium Weight=1
High Weight=2

CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY

PROVISION FOR ADVERSE DEVIATION

Gross Claims Liabilities

Interest Rate Component

(1) <i>Policy Year</i>	(2) <i>Gross Outstanding Liabilities</i>	(3) <i>Present Value of Gross Outstanding Liabilities</i>		(4)
		<i>2.90%</i>	<i>2.15%</i>	
1987/88	-	-	-	-
1988/89	-	-	-	-
1989/90	-	-	-	-
1990/91	-	-	-	-
1991/92	-	-	-	-
1992/93	-	-	-	-
1993/94	-	-	-	-
1994/95	-	-	-	-
1995/96	-	-	-	-
1996/97	-	-	-	-
1997/98	-	-	-	-
1998/99	77,079	71,633	72,981	
1999/00	168,200	154,220	157,656	
2000/01	1,618,892	1,464,301	1,502,029	
2001/02	1,601,127	1,428,644	1,470,443	
2002/03	4,207,812	3,719,191	3,836,830	
2003/04	5,175,227	4,612,216	4,747,251	
2004/05	3,952,615	3,516,198	3,620,542	
2005/06	7,515,538	6,698,914	6,893,766	
2006/07	15,848,812	14,063,295	14,488,355	
2007/08	15,272,962	13,331,550	13,791,777	
2008/09	15,473,519	13,234,567	13,762,259	
2009/10	8,795,152	7,436,725	7,754,992	
Total	79,706,935	69,731,456	72,098,880	

Recommended Margin on Interest Rate Variable

[total column (4) less total column (3)]:

2,367,425

(1) Policy Year

(2) Exhibit V - Page 2 plus loss adjustment expense reserves at 2.0%

(3) Present Value of column (2) at a 2.90% discount factor.

(4) Present Value of column (2) at a 2.15% discount factor.

CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY

PROVISION FOR ADVERSE DEVIATION
Gross Claims Liabilities
Calculation of Provision For Adverse Deviation

	<u>Discounted Liabilities</u>	<u>Recommended Margin</u>	
		<u>Percentage</u>	<u>Amount</u>
(1) Undiscounted Gross Outstanding Liabilities As at December 31, 2009			\$ 79,706,935
(2) Discounted Gross Outstanding Liabilities As at December 31, 2009			69,731,456
(3) Loss Development Recommended Margin	\$ 69,731,456	10.0%	\$ 6,973,146 6,973,146
(4) Reinsurance Recovery Recommended Margin	-	0.0%	- -
(5) Recommended Margin on Interest Rate Variable			2,367,425
(6) Calculated Provision for Adverse Deviation			<u>\$ 9,340,571</u>
(7) Discounted Gross Outstanding Liabilities plus Calculated Provision for Adverse Deviation			<u><u>\$ 79,072,027</u></u>

- (1) From Exhibit X - Page 2, column (2).
- (2) From Exhibit X - Page 2, columns (3).
- (3) Equals (2) times 10% margin.
- (4) Nil, as liabilities are selected on a gross basis.
- (5) From Exhibit X - Page 2, column (4) minus column (3).
- (6) Equals the sum of (3), (4) and (5).
- (7) Equals (2) plus (6).

CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY

PROVISION FOR ADVERSE DEVIATION

ULAE Liabilities

Interest Rate Component

(1) <i>Policy Year</i>	(2) <i>Gross Outstanding Liabilities</i>	(3) <i>Present Value of Gross Outstanding Liabilities</i>		(4)
		<hr/>		
		2.90%		2.15%
1987/88	-	-	-	-
1988/89	-	-	-	-
1989/90	-	-	-	-
1990/91	-	-	-	-
1991/92	-	-	-	-
1992/93	-	-	-	-
1993/94	-	-	-	-
1994/95	-	-	-	-
1995/96	-	-	-	-
1996/97	-	-	-	-
1997/98	-	-	-	-
1998/99	1,684	1,565		1,595
1999/00	3,675	3,370		3,445
2000/01	35,374	31,996		32,821
2001/02	34,986	31,217		32,131
2002/03	91,945	81,268		83,839
2003/04	113,084	100,782		103,732
2004/05	86,369	76,833		79,113
2005/06	164,222	146,378		150,636
2006/07	346,313	307,297		316,585
2007/08	333,730	291,308		301,364
2008/09	338,112	289,189		300,719
2009/10	192,183	162,500		169,455
Total	1,741,678	1,523,704		1,575,434

Recommended Margin on Interest Rate Variable

[total column (4) less total column (3)]:

51,731

(1) Policy Year

(2) Exhibit VII, loss adjustment expense reserves at 2.0%

(3) Present Value of column (2) at a 2.90% discount factor.

(4) Present Value of column (2) at a 2.15% discount factor.

CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY

PROVISION FOR ADVERSE DEVIATION
ULAE Liabilities
Calculation of Provision For Adverse Deviation

	<u>Discounted</u> <u>Liabilities</u>	<u>Recommended Margin</u> <u>Percentage</u>	<u>Amount</u>
(1) Undiscounted Gross Outstanding Liabilities As at December 31, 2009			\$ 1,741,678
(2) Discounted Gross Outstanding Liabilities As at December 31, 2009			1,523,704
(3) Loss Development Recommended Margin	\$ 1,523,704	10.0%	\$ 152,370 152,370
(4) Reinsurance Recovery Recommended Margin	-	0.0%	- -
(5) Recommended Margin on Interest Rate Variable			51,731
(6) Calculated Provision for Adverse Deviation			<u>\$ 204,101</u>
(7) Discounted Gross Outstanding Liabilities plus Calculated Provision for Adverse Deviation			<u><u>\$ 1,727,805</u></u>

- (1) From Exhibit X - Page 4, column (2).
- (2) From Exhibit X - Page 4, columns (3).
- (3) Equals (2) times 10% margin.
- (4) Nil, as liabilities are selected on a gross basis.
- (5) From Exhibit X - Page 4, column (4) minus column (3).
- (6) Equals the sum of (3), (4) and (5).
- (7) Equals (2) plus (6).

CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY

PROVISION FOR ADVERSE DEVIATION

Net Claims Liabilities
Interest Rate Component

(1) <i>Policy Year</i>	(2) <i>Gross Outstanding Liabilities</i>	(3) <i>Net Outstanding Liabilities</i>	(4) <i>Undiscounted Reinsurance Recovery</i>	(5) <i>Present Value of Net Outstanding Liabilities 2.90%</i>	(6) <i>Present Value of Net Outstanding Liabilities 2.15%</i>	(7) <i>Discounted Reinsurance Recovery</i>
1987/88	-	-	-	-	-	-
1988/89	-	-	-	-	-	-
1989/90	-	-	-	-	-	-
1990/91	-	-	-	-	-	-
1991/92	-	-	-	-	-	-
1992/93	-	-	-	-	-	-
1993/94	-	-	-	-	-	-
1994/95	-	-	-	-	-	-
1995/96	-	-	-	-	-	-
1996/97	-	-	-	-	-	-
1997/98	-	-	-	-	-	-
1998/99	77,079	1,684	75,395	1,565	1,595	70,068
1999/00	168,200	3,675	164,525	3,370	3,445	150,850
2000/01	1,618,892	660,031	958,861	597,003	612,385	867,298
2001/02	1,601,127	34,986	1,566,141	31,217	32,131	1,397,427
2002/03	4,207,812	2,197,088	2,010,723	1,941,957	2,003,382	1,777,233
2003/04	5,175,227	113,084	5,062,143	100,782	103,732	4,511,434
2004/05	3,952,615	1,947,047	2,005,568	1,732,070	1,783,469	1,784,129
2005/06	7,515,538	2,215,254	5,300,284	1,974,549	2,031,983	4,724,365
2006/07	15,848,812	8,525,890	7,322,922	7,565,369	7,794,031	6,497,926
2007/08	15,272,962	8,405,102	6,867,859	7,336,694	7,589,968	5,994,856
2008/09	15,473,519	7,959,192	7,514,327	6,807,531	7,078,963	6,427,036
2009/10	8,795,152	4,590,386	4,204,765	3,881,393	4,047,504	3,555,332
Total	79,706,935	36,653,422	43,053,513	31,973,500	33,082,586	37,757,955

Recommended Margin on Interest Rate Variable
[total column (6) less total column (5)]:

1,109,086

- (1) Policy Year
- (2) Exhibit V - Page 2 plus loss adjustment expense reserves at 2.0%
- (3) Exhibit VII (Net CLLAS experience)
- (4) Column (2) minus column (3).
- (5) Present Value of column (3) at a 2.90% discount factor.
- (5) Present Value of column (3) at a 2.15% discount factor.
- (7) Present Value of column (4) at a 2.90% discount factor.

CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY

PROVISION FOR ADVERSE DEVIATION

Net Claims Liabilities

Calculation of Provision For Adverse Deviation

	<u>Discounted</u> <u>Liabilities</u>	<u>Recommended Margin</u>		
		<u>Percentage</u>	<u>Amount</u>	
(1) Undiscounted Net Outstanding Liabilities As at December 31, 2009				\$ 36,653,422
(2) Discounted Net Outstanding Liabilities As at December 31, 2009				31,973,500
(3) Loss Development Recommended Margin	\$ 31,973,500	10.0%	\$ 3,197,350	3,197,350
(4) Reinsurance Recovery Recommended Margin	37,757,955	5.0%	1,887,898	1,887,898
(5) Recommended Margin on Interest Rate Variable				1,109,086
(6) Calculated Provision for Adverse Deviation				<u>\$ 6,194,334</u>
(7) Discounted Net Outstanding Liabilities plus Calculated Provision for Adverse Deviation				<u><u>\$ 38,167,834</u></u>

- (1) From Exhibit X - Page 6, column (2).
- (2) From Exhibit X - Page 6, column (5).
- (3) Equals (2) times 10% margin.
- (4) From Exhibit X - Page 6, column (7) times 5% margin.
- (5) From Exhibit X - Page 6, column (6) minus column (5).
- (6) Equals the sum of (2), (3) and (4).
- (7) Equals (2) plus (6).

CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY
PREMIUM LIABILITIES
As at December 31, 2009

	<u>\$ 000's</u>
GROSS	
(1) Gross Unearned Premiums Reported in Annual Return	11,727
(2) Expected Loss and ALAE Ratio /1	90%
(3) Expected Losses and ALAE, [(1) * (2)]	10,555
(4) Expected ULAE, (3) x 2.25% /2	237
(5) Undiscounted Expected Losses and Loss Adjustment Expenses, [(3) + (4)]	10,792
(6) Discounted Claims Liabilities in Connection with Unearned Premium plus Provision for Adverse Deviation, (Exhibit XI page 2)	10,428
(7) Policyholder Service Costs, (1) x 3.0% /3	352
(8) Due to Reinsurer	0
(9) Investment Income on Unearned Premiums @ 2.90%, (23)	35
(10) Gross Liabilities in Connection with Unearned Premium, [(6) + (7) + (8) - (9)]	10,745
RECOVERABLE FROM REINSURERS	
(11) Ceded Unearned Premiums, [(1) - (15)]	6,835
(12) Expected Claims Ceded, [(6) - (20)]	6,136
(13) Doubtful Account	0
(14) Recoverable [(12) - (13)]	6,136
NET	
(15) Net unearned premiums reported in Annual Return	4,893
(16) Expected Loss and ALAE Ratio /1	80%
(17) Expected Losses and ALAE [(15) * (16)]	3,914
(18) Expected ULAE, (4)	237
(19) Undiscounted Expected Losses and Loss Adjustment Expenses [(17) + (18)]	4,152
(20) Discounted Claims Liabilities in Connection with Unearned Premium plus Provision for Adverse Deviation (Exhibit XI page 3)	4,292
(21) Policyholder Service Costs, (7)	352
(22) Due to Reinsurer, (8)	0
(23) Investment Income on Net Unearned Premiums @ 2.9%, [(15) * (1.029 ^(1/4) - 1)]	35
(24) Change in Reinsurance Costs	0
(25) Net liabilities in Connection with Unearned Premium, [(20) + (21) + (22) - (23) + (24)]	4,609
(26) Deferred Policy Acquisition Expense (DPAE) Reported in Annual Return	283
(27) Unearned Commissions Reported in Annual Return	0
(28) Other Net Liabilities Reported in Annual Return	0
(29) Net liabilities in Connection with Unearned Premium Reported in Annual Return, [(15) - (26) + (27) + (28)]	4,609
(30) Maximum Allowable DPAE Based on Claims Experience, Max[(15) - (25) + (27) + (28), 0]	284
(31) Excess of Maximum Allowable DPAE over Reported DPAE, Max[(30) - (26), 0]	0
(32) Premium Deficiency, Max[(25) + (26) - (15) - (27) - (28), 0]	0

/1 From Selected 2010 Loss Ratio trended to April 1, 2010 from Exhibit VIII page 2. Includes the impact of the Harmonized Sales Tax.

/2 ULAE Percentage Selected in Exhibit IV

/3 Selected from the ratio of Paid General Expenses to Earned Premiums * 1/3 subject to a maximum of 5% and minimum of 3%.

CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY

PROVISION FOR ADVERSE DEVIATION
Gross Liabilities in Connection with Unearned Premium
Calculation of Provision For Adverse Deviation

	<u>Discounted</u> <u>Liabilities</u>		<u>Recommended Margin</u> <u>Percentage</u>	<u>Amount</u>	
(1) Expected Gross Liabilities in Connection with Unearned Premium					\$ 10,792,203
(2) Discounted Gross Expected Losses					
(a) Discounted at 2.90%					9,125,328
(a) Discounted at 2.15%					9,515,861
(3) Loss Development	\$ 9,125,328		10.0%	912,533	
Recommended Margin					912,533
(4) Reinsurance Recovery	-		0.0%	-	
Recommended Margin					-
(5) Recommended Margin on Interest Rate Variable					390,533
(6) Calculated Provision for Adverse Deviation					<u>\$ 1,303,066</u>
(7) Discounted Gross Claims Liabilities in Connection with Unearned Premium plus Calculated Provision for Adverse Deviation					<u><u>\$ 10,428,394</u></u>

- (1) Gross Undiscounted Expected Losses and Loss Adjustment Expenses, (Page 1 - (5))
(2) (1) discounted based on selected payout pattern.
(3) Equals (2)(a) times 10% margin.
(4) Nil, as liabilities are selected on a gross basis.
(5) (2)(b) - (2)(a)
(6) Equals the sum of (3), (4) and (5).
(7) Equals (2)(a) plus (6).

CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY

PROVISION FOR ADVERSE DEVIATION
Net Liabilities in Connection with Unearned Premium
Calculation of Provision For Adverse Deviation

	<u>Discounted</u> <u>Liabilities</u>		<u>Recommended Margin</u> <u>Percentage</u>	<u>Amount</u>	
(1) Expected Net Liabilities in Connection with Unearned Premium					\$ 4,151,551
(2) Discounted Net Expected Losses					
(a) Discounted at 2.90%					3,510,336
(a) Discounted at 2.15%					3,660,567
(3) Loss Development	\$ 3,510,336		10.0%	351,034	
Recommended Margin					351,034
(4) Reinsurance Recovery	5,614,992		5.0%	280,750	
Recommended Margin					280,750
(5) Recommended Margin on Interest Rate Variable					150,230
(6) Calculated Provision for Adverse Deviation					<u>\$ 782,014</u>
(7) Discounted Net Claims Liabilities in Connection with Unearned Premium plus Calculated Provision for Adverse Deviation					<u><u>\$ 4,292,351</u></u>

- (1) Net Undiscounted Expected Losses and Loss Adjustment Expenses, (Page 1 - (19))
- (2) (1) discounted based on selected payout pattern.
- (3) Equals (2)(a) times 10% margin.
- (4) Page-2 - (2)(a) - Page-3 - (2)(a) times 5% margin.
- (5) (2)(b) - (2)(a)
- (6) Equals the sum of (3), (4) and (5).
- (7) Equals (2)(a) plus (6).

Canadian Lawyers Liability Assurance Society
Premium Liability
As at December 31, 2009

Layer	2002/2003			2003/2004			TOTAL
	7.5 X 5	12.5 X 12.5	TOTAL	7.5 X 5	12.5 X 12.5	TOTAL	
Total Deposit Premium	\$ 4,718,790	\$ 3,145,860	\$ 7,864,650	\$ 5,796,672	\$ 4,260,420	\$ 10,057,092	\$ 17,921,742
IBNR	\$ 265,743	\$ 217,544	\$ 483,287	\$ 401,898	\$ 338,243	\$ 740,141	
Reserves to Date	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Paid to Date	\$ -	\$ -	\$ -	\$ 7,500,000	\$ 12,500,000	\$ 20,000,000	
Discounting factor (unpaid amounts)	0.884	0.884		0.891	0.891		
Total Ultimate Losses	\$ 234,884	\$ 192,282	\$ 427,166	\$ 7,858,176	\$ 12,801,446	\$ 20,659,621	
Applicable Minimum	\$ 4,194,480	\$ 2,796,320	\$ 6,990,800	\$ 5,193,129	\$ 3,814,167	\$ 9,007,296	\$ 15,998,096
Applicable Maximum	\$ 6,553,875	\$ 5,570,807	\$ 12,124,682	\$ 7,459,470	\$ 6,477,522	\$ 13,936,992	\$ 26,061,674
Expected Ultimate Premium ⁽¹⁾	\$ 4,194,480	\$ 2,796,320	\$ 6,990,800	\$ 7,459,470	\$ 6,477,522	\$ 13,936,992	\$ 20,927,792
Premium Liability (Asset)	\$ (524,310)	\$ (349,540)	\$ (873,850)	\$ 1,662,798	\$ 2,217,102	\$ 3,879,900	\$ 3,006,050
% Ceded to Reinsurers	80%	82%		80%	82%		
CLLAS Premium Liability (Asset)	\$ (419,448)	\$ (286,623)	\$ (706,071)	\$ 1,330,238	\$ 1,818,024	\$ 3,148,262	\$ 2,442,191
Amount Received (paid) to date by CLLAS							\$ 187,630
Total Premium Liability							\$ 2,629,821

⁽¹⁾ 100/70 times Total Ultimate Losses, subject to Maximum and Minimum Premium, per Reinsurance Agreement

CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY
SUMMARY OF NET UNDISCOUNTED AND NET DISCOUNTED CLAIMS LIABILITIES
As at December 31, 2009

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	<i>Net Undiscounted Claims Liabilities</i>			<i>Net Discounted Claims Liabilities</i>				
<i>Insurance Classes</i>	<i>Unpaid Claims (case basis)</i>	<i>IBNR</i>	<i>Subtotal</i>	<i>Present Value of (4)</i>	<i>Provision for Adverse Deviation</i>			<i>Actuarial Liabilities</i>
					<i>Development</i>	<i>Reinsurance</i>	<i>Interest Rate</i>	
Professional Liability	\$7,900,532	\$27,011,212	\$34,911,743	\$30,449,797	\$3,044,980	\$1,887,898	\$1,057,355	\$36,440,030
Unpaid internal adjustment expenses - Total	\$313,113	\$1,428,565	\$1,741,678	\$1,523,704	\$152,370	\$0	\$51,731	\$1,727,805
Total	\$8,213,644	\$28,439,777	\$36,653,422	\$31,973,500	\$3,197,350	\$1,887,898	\$1,109,086	\$38,167,834

- (2) From Exhibit VII.
(3) From Exhibit VII.
(4) Column (2) plus column (3).
(5) From Exhibit X.
(6) From Exhibit X.
(7) From Exhibit X.
(8) From Exhibit X.
(9) Sum of (5), (6), (7) and (8).

CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY

SUMMARY OF NET OUTSTANDING LIABILITIES
AND PROVISION FOR ADVERSE DEVIATION BY YEAR

As at December 31, 2009

NET (Policy Year)

<i>Policy Period*</i>	<i>Policy Period</i>	<u>UNDISCOUNTED</u>			<u>DISCOUNTED + PFAD</u>		
		<i>CASE</i>	<i>IBNR</i>	<i>TOTAL</i>	<i>CASE</i>	<i>IBNR</i>	<i>TOTAL</i>
1989/1990	1990	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
1990/1991	1991	0	0	0	0	0	0
1991/1992	1992	0	0	0	0	0	0
1992/1993	1993	0	0	0	0	0	0
1993/1994	1994	0	0	0	0	0	0
1994/1995	1995	0	0	0	0	0	0
1995/1996	1996	0	0	0	0	0	0
1996/1997	1997	0	0	0	0	0	0
1997/1998	1998	0	0	0	0	0	0
1998/1999	1999	0	1,684	1,684	0	5,000	5,000
1999/2000	2000	0	3,675	3,675	0	11,000	11,000
2000/2001	2001	500,000	160,031	660,031	500,000	215,000	715,000
2001/2002	2002	(0)	34,986	34,986	0	105,000	105,000
2002/2003	2003	2,105,143	91,945	2,197,088	2,105,000	181,000	2,286,000
2003/2004	2004	0	113,084	113,084	0	339,000	339,000
2004/2005	2005	869,876	1,077,171	1,947,047	870,000	1,176,000	2,046,000
2005/2006	2006	0	2,215,254	2,215,254	0	2,466,000	2,466,000
2006/2007	2007	2,550,000	5,975,890	8,525,890	2,550,000	6,325,000	8,875,000
2007/2008	2008	2,100,000	6,305,102	8,405,102	2,100,000	6,523,000	8,623,000
2008/2009	2009	19,958	7,939,235	7,959,192	20,000	8,061,000	8,081,000
2009/2010	2010	25,000	4,565,386	4,590,386	25,000	4,591,000	4,616,000
Total	Total	\$ 8,169,978	\$ 28,483,444	\$ 36,653,422	\$ 8,170,000	\$ 29,998,000	\$ 38,168,000

* The Policy Period runs from July 1 to June 30.

CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY

SUMMARY OF NET OUTSTANDING LIABILITIES
AND PROVISION FOR ADVERSE DEVIATION BY YEAR

As at December 31, 2009

NET (Calendar Year)

<i>Calendar Year*</i>	<u>UNDISCOUNTED</u>			<u>DISCOUNTED + PFAD</u>		
	<i>CASE</i>	<i>IBNR</i>	<i>TOTAL</i>	<i>CASE</i>	<i>IBNR</i>	<i>TOTAL</i>
1989	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
1990	0	0	0	0	0	0
1991	0	0	0	0	0	0
1992	0	0	0	0	0	0
1993	0	0	0	0	0	0
1994	0	0	0	0	0	0
1995	0	0	0	0	0	0
1996	0	0	0	0	0	0
1997	0	0	0	0	0	0
1998	0	842	842	0	3,000	3,000
1999	0	2,680	2,680	0	8,000	8,000
2000	250,000	81,853	331,853	250,000	113,000	363,000
2001	250,000	97,508	347,508	250,000	160,000	410,000
2002	1,052,572	63,466	1,116,037	1,053,000	143,000	1,196,000
2003	1,052,572	102,515	1,155,086	1,053,000	260,000	1,313,000
2004	434,938	595,128	1,030,066	435,000	758,000	1,193,000
2005	434,938	1,646,213	2,081,151	435,000	1,821,000	2,256,000
2006	1,275,000	4,095,572	5,370,572	1,275,000	4,396,000	5,671,000
2007	2,325,000	6,140,496	8,465,496	2,325,000	6,424,000	8,749,000
2008	1,059,979	7,122,169	8,182,147	1,060,000	7,292,000	8,352,000
2009	34,979	8,535,004	8,569,983	35,000	8,619,000	8,654,000
Total	\$ 8,169,978	\$ 28,483,444	\$ 36,653,422	\$ 8,171,000	\$ 29,997,000	\$ 38,168,000

* January 1 to December 31.

** IBNR Includes the full impact of discounting and PFAD.

CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY

SUMMARY OF GROSS OUTSTANDING LIABILITIES
AND PROVISION FOR ADVERSE DEVIATION BY YEAR

As at December 31, 2009

GROSS (Policy Year)

<i>Policy Period*</i>	<i>Policy Period</i>	<u>UNDISCOUNTED</u>			<u>DISCOUNTED +PFAD</u>		
		<i>CASE</i>	<i>IBNR</i>	<i>TOTAL</i>	<i>CASE</i>	<i>IBNR</i>	<i>TOTAL</i>
1989/1990	1990	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
1990/1991	1991	0	0	0	0	0	0
1991/1992	1992	0	0	0	0	0	0
1992/1993	1993	0	0	0	0	0	0
1993/1994	1994	0	0	0	0	0	0
1994/1995	1995	0	0	0	0	0	0
1995/1996	1996	0	0	0	0	0	0
1996/1997	1997	0	0	0	0	0	0
1997/1998	1998	0	0	0	0	0	0
1998/1999	1999	0	77,079	77,079	0	80,000	80,000
1999/2000	2000	0	168,200	168,200	0	173,000	173,000
2000/2001	2001	1,000,000	618,892	1,618,892	1,000,000	648,000	1,648,000
2001/2002	2002	700,000	901,127	1,601,127	700,000	913,000	1,613,000
2002/2003	2003	3,126,287	1,081,524	4,207,812	3,126,000	1,083,000	4,209,000
2003/2004	2004	3,525,000	1,650,227	5,175,227	3,525,000	1,683,000	5,208,000
2004/2005	2005	869,876	3,082,739	3,952,615	870,000	3,102,000	3,972,000
2005/2006	2006	0	7,515,538	7,515,538	0	7,564,000	7,564,000
2006/2007	2007	2,550,000	13,298,812	15,848,812	2,550,000	13,345,000	15,895,000
2007/2008	2008	2,100,000	13,172,962	15,272,962	2,100,000	13,025,000	15,125,000
2008/2009	2009	19,958	15,453,561	15,473,519	20,000	15,066,000	15,086,000
2009/2010	2010	25,000	8,770,152	8,795,152	25,000	8,474,000	8,499,000
Total	Total	\$ 13,916,122	\$ 65,790,813	\$ 79,706,935	\$ 13,916,000	\$ 65,156,000	\$ 79,072,000

* The Policy Period runs from July 1 to June 30.

** IBNR Includes the full impact of discounting and PFAD.

CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY
COMPARISON OF NET ACTUAL EXPERIENCE WITH NET EXPECTED EXPERIENCE
FROM THE DECEMBER 31, 2004, DECEMBER 31, 2005, DECEMBER 31, 2006, DECEMBER 31, 2007 AND DECEMBER 31, 2008 VALUATIONS

<i>Policy Period ⁽¹⁾</i>	<i>Selected Ultimate as at Dec. 31, 2004</i>	<i>Selected Ultimate as at Dec. 31, 2005</i>	<i>Selected Ultimate as at Dec. 31, 2006</i>	<i>Selected Ultimate as at Dec. 31, 2007</i>	<i>Selected Ultimate as at Dec. 31, 2008</i>	<i>Selected Ultimate as at Dec. 31, 2009</i>	<i>Changes in Ultimate From 2004 to 2009</i>	<i>Changes in Ultimate From 2005 to 2009</i>	<i>Changes in Ultimate From 2006 to 2009</i>	<i>Changes in Ultimate From 2007 to 2009</i>	<i>Changes in Ultimate From 2008 to 2009</i>
1987/1988	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
1988/1989	0	0	0	0	0	0	0	0	0	0	0
1989/1990	0	0	0	0	0	0	0	0	0	0	0
1990/1991	897,000	897,000	897,000	897,000	897,000	897,000	0	0	0	0	0
1991/1992	2,470,000	2,470,000	2,470,000	2,470,000	2,470,000	2,470,000	0	0	0	0	0
1992/1993	0	0	0	0	0	0	0	0	0	0	0
1993/1994	6,542,000	6,521,000	5,638,000	5,638,000	5,638,000	5,638,000	(904,000)	(883,000)	0	0	0
1994/1995	1,935,000	1,899,000	1,883,000	1,883,000	1,883,000	1,883,000	(52,000)	(16,000)	0	0	0
1995/1996	1,944,000	1,915,000	1,891,000	1,871,000	1,871,000	1,871,000	(73,000)	(44,000)	(20,000)	0	0
1996/1997	109,000	82,000	41,000	22,000	0	0	(109,000)	(82,000)	(41,000)	(22,000)	0
1997/1998	151,000	110,000	66,000	41,000	20,000	0	(151,000)	(110,000)	(66,000)	(41,000)	(20,000)
1998/1999	3,329,000	3,320,000	3,316,000	3,307,000	3,304,000	3,302,000	(27,000)	(18,000)	(14,000)	(5,000)	(2,000)
1999/2000	3,398,000	3,267,000	3,362,000	3,340,000	3,308,000	3,304,000	(94,000)	37,000	(58,000)	(36,000)	(4,000)
2000/2001	841,000	986,000	852,000	950,000	791,000	660,000	(181,000)	(326,000)	(192,000)	(290,000)	(131,000)
2001/2002	3,612,000	3,830,000	3,421,000	3,377,000	3,356,000	3,335,000	(277,000)	(495,000)	(86,000)	(42,000)	(21,000)
2002/2003	4,430,000	3,206,000	5,742,000	5,685,000	5,649,000	5,592,000	1,162,000	2,386,000	(150,000)	(93,000)	(57,000)
2003/2004	5,969,000	10,520,000	8,247,000	6,249,000	5,630,000	5,613,000	(356,000)	(4,907,000)	(2,634,000)	(636,000)	(17,000)
2004/2005	9,390,000 ⁽²⁾	6,039,000	5,872,000	5,154,000	3,933,000	2,927,000	(6,463,000)	(3,112,000)	(2,945,000)	(2,227,000)	(1,006,000)
2005/2006	n/a	6,902,000 ⁽²⁾	6,027,000	4,155,000	4,023,000	2,927,000	n/a	(3,975,000)	(3,100,000)	(1,228,000)	(1,096,000)
2006/2007	n/a	n/a	11,529,000 ⁽²⁾	11,349,000	8,903,000	8,526,000	n/a	n/a	(3,003,000)	(2,823,000)	(377,000)
2007/2008	n/a	n/a	n/a	8,805,000 ⁽²⁾	8,156,000	10,571,000	n/a	n/a	n/a	1,766,000	2,415,000
2008/2009	n/a	n/a	n/a	n/a	8,474,000 ⁽²⁾	7,964,000	n/a	n/a	n/a	n/a	(510,000)
2009/2010	n/a	n/a	n/a	n/a	n/a	9,181,000 ⁽²⁾	n/a	n/a	n/a	n/a	n/a
TOTAL	\$ 45,017,000	\$ 51,964,000	\$ 61,254,000	\$ 65,193,000	\$ 68,306,000	\$ 76,661,000	\$ (7,525,000)	\$ (11,545,000)	\$ (12,309,000)	\$ (5,677,000)	\$ (826,000)

(1) July 1 to June 30.

(2) Annualized figure based on six months result.

Exhibit XVI
CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY
Unpaid Claims and Loss Ratio Analysis Exhibit
As at December 31, 2009
(All amounts are on a Net basis and in 000\$)

Actuary's Category : Professional Liability - Total
Exhibit Category : Liability

		Paid Losses		Unpaid Claim Analysis								Loss Ratio Analysis					
Line	Accident Year	Current Year (2009)	Cumulative (2009 and prior)	Undiscounted Unpaid Claims and Adjustment Expenses			Present Value of Unpaid Claims and Adjustment Expenses - Total	Provision and Margin for Adverse Deviation (PfAD and MfAD)				Discounted Reserves including PfAD	Income		Cumulative Investment Income from Unpaid Claim Reserves	Loss Ratio (%)	
				Case Reserves	IBNR	Total		PfAD: Claims (000\$)	MfAD: Claims (%)	PfAD: Reinsurance (000\$)	PfAD: Interest Rate (000\$)		Earned Premiums	Invest. Income from UPR		Undiscounted	Discounted
	(01)	(02)	(03)	(04)	(05)	(06)	(07)	(08)	(09)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)
1	1999 and Prior	-	17,710	-	-	-	-	-	10%	8	-	8					
2	2000	-	1,650	250	62	312	283	28	10%	25	7	343					
3	2001	-	1,650	250	62	312	283	28	10%	57	7	375					
4	2002	1,263	3,347	1,053	-	1,053	930	93	10%	79	29	1,131	5,276	44	750	83.40%	70.08%
5	2003	1,263	4,447	1,053	-	1,053	930	93	10%	157	29	1,209	5,626	99	833	97.76%	84.24%
6	2004	3	3,240	435	495	930	828	83	10%	157	25	1,093	6,726	110	708	62.00%	53.03%
7	2005	17	846	435	1,521	1,956	1,742	174	10%	163	51	2,130	6,546	157	697	42.80%	34.00%
8	2006	15	356	1,275	3,840	5,115	4,543	454	10%	281	136	5,414	9,293	171	900	58.87%	51.46%
9	2007	1,083	1,083	2,325	5,800	8,125	7,152	715	10%	312	231	8,410	11,224	241	863	82.04%	75.27%
10	2008	1,086	1,086	1,060	6,786	7,846	6,782	678	10%	311	252	8,023	9,967	342	401	89.62%	84.47%
11	2009	3	3	35	8,174	8,209	6,978	698	10%	338	289	8,303	9,880	118	85	83.12%	82.23%
12	Total	4,733	35,418	8,171	26,740	34,911	30,451	3,044	10%	1,888	1,056	36,439	64,538	1,282	5,237	75.45%	68.19%
13	ULAE - Total											1,729					
14	"Facility Association" and "Plan"											-					
15	Other reserves											-					
16	Grand Total											38,168					

CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY (CLLAS)

REPORT ON THE VALUATION OF POLICY LIABILITIES

As at December 31, 2009

Prepared by Julie-Linda Laforce, FCIA, FCAS

Final Report – February 18, 2010

TABLE OF CONTENTS

PART 1 - INTRODUCTION AND SCOPE	1
Introduction.....	1
Scope.....	2
Operations	2
Standard Of Materiality	4
Conditions And Limitations.....	5
Specific Disclosure Requirements	5
PART 2 - EXPRESSION OF OPINION.....	7
PART 3 - COMPARISON OF ACTUAL EXPERIENCE WITH EXPECTED EXPERIENCE	9
PART 4A - COMMENTARY - CLAIMS LIABILITIES, LIABILITIES IN CONNECTION WITH UNEARNED PREMIUM AND OTHER POLICY LIABILITIES	10
Claims Liabilities	10
Provision For Adverse Deviation - Claims Liabilities.....	16
Summary Of Claims Liabilities	18
Policy Liabilities In Connection With Unearned Premium	19
Provision For Adverse Deviation - Liabilities In Connection With	21
Unearned Premium	21
PART 4B - COMMENTARY - OTHER ACTUARIAL LIABILITIES.....	23
PART 4C - COMMENTARY - REINSURANCE.....	24
Description Of Reinsurance Arrangements.....	24
Recoverable Amounts From Reinsurers	26
Unusual Problems Or Delays	26
Colchester Reinsurance Limited	27
PART 5 - DATABASE AND EXHIBITS.....	28
Reconciliation	28
List Of Schedules.....	29
List Of Exhibits	29
PART 6 - DATA RELIABILITY AND CONSISTENCY	30
Data	30
Reliance And Verification	30

PART 1 - INTRODUCTION AND SCOPE

INTRODUCTION

Company:	Canadian Lawyers Liability Assurance Society (CLLAS)
Date of Valuation:	December 31, 2009
Purpose:	Actuarial opinion and valuation report as required by the Ontario Insurance Act.
Author:	Ms. Julie-Linda Laforce, F.C.I.A , F.C.A.S. Dion, Durrell + Associates Inc. 630 Rene-Levesque Blvd. West, suite 2940 Montréal, QC, H3B 1S6 (514) 673-4708
Authority:	Actuary to the Canadian Lawyers Liability Assurance Society.
Distribution:	<p>This report is strictly for the use of CLLAS, its external auditors, its advisors and the regulatory authorities in the context of their work in connection with the financial statements and Annual Return. Any other use or disclosure should be discussed first with Dion, Durrell + Associates Inc. If our report is distributed further, the report must be distributed in its entirety. All recipients of this report should be aware that the person signing it is available to answer questions about it.</p> <p>This report was prepared and filed with the regulatory authorities in accordance with the relevant legislation and accepted actuarial practice based on the appropriate Standards of Practice of the Canadian Institute of Actuaries.</p>

SCOPE

Actuarial valuation of all policy liabilities, including:

- (1) claims liabilities,
- (2) liabilities in connection with unearned premium, and
- (3) other policy liabilities.

No actuarial liabilities have been excluded from this report.

No other report will be issued to the subscribers of CLLAS.

OPERATIONS

General

CLLAS was formed in 1986 and licensed as an insurer in 1987 with the first policies issued with an effective date of July 1, 1987. CLLAS provides professional liability insurance to subscribing law firms in excess of the compulsory coverage provided by the various law societies. Since inception, coverage provided by CLLAS has been on a claims made basis. For the first policy term (i.e., July 1, 1987 to June 30, 1988), coverage was in excess of \$600,000. Coverage in subsequent policy terms is in excess of \$1,000,000.

A summary of the coverage provided by CLLAS is set out below:

CLLAS HISTORICAL COVERAGE SUMMARY	
Coverage Period	Coverage Provided (in million \$)
July 1, 1987 to June 30, 1988	\$24.4 excess of \$0.6
July 1, 1988 to June 30, 1989 to July 1, 1989 to June 30, 1990	\$24.0 excess of \$1.0
July 1, 1990 to June 30, 1991	\$24.0 excess of \$1.0* plus \$25.0 excess of \$50.0
July 1, 1991 to June 30, 1992 to July 1, 1996 to June 30, 1997	\$34.0 excess of \$1.0* plus \$25.0 excess of a minimum of \$50.0
July 1, 1997 to June 30, 1998	\$34.0 excess of \$1.0* plus \$25.0 excess of a minimum of \$50.0 \$15.0 excess of \$120.0 (optional layer)
July 1, 1998 to June 30, 1999	\$34.0 excess of \$1.0* plus \$30.0 excess of a minimum of \$50.0 \$20.0 excess of \$130.0 (optional layer)
July 1, 1999 to June 30, 2000 **	\$34.0 excess of \$1.0* plus \$30.0 excess of a minimum of \$50.0 \$20.0 excess of \$130.0 (optional layer)
July 1, 2000 to June 30, 2001 to July 1, 2002 to June 30, 2003 **	\$34.0 excess of \$1.0* plus \$30.0 excess of a minimum of \$50.0 \$20.0 excess of \$140.0 (optional layer)

CLLAS HISTORICAL COVERAGE SUMMARY	
Coverage Period	Coverage Provided (in million \$)
July 1, 2003 to June 30, 2004 to July 1, 2005 to June 30, 2006 ***	\$34.0 excess of \$1.0* plus \$30.0 excess of a minimum of \$50.0 \$20.0 excess of \$140.0 (optional layer)
July 1, 2006 to June 30, 2007 to July 1, 2007 to June 30, 2008 ***	\$34.0 excess of \$1.0* plus \$30.0 excess of a minimum of \$50.0 \$20.0 excess of \$140.0 (optional layer 1) \$20.0 excess of \$160.0 (optional layer 2)
July 1, 2008 to June 30, 2009 to July 1, 2009 to June 30, 2010***	\$34.0 excess of \$1.0* plus \$30.0 excess of a minimum of \$50.0 \$20.0 excess of \$140.0 (optional layer 1) \$10.0/20.0/30.0 excess of \$160.0 (optional layer 2)

* The excess policies are endorsed to drop down to excess of \$250,000 (\$25,000 starting in 2008/2009) in certain instances

** For Québec, all CLLAS coverage is provided in excess of a \$5 million retention up to and including policy year 2002/2003

*** For Québec, for policy years 2003/2004 and after, CLLAS coverage is provided \$25 million in excess of a \$10 million retention

The policy limits presented above are also firm aggregate limits. As of July 1, 2002 the firm aggregate limit on the first \$5 million of coverage, inclusive of underlying, was set at \$25 million. This was reduced as of July 1, 2007 to \$12 million and further reduced to \$5 million as of July 1, 2008.

The umbrella layer of coverage (\$30 million excess of a minimum of \$50 million) is subject to an annual aggregate of \$60 million for all law firms combined. Coverage between the basic coverages described above (\$34 million excess of \$1 million) and the minimum attachment point of \$50 million of the umbrella layer is not provided by CLLAS, but left to individual subscribers to arrange. As of July 1, 2008, CLLAS began offering an option of \$10 million excess of \$160 million, \$20 million excess of \$160 million or \$30 million excess of \$160 million in optional layer 2.

Reinsurance

The coverage provided by CLLAS is divided into layers with varying amounts of proportional reinsurance purchased in each layer. The size and the number of layers have varied over time. Effective July 1, 2002, CLLAS retains 100% of its losses in the layer \$4 million excess of \$1 million. In previous policy years the retained portion has been 50% in said layer. In addition, beginning July 1, 1989 reinsurance on the aggregate retention of CLLAS, after reflection of the proportional reinsurance, has been purchased from Colchester Reinsurance Limited ("Colchester"). Colchester is an unlicensed reinsurer which is domiciled in Barbados. The historical reinsurance arrangements are summarized in Schedule 1.

Membership/Management Changes

The number of insured lawyers has increased from approximately 1,450 to 4,927 (including 63 patent and trademark agents) from 1987 to 2009. There has been a nominal change in the number of lawyers insured by CLLAS since last year. Included in the 4,927 lawyers are 118 lawyers practicing in the US or the UK which are covered by the optional layers, but are not covered by the shared umbrella layer. CLLAS has been managed by The Wyatt Company from its inception in 1987 up until late 1995 and by Dion Durrell + Associates Inc. thereafter.

To the best of my knowledge, there have not been any major changes in management policies and philosophy in recent years. There have been no management changes in 2009.

Claims Administration/Reserving

Based on discussions with CLLAS management, claims administration and reserving practices are generally consistent with prior years. CLLAS establishes its own claims reserves with consideration for the reserves set by the Law Society of Upper Canada (LSUC) and other law societies which offer the underlying compulsory program, as well as the circumstances of individual claims. CLLAS reserves are monitored on an ongoing basis and are reviewed and modified on a quarterly basis by CLLAS Claims Committee as deemed appropriate.

STANDARD OF MATERIALITY

I have selected a standard of materiality deemed to be appropriate under the circumstances.

In selecting this materiality level, I have given due consideration to:

- the surplus position of CLLAS,
- the value of the unpaid liabilities,
- the potential impact of errors on future premium levels and retroassessments,
- who the potential users of CLLAS' financial statements are, and
- the overall level of materiality selected by the auditor.

The potential users of the CLLAS' financial statements include:

- (1) regulators,
- (2) management,
- (3) auditors, and
- (4) subscribers.

The level of materiality selected encompasses approximation errors as well as errors due to inaccurate information.

The foregoing considerations have resulted in the selection of a level of materiality of \$250,000, which corresponds to approximately 0.2% of CLLAS' assets and 0.7% of its net claims liabilities as of December 31, 2009.

CONDITIONS AND LIMITATIONS

In carrying out this valuation, I have relied on CLLAS' financial records and I have verified the consistency of the valuation data with the CLLAS financial records. I have asked CLLAS' external auditor, Deloitte & Touche:

- (a) to employ appropriate tests and sampling of CLLAS's individual records to ensure accurate and proper recording of premium, claim and asset information,
- (b) to employ appropriate tests and sampling to ascertain that proper management controls are in place to ensure the completeness of premium, claim and asset data, and
- (c) to employ appropriate tests to ensure that our premium and claim data sets correspond in aggregate to internal CLLAS reports.

I have received a satisfactory report from the auditors for the year ending December 31, 2009.

I am satisfied that the data utilized are reliable and sufficient for the valuation of these liabilities.

Policy liabilities are estimates. The ultimate liabilities will depend upon future contingent, and by definition, uncertain events. Examples of such events include unanticipated changes in inflation, changes to the legal system and judgements establishing precedents.

It must be recognized that the future emergence of loss and loss adjustment expenses may deviate from our estimates by a significant margin. In estimating these liabilities, I have used procedures and assumptions which, in my opinion, are reasonable and appropriate and I believe the resulting estimates are reasonable given the information available.

SPECIFIC DISCLOSURE REQUIREMENTS

Annual Required Reporting to the Board or Audit Committee

I will meet with the audit committee on February 18, 2010 to present the results of this report. I met with the audit committee on February 20, 2009 to present the December 31, 2008 results.

New Appointment

I was appointed by the Board of Directors on December 9, 2008 replacing Liam McFarlane who resigned on December 9, 2008. The regulator was notified of the new appointment on December 17, 2008.

Continuing Professional Development Requirements

I am in compliance with the Continuing Professional Development requirements of the Canadian Institute of Actuaries.

Dynamic Capital Adequacy Testing (DCAT)

There is no requirement to complete a DCAT analysis for CLLAS.

Disclosure of Compensation

I attest that all my direct and indirect compensation is derived using the following methodology:

Dion Durrell operates on a fee for service basis and hence the compensation that we receive from CLLAS is a function of the time and personnel involved in the engagement.

I confirm that I have performed my duties without regard to my personal considerations or to any influence, interest or relationship in respect to the affairs of my client or employer that might impair my professional judgement or objectivity.

I confirm that my ability to act fairly is unimpaired, that there has been full disclosure of the methodology used to derive my compensation to all known direct users of my services.

PART 2 - EXPRESSION OF OPINION

I have valued the policy liabilities of the Canadian Lawyers Liability Assurance Society for its balance sheet as at December 31, 2009 and their change in the statement of income for the year then ended in accordance with accepted actuarial practice, including selection of appropriate assumptions and methods. I am satisfied that the data utilized are reliable and sufficient for the valuation of these liabilities. I verified the consistency of the valuation data with the company financial records.

The results of my valuation together with items from the Annual Return are as follows:

Claim Liabilities	Carried in Annual Return	Actuary's Estimate
(1) Direct unpaid claims and adjustment expenses	\$79,072,000	\$79,072,000
(2) Assumed unpaid claims and adjustment expenses	0	0
(3) Gross unpaid claims and adjustment expenses	\$79,072,000	\$79,072,000
(4) Ceded unpaid claims and adjustment expenses	40,904,000	40,904,000
(5) Other amounts to recover	0	0
(6) Other net liabilities	0	0
(7) Net unpaid claims and adjustment expenses (3)-(4)-(5)+(6)	\$38,168,000	\$38,168,000

Premium Liabilities	Carried in Annual Return (Col. 1)	Actuary's Estimate (Col. 2)
(1) Gross policy liabilities in connection with unearned premiums		\$10,745,000
(2) Net policy liabilities in connection with unearned premiums		4,609,000
(3) Gross unearned premiums	\$11,727,000	
(4) Net unearned premiums	4,893,000	
(5) Premium deficiency	0	0
(6) Other net liabilities	2,630,000	2,630,000
(7) Deferred policy acquisition expenses	283,000	
(8) Maximum policy acquisition expenses deferrable [(4)+(5)+(9)] _{Col. 1} - (2) _{Col. 2}		\$ 284,000
(9) Unearned Commissions	\$ 0	

In my opinion the amount of policy liabilities makes appropriate provision for all policyholders' obligations and the annual return fairly presents the results of the valuation.



_____, FCIA
Signature of Actuary

February 18, 2010
Date opinion was rendered

Julie-Linda Laforce, FCIA
Printed name of Actuary

PART 3 - COMPARISON OF ACTUAL EXPERIENCE WITH EXPECTED EXPERIENCE

The expected experience represents the net ultimate loss projections as of December 31, 2004, December 31, 2005, December 31, 2006, December 31, 2007, December 31, 2008, and the actual experience represents the net ultimate loss projections as of December 31, 2009. Exhibit XV shows both actual and expected experience net of proportional reinsurance and of Stop-Loss reinsurance (i.e. Colchester).

Significant changes in net ultimate losses were observed in 2004/2005, 2005/2006, 2007/2008 and 2008/2009. In 2004/2005, 2005/2006 and 2008/2009 there were decreases of \$1,006,000, \$1,096,000 and \$510,000 respectively, as a result of favourable development. In 2007/2008 there was an increase of \$2,415,000 resulting from adverse experience driven by three new claims in the period.

There have been moderate changes in claims experience for other policy periods and an overall net claims experience gain of \$826,000 (i.e. 1.2% of prior year end estimate) has been realized in 2009 for all policy periods combined.

PART 4A - COMMENTARY - CLAIMS LIABILITIES, LIABILITIES IN CONNECTION WITH UNEARNED PREMIUM AND OTHER POLICY LIABILITIES

CLAIMS LIABILITIES

Considerations

The following were considered in estimating the claims liabilities:

Homogeneity/Credibility

The same coverage is offered to all subscribers. We consider the risk exposures of the CLLAS subscribers to be homogeneous for estimating claims liabilities.

Given the excess nature of the coverage provided by CLLAS, claims experience is very limited. For that reason, we have estimated IBNR reserves based upon anticipated future development of expected losses.

Frequency/Severity

Given the excess nature of the coverage provided by CLLAS, claims experience has been very volatile from year to year.

Claims Runoff

As at December 31, 2009, there are a total of 42 claims with an incurred value of \$150,654,000 that exceed the \$1,000,000 retention, consisting of gross case reserves of \$13,916,000 and gross payments of \$136,738,000. At the end of 2008, there were 36 claims with an incurred value of \$143,094,000 within the CLLAS coverage layers, consisting of gross case reserves of \$13,449,000 and gross payments of \$129,645,000. The development during 2009 was favourable.

Retention/Reinsurance

The 2009/2010 retentions have increased since 2008/2009 in the layers \$7.5MM xs \$5MM, \$12.5MM xs \$12.5MM and \$10MM xs \$25MM. The details of the 2009/2010 retentions are provided in Schedule 1 of this report.

The 2009/2010 reinsurance arrangements were similar to those in place for 2008/2009. The details of the current (2009/2010 policy period) and historical reinsurance arrangements are provided in Schedule 1 of this report.

External Influences

I am not aware of any legal or regulatory changes or any precedents set in case law that would impact our estimates.

Marketing Strategy

There have been no changes in marketing strategy since CLLAS' inception. The number of insured lawyers is approximately the same as it was in the last valuation. Please note that in 2007, one firm dissolved and continuous coverage has been provided to the lawyers of this firm that joined other CLLAS firms in exchange for a lateral coverage premium. No adjustment has been made in our valuation to reflect the potential reduction in exposure of CLLAS.

Mix of Business

There has not been any material change in the mix of business since CLLAS' inception.

Claims Recording/Settlement

Claims recording and claims settlement practices during 2009 were consistent with historical practices. The year-end cut off date was December 31, 2009.

Reopened Claim Potential

Our analysis indicates that in the past no relevant reopening claim activity has taken place. I am not aware of any precedent setting judicial opinions, liberalizing legislation or company procedures which might affect the claims reopening potential.

Aggregate Limits

The aggregate limits of CLLAS' reinsurance with Colchester have changed at June 30, 1998 and subsequently at June 30, 2002, June 30, 2005 and June 30, 2006 as described in detail in Part 4 – Commentary – Reinsurance.

Collateral Sources

Case reserves used in this valuation are assumed to be net of salvage and subrogation. We are not aware of any other collateral sources which might reduce the claims liabilities.

Pools and Associations

CLLAS does not participate in any voluntary or involuntary underwriting pools or associations. Therefore, CLLAS is not subject to any liabilities from participation in any pools or associations.

Coverage Changes

For Québec, for policy years 2003/2004 and after, CLLAS coverage is provided in excess of a \$10 million retention compared to a \$5 million retention for policy years 1999/2000 to 2002/2003. Starting in 2008/2009, coverage can drop down to \$25,000 in certain instances compared to \$250,000 in prior policy periods. Optional layer 2 can also be purchased for \$10M, \$20M or \$30M in excess of \$160M. There have been no other coverage changes since my last valuation of CLLAS.

Case Reserving Practices

CLLAS utilizes case reserves set by the law societies and reviews large claims. However it may, if deemed appropriate, set reserves higher than the law societies for claims which have the potential of piercing into CLLAS' coverage layers. The case reserving practices have been consistent over time.

Regulatory Changes

I am not aware of any regulatory changes that would affect my valuation of CLLAS.

Harmonized Sales Tax

Effective July 1, 2010, the Ontario Retail Sales Tax ("ORST") will be harmonized with the 5% federal Goods and Services Tax ("GST"), resulting in a federally administered 13% Ontario harmonized sales tax ("HST"), of which the Ontario portion will be 8%. Similar changes will take place in British Columbia. It is expected that all claims paid after July 1, 2010 will be affected by the HST. Since a portion of the unpaid claims at December 31, 2009 will be paid after July 1, 2010, we have considered the effect of this change on the unpaid claims estimate. Based on CLLAS' experience, the expected impact of the HST will be approximately 0.72% of unpaid claims. Exhibit IV – Page 2 provides detail on this calculation.

Methodology and Assumptions - Losses and Loss Adjustment Expenses

In estimating the ultimate loss and allocated loss adjustment expense liabilities faced by CLLAS, I have utilized methodologies consistent with last year. The data underlying our projections and estimates can be found in Part 5 of this report.

The Incurred But Not Reported ("IBNR") liabilities have been established using a Bornhuetter-Ferguson approach, based upon expected losses for each coverage period, and an assumed claim emergence pattern. The expected loss volumes have been estimated as the product of the exposure count (earned lawyer years) and pure premiums (expected loss costs per lawyer).

Rating studies have been performed annually since 1995 and expected loss costs assumptions have been revised from time to time. The last such rating study took place in early 2009 which led to revised expected loss costs per lawyer for the period covering from July 1, 2009 through June 30, 2010. These were used in my December 31, 2009 valuation. I have summarized below the revised and prior loss costs per lawyer assumptions for each layer of proportional reinsurance.

Reinsurance Layer (in million \$)	Expected Loss Costs Per Lawyer	
	Prior	Revised
\$0.75 xs \$0.25	\$ 164	\$ 170
\$4.0 xs \$1.0	1,597	1,685
\$7.5 xs \$5.0	1,066	1,078
\$12.5 xs \$12.5	768	844
\$10.0 xs \$25.0	381	373
\$30.0 xs minimum \$50.0	8	13
\$20.0 xs \$140.0	3	7
\$10.0 xs \$160.0	2	5
\$20.0 xs \$160.0	2	5
\$30.0 xs \$160.0	2	5

The assumed claim emergence pattern has been derived using the observed development for lawyers professional liability excess loss experience from a number of the law societies as a guide as shown in Exhibit III. The loss development patterns were revised based upon the indications from Exhibit III. The selected developments and resulting IBNR factors are shown below.

Duration (in months)	Loss Development Factor	IBNR Factor
6	12.900	0.922
18	6.400	0.844
30	2.725	0.633
42	1.975	0.494
54	1.425	0.298
66	1.150	0.130
78	1.075	0.070
90	1.050	0.048
102	1.050	0.048
114	1.035	0.034
126	1.015	0.015
138+	1.008	0.007

The assumed claim payout pattern has been derived using the observed payout for lawyers professional liability excess loss experience from a number of the law societies as a guide. The selected payout pattern is shown below.

Duration (in months)	Payout %
0	2%
12	10%
24	5%
36	8%
48	15%
60	15%
72	10%
84	10%
96	4%
108	3%
120	3%
132	3%
144	3%
156	3%
168	2%
180	2%
192	2%

I have established the liabilities for unallocated loss adjusting expenses at 2.25% of the gross indemnity and legal expense liabilities and have assumed that all ULAE costs would be retained by CLLAS. I selected a factor of 2.25% based on an analysis of unallocated loss adjustment expenses provision and gross outstanding liabilities. It should be noted that ULAE represents solely CLLAS internal claims management expenses.

The derivation of the ULAE % as shown in Exhibit IV – Page 1 is based upon the following key assumptions:

- Estimated internal claims management expenses equal to \$416,000 in 2010.
- Indexing of such expenses at 3% a year in future years.
- The portion of such annual expenses related to the outstanding claims liabilities as of December 31, 2009 will decrease at an annual rate of 1/7 per year from 2010 to 2016.

The ULAE provision resulting from the above assumptions represents, as indicated in Exhibit IV – Page 1, 2.28% of the gross case reserves and IBNR provision as of December 31, 2009. A 2.25% assumption was selected to determine the ULAE provision as of December 31, 2009. As shown in Exhibit VII, such provision amounts to \$1,742,000 (i.e. \$313,000 based on gross case reserves plus \$1,429,000 based on gross IBNR).

Exhibits V – Page 1, V – Page 2, VI, and VII show the ground-up incurred loss amounts as well as the impact of the Harmonized Sales Tax, proportional reinsurance, aggregate reinsurance (i.e. Colchester), uncollectible reinsurance amounts and unallocated loss adjustment expenses.

Exhibit VII shows the net CLLAS losses after consideration of all of the above elements.

Exhibit VII shows CLLAS net outstanding liabilities. Such net outstanding liabilities amount to \$36,653,000 including the ULAE component (i.e. case reserves of \$8,214,000 and an IBNR provision of \$28,439,000).

Impact of Changes in Methodology and Assumptions on Reserve Estimates

The changes in assumptions implemented in my December 31, 2009 valuation resulted in a total increase in net undiscounted liabilities of \$1,158,000. The impact of the Harmonized Sales Tax resulted in an additional increase in net undiscounted liabilities of \$235,000. There was no change in methodology from the previous year's valuation.

Expected Ultimate Loss Ratios

The ultimate loss ratio history, based on my estimates of ultimate losses and loss adjustment expenses in recent years, is as follows:

Policy ⁽¹⁾ Period	Ultimate Loss & LAE Ratio	
	Gross Basis	Net Basis
1987/1988	0%	0%
1988/1989	0%	0%
1989/1990	0%	0%
1990/1991	85%	153%
1991/1992	172%	428%
1992/1993	7%	0%
1993/1994	679%	1510%
1994/1995	181%	142%
1995/1996	64%	97%
1996/1997	0%	0%
1997/1998	0%	0%
1998/1999	188%	76%
1999/2000	72%	65%
2000/2001	11%	10%
2001/2002	130%	56%
2002/2003 ⁽²⁾	44%	121%
2003/2004 ⁽³⁾	149%	85%
2004/2005	20%	43%
2005/2006	33%	47%
2006/2007	48%	69%
2007/2008	64%	104%
2008/2009	64%	81%
2009/2010	74%	92%
Total	74%	76%

(1) July 1 to June 30, except for 2009/2010 which is July 1 to December 31, 2009.

(2) Excluding reinsurance premium liability of \$(91,754)

(3) Excluding reinsurance premium liability of \$2,721,575

The details of the previous table's calculations are summarized in Exhibit VIII, page 1.

Please note that the above calculations do not reflect the \$7,000,000 retro-assessment called at December 31, 1996 and the \$1,600,000 retro-assessment called at June 30, 1998. If such retro-assessments are included in the above calculation a total loss ratio of 72% and 69% would result on a gross and net basis respectively.

PROVISION FOR ADVERSE DEVIATION - CLAIMS LIABILITIES

Introduction

The Consolidated Standards of Practice – Specific Standards for Insurance, Section 2250 of the Canadian Institute of Actuaries (CIA) provides explicit guidance for the setting of the provision for adverse deviation associated with claims liabilities.

There are three major valuation variables in any property and casualty insurance valuation. Associated with each of these variables the CIA has established a recommended range of low and high margins which varies with the uncertainty of the variable.

The variables involved and the range of margin for each is shown below:

Variable	Margin
1. Claims Development	Low margin: 2.5% of discounted liabilities High margin: 20.0% of discounted liabilities
2. Reinsurance Recovery	Low margin: 0.0% of discounted liabilities High margin: 15.0 % of discounted liabilities
3. Interest Rate	Low margin: 25 basis points (0.25%) High margin: 200 basis points (2.0%)

Evaluation of these margins can be found in Exhibit X, page 1.

Valuation Variables

Claim Development Variable

The liabilities are long tailed, which require a number of years of development before a precise picture of the ultimate liabilities can be obtained. In addition since the coverage is excess of loss it is also subject to a high degree of variability. As a result of these considerations I have selected a margin for claim development of 10.0%, which is at the medium to high end of the recommended range.

The total margin for net claim development is calculated at \$3,197,000 and is shown in Exhibit X, page 7.

Reinsurance Recovery Variable

Except for Walbrook, all CLLAS proportional reinsurers are believed to be in sound financial condition. All have an A.M. Best Rating of A- or better except for Unionamerica which has not been rated by rating agencies since January 2001, the time at which the company was placed into run-off. Unionamerica assumes 4.02% of layer \$7.5 million xs \$5.0 million and 1.36% of layer \$12.5 million xs \$12.5 million in policy periods 1998/1999 to 2000/2001. Additionally, there is a dispute over a 2003/2004 claim with ACE, the lead reinsurer on the first two reinsurance layers prior to July 1, 2006. ACE has signalled that it might become difficult on other files as it will be requiring consent prior to claim settlement, which is contrary to the reinsurance contract. This is being addressed by management on a claim-by-claim basis. After discussion with management, we do not believe that this affects the potential recovery on claims.

Given that a material amount of ceded liabilities are also with unlicensed reinsurers, I have selected a margin of 5.0% (\$1,888,000) for the reinsurance recovery variable. This selection remains unchanged from 2008. The calculation of this margin is also shown in Exhibit X, page 7.

Interest Rate Variable

The investment portfolio is mainly comprised of government bonds of durations of up to 10 years and treasury bills which are all of high quality. Due to the high quality of investment holdings, we believe the risk of asset default is low. A discount rate of 2.9% was selected based on the yield of the company's bond portfolio as at December 31, 2009. The basis upon which this selection was made can be found on Exhibit IX. This is a decrease of 0.1% from the discount rate used in the previous valuation. The yield reflects the market value of bonds since the company has classified its bond portfolio as available-for-sale.

However, since the bulk of liabilities arise from excess of loss coverage, the length and predictability of the claim payment patterns means that it is difficult to perfectly match investments with claims payments. I have therefore selected a margin of 75 basis points (0.75%) on the interest rate variable which has resulted in the selection of a margin of \$1,109,000. The calculation of this margin is also shown in Exhibit X, page 7.

Summary

The total margin on the variables comprising the provision for adverse deviation is \$6,194,000. Therefore, the final actuarial liabilities can be summarized as follows:

(1)	Discounted Outstanding Claims Liabilities at December 31, 2009	\$31,974,000
(2)	Provision for Adverse Deviation	<u>6,194,000</u>
(3)	Discounted Outstanding Claims Liabilities plus Provision for Adverse Deviation*	\$38,168,000

* *Outstanding claims liabilities are equal to the discounted outstanding liabilities plus the provision for adverse deviation as per the Canadian Institute of Actuaries standard of practice.*

Exhibit XIII also shows a summary of the net undiscounted and discounted (including the provision for adverse deviation) claims liabilities.

SUMMARY OF CLAIMS LIABILITIES

Gross, Ceded and Net Basis

The unpaid claims and claims adjustment expenses on a gross, ceded and net basis are summarized as follows:

	Case Reserves	IBNR ^{/1}	Total Unpaid
Gross Losses	\$ 13,916,000	\$65,156,000	\$79,072,000
Ceded Losses	(5,746,000)	(35,158,000)	(40,904,000)
Net Losses	\$ 8,170,000	\$29,998,000	\$38,168,000

/1 Including ULAE and the full impact of discounting and PFAD

Subsequent Events

I am not aware of any significant event after the December 31, 2009 valuation date which would materially affect the results of my valuation.

Reconciliation with Annual Return

Reconciliation of claims liabilities reported in the Annual Return to the actuary's estimate:

		Source
(1) Net unpaid claims reported by CLLAS	\$38,168,000	Annual Return
(2) Actuary's estimate of recoverable	<u>40,904,000</u>	
(3) (1) + (2)	\$79,072,000	
(4) Actuary's estimate of gross unpaid claims	<u>79,072,000</u>	
(5) Redundancy (deficiency) (3) - (4)	\$ 0	

POLICY LIABILITIES IN CONNECTION WITH UNEARNED PREMIUM

Considerations

The liabilities in connection with unearned premium are based upon the review of the following considerations:

Rate History

Summarized below is the rate per lawyer charged by CLLAS since 1987:

Policy Period	Average Premium Rate Per Lawyer
July 1, 1987 to June 30, 1988	\$ 3,000
July 1, 1988 to June 30, 1989	2,000
July 1, 1989 to June 30, 1990	1,800
July 1, 1990 to June 30, 1991	1,800
July 1, 1991 to June 30, 1992	1,800
July 1, 1992 to June 30, 1993	1,800
July 1, 1993 to June 30, 1994	1,800
July 1, 1994 to June 30, 1995	1,950
July 1, 1995 to June 30, 1996	2,300
July 1, 1996 to June 30, 1997	3,000
July 1, 1997 to June 30, 1998	3,000
July 1, 1998 to June 30, 1999	4,350
July 1, 1999 to June 30, 2000	4,305
July 1, 2000 to June 30, 2001	4,180
July 1, 2001 to June 30, 2002	4,116
July 1, 2002 to June 30, 2003	3,881
July 1, 2003 to June 30, 2004	4,663
July 1, 2004 to June 30, 2005	5,089
July 1, 2005 to June 30, 2006	5,180
July 1, 2006 to June 30, 2007	6,812
July 1, 2007 to June 30, 2008	5,540
July 1, 2008 to June 30, 2009	4,945
July 1, 2009 to June 30, 2010	4,800

Also, as of December 31, 1996, CLLAS has called a retro-assessment of \$7,000,000 payable by its subscribers in ten instalments of \$700,000 over the following five years starting on July 1, 1997. The premium rate for 1997/1998 through 2001/2002 includes a provision for this retro-assessment. The 1998/1999 through 2001/2002 premium rate also includes a provision for the \$1,600,000 retro-assessment called on June 30, 1998 which is payable over a four year period starting on July 1, 1998. Since 1998/1999 the premium rate is inclusive of a surplus contribution which has varied from year to year.

Frequency/Severity Trends

Coverage provided by CLLAS is expected to give rise to a combination of low frequency/high severity claims. Given the small volume of claims experience to date, frequency/severity trends are subject to high degree of volatility.

External Influences

I am not aware of any legal or regulatory changes or precedents set in case law expected to have a material impact on the future cost of claims.

Reinsurance Arrangements

The types of reinsurance arrangements, their conditions and retention levels applicable to the unexpired portion of the policies in force are similar to those currently in force.

Premium Collection

I am not aware of any premium collectibility problems. This was confirmed by CLLAS management.

Seasonality of Losses

I am not aware of any variations in the frequency or severity of claims caused by seasonality. Therefore, the loss exposure arising from policies currently in force is not expected to be subject to seasonal variation.

Coverage Changes

I am not aware of any coverage change which could affect the claim costs arising from the unexpired portion of the business in force.

Unearned Premiums

Unearned premiums are computed using the daily pro rata method. The gross and net unearned premiums as of December 31, 2009 are \$11,727,000 and \$4,893,000 respectively.

Doubtful Reinsurance Accounts

There is an on-going dispute with several reinsurers regarding the recoveries pertaining to claim number 2004-194, however, management is confident that this dispute will be resolved in CLLAS' favour. I have reviewed and discussed all other reinsurance collectibles with management and am satisfied that with the exception of one unregistered reinsurer (Walbrook) all other reinsurance is collectible.

Summary of Liabilities in Connection with Unearned Premium

The liabilities in connection with unearned premiums are computed in Exhibit XI. Summarized below are the variables used in the calculation of the liabilities.

Ultimate Loss Ratio History

I have estimated the expected loss ratio using on-level premiums and trended ultimate losses as shown in Exhibit VIII page 2.

Unallocated Loss Adjusting Expenses

The unallocated loss adjusting expenses as a percentage of losses is selected in Exhibit IV – Page 1. A 2.25% ratio is used for liabilities in connection with unearned premium for a total of \$237,000.

Policyholder Service Costs

I have selected 3.0% of premiums as the policyholder servicing costs for a total of \$352,000. This is based on 1/3 of the ratio of selected general expenses to gross earned premium subject to a maximum of 5.0% and a minimum of 3.0%.

Investment Return on Unearned Premiums

Based upon the same reasons as applicable for claims liabilities, a 2.9% rate of return has been used to calculate expected investment return on unearned premiums. The resulting income is \$35,000.

Change in Reinsurance Costs

Because the policy and reinsurance contract dates are the same, there is no applicable change in reinsurance cost amount.

After application of all these considerations the resulting liabilities were then discounted and the Provision for Adverse Deviation was added, per the CIA standard of practice, as illustrated later in this section. The final gross liabilities in connection with unearned premium are \$10,745,000 and the final net liabilities in connection with unearned premium are \$4,609,000.

Premium Deficiency

The premium deficiency reserve as at December 31, 2009 is nil.

Deferred Policy Acquisition Expense

Using the net liabilities in connection with unearned premiums stated above, the maximum allowable deferred policy acquisition expense is found to be \$284,000. The company's deferred expenses are \$283,000.

PROVISION FOR ADVERSE DEVIATION - LIABILITIES IN CONNECTION WITH UNEARNED PREMIUM

Introduction

As previously stated in connection with claims liabilities the CIA standard of practice with respect to Provision for Adverse Deviations also applies to liabilities in connection with unearned premiums.

The variables involved and the range of margins are the same as shown previously in the section on provision for adverse deviation in connection with claims liabilities.

Valuation Variables

Claim Development Variable

We have selected a margin similar to that chosen in the section on provision for adverse deviation for claim liabilities. The margin for net claim development has been selected at 10.0% (\$351,000). The calculation of this margin is shown in Exhibit XI, page 3.

Reinsurance Recovery Variable

We have selected a margin of 5.0% (\$281,000) for the reinsurance recovery variable. This selection is similar to that chosen in the section on provision for adverse deviation for claim liabilities. The calculation of this variable is also shown in Exhibit XI, page 3.

Interest Rate Variable

For reasons similar to those outlined in the claims liabilities section, a margin of 75 basis points (0.75%) has been selected for the interest rate variable. This has resulted in the selection of a margin of \$150,000. The calculation of this margin is also shown in Exhibit XI, page 3.

Summary

The total margin on the variables comprising the provision for adverse deviation is \$782,000. Therefore, the final actuarial liabilities can be summarized as follows:

(1) Discounted Claims Liabilities in connection with Unearned Premiums at December 31, 2009	\$3,510,000
(2) Provision for Adverse Deviation	<u>782,000</u>
(3) Discounted Claims Liabilities in connection with Unearned Premiums plus Provision for Adverse Deviation *	\$4,292,000

* Claims liabilities are equal to the discounted claims liabilities plus the provision for adverse deviation as per the Canadian Institute of Actuaries standard of practice.

Reconciliation with Annual Return

Reconciliation of policy liabilities reported in the Annual Return to the actuary's estimate:

		Source
(1) Net unearned premiums reported by CLLAS	\$4,893,000	Annual Return
(2) Other liabilities reported by CLLAS	0	Annual Return
(3) Deferred policy acquisition expense reported by CLLAS	<u>283,000</u>	Annual Return
(4) ((1) + (2) - (3))	\$4,610,000	
(5) Actuary's estimate of net policy liability	<u>4,609,000</u>	
(6) Margin (deficiency) ((4) - (5))	\$1,000	

PART 4B - COMMENTARY - OTHER ACTUARIAL LIABILITIES

As at December 31, 2009, CLLAS has a premium liability of \$2,442,000 in connection with its proportional reinsurance arrangements for policy years 2002/2003 and 2003/2004. The agreements specify that the total deposit premium is to be adjusted from inception and annually thereafter and is to be calculated at 100/70ths of the total of all known incurred liabilities in respect of the aggregate of claims covered in the layer \$7.5MM in excess of \$5.0MM. The agreements also specify that the total deposit premium is to be adjusted from inception and annually thereafter and is to be calculated at 100/75ths of the total of all known incurred liabilities in respect of the aggregate of claims covered in the layer \$12.5MM in excess of \$12.5MM. The detail of the calculation of this liability is shown in Exhibit XII.

In addition to this provision, CLLAS also has a \$188,000 liability from amounts previously received (through yearly adjustments) from its reinsurers in respect of the agreements stated above.

The premium adjustment provision in these arrangements has been discontinued from policy year 2004/2005 onwards.

PART 4C - COMMENTARY - REINSURANCE

DESCRIPTION OF REINSURANCE ARRANGEMENTS

The reinsurance arrangements are summarized as follows:

Proportional Reinsurance

CLLAS has had proportional reinsurance arrangements since inception. Reinsurance ceded is on a claims made basis. CLLAS coverage is divided into various layers and a certain proportion in each layer is ceded to different reinsurers. CLLAS is also retaining a variable proportion of each layer.

Aggregate Reinsurance

CLLAS has arranged since July 1, 1989 aggregate reinsurance with Colchester which is applicable to its retention after reflection of proportional reinsurance.

The above reinsurance arrangements are summarized in Schedule 1.

In June 1996, the following changes were made to CLLAS non-proportional reinsurance arrangements with Colchester retrospectively for the policy periods 1993/1994 to 1995/1996 and for future policy periods unless the arrangement is terminated by either CLLAS or Colchester.

- As per the initial reinsurance terms, CLLAS' non-proportional reinsurer was assuming the first \$3,000,000 of CLLAS net of proportional aggregate retention. As a result of the June 1996 amendments, CLLAS assumes the first \$250,000 of this \$3,000,000 aggregate retention.
- The initial premium paid by CLLAS for each of these policy periods is subject to an adjustment, plus or minus, if actual losses are above or below a permissible loss ratio of 70%.
- The additional premium payable is subject to a maximum of 25% of the initial (deposit) premium, while the return premium is subject to a maximum of 10% of the initial premium.
- Any premium payable which is in excess of the 25% maximum adjustment is carried forward to subsequent policy periods, unless the retrospective rating arrangement is terminated by either CLLAS or Colchester. Similarly any premium receivable by CLLAS which is in excess of the maximum 10% adjustment, is carried forward to the subsequent policy periods.
- The first retrospective premium adjustment is made 24 months after the expiration of each policy period on the basis of the losses paid at the time of the adjustment and subsequent adjustments are made annually thereafter.

However, in June 1998 the reinsurance arrangements between CLLAS and Colchester have again been modified as follows:

- The retrospective rating arrangement applicable to policy years 1993/1994 to 1997/1998 has been terminated. As a result any premium liability arising from such arrangement as of June 30, 1998 has been eliminated.
- Also the deficit carry-forward of \$3,733,000 as of December 31, 1997 under such retrospective rating arrangement has been eliminated as of June 30, 1998.
- For the 1998/1999 policy period CLLAS will retain the first \$3,300,000 of its net of proportional aggregate retention instead of \$250,000 and Colchester will assume \$4,700,000 excess of CLLAS new \$3,300,000 aggregate retention after proportional reinsurance.
- CLLAS will also assume \$6,000,000 excess of \$8,000,000 of its aggregate retention after proportional reinsurance.
- Colchester will continue to assume \$14,000,000 excess of \$14,000,000 of CLLAS retention after proportional reinsurance.
- It was also agreed between CLLAS and Colchester that the revised 1998/1999 reinsurance arrangements would apply retroactively to fiscal year 1995/1996.

On June 30, 2003, the reinsurance arrangements between CLLAS and Colchester have been modified as follows:

- For the 2002/2003, 2003/2004 and 2004/2005 policy periods CLLAS retains the first \$5,500,000 of its net proportional aggregate losses. Colchester assumes \$7,500,000 in excess of CLLAS' \$5,500,000 aggregate retention after proportional reinsurance. CLLAS also retains \$7,000,000 of its net proportional aggregate losses in excess of the underlying \$13,000,000 net of proportional reinsurance and Colchester assumes losses in the layer \$20,000,000 excess of \$20,000,000.

On June 30, 2005, the reinsurance arrangements between CLLAS and Colchester have been modified as follows:

- For the 2005/2006 policy period CLLAS retains the first \$5,500,000 of its net proportional aggregate losses. Colchester assumes \$9,500,000 in excess of CLLAS' \$5,500,000 aggregate retention after proportional reinsurance. CLLAS also retains \$5,000,000 of its net proportional aggregate losses in excess of the underlying \$15,000,000 net of proportional reinsurance and Colchester assumes losses in the layer \$20,000,000 excess of \$20,000,000.

On June 30, 2006, the reinsurance arrangements between CLLAS and Colchester have been modified as follows:

- For the 2006/2007 through 2008/2009 policy periods CLLAS retains the first \$15,000,000 of its net proportional aggregate losses. Colchester assumes \$5,000,000 in excess of CLLAS' \$15,000,000 aggregate retention after proportional reinsurance. Colchester also assumes losses in the layer \$20,000,000 excess of \$20,000,000.

On June 30, 2008, the reinsurance arrangements between CLLAS and Colchester have been modified as follows:

- Starting in policy period 2008/2009, CLLAS' retention of \$250,000 to which claims would "drop down" and attach to in certain instances has been reduced to \$25,000. However, Colchester does not assume the additional exposure between \$25,000 and \$250,000.

On June 30, 2009, the reinsurance arrangements between CLLAS and Colchester have been modified as follows:

- For 2009/2010 onwards, CLLAS retains the first \$15,000,000 of its net proportional aggregate losses. Colchester assumes \$10,000,000 in excess of CLLAS' \$15,000,000 aggregate retention after proportional reinsurance. Colchester also assumes losses in the layer \$15,000,000 excess of \$25,000,000.

RECOVERABLE AMOUNTS FROM REINSURERS

The amounts assumed to be recoverable from reinsurers in the calculation of the net policy liabilities are as follows:

Claim Liabilities	\$40,904,000
Unearned Premium	<u>\$6,136,000</u>
Total	\$47,040,000

UNUSUAL PROBLEMS OR DELAYS

I have discussed reinsurance matters with the management and the external auditor of CLLAS regarding whether there are unusual problems and/or delays expected to be encountered in the collection of amounts from the reinsurers. I have specifically discussed the following situations with the management and the external auditor with respect to proportional reinsurers.

- A reinsurance contract or cover note is not signed.
- A dispute has arisen with a reinsurer.
- A reinsurer that has a history of not settling accounts properly.
- A reinsurer's experience under a treaty is so bad or other circumstance exists that cause there to be a high probability that the reinsurer will deny liability.
- A reinsurer that is known to have been the subject of regulatory restrictions in its home jurisdiction.
- Insolvent reinsurers.

As mentioned earlier in the report, CLLAS' management has commented that reinsurance disputes regarding claim 2004-194 will likely be resolved in CLLAS' favour. ACE, the lead reinsurer on the first two reinsurance layers prior to July 1, 2006 has signalled that it might become difficult on other files as it will be requiring consent prior to claim settlement, which is contrary to the reinsurance contract. This is being addressed by management on a claim-by-claim basis. I am monitoring this situation closely and have discussed the situation with management. I do not feel it is necessary to make additional provisions at this time.

As stated earlier in this report, all CLLAS proportional reinsurers are believed to be in sound financial condition. All have an A.M. Best Rating of A- or better except for Unionamerica which has not been rated by rating agencies since January 2001, time at which the company was placed into run-off. Unionamerica assumes 4.02% of layer \$7.5 million xs \$5.0 million and 1.36% of layer \$12.5 million xs \$12.5 million in policy periods 1998/1999 to 2000/2001.

I am not aware of the existence of any of the above situations or unusual problems or delays which could affect the collection of amounts recoverable from other proportional reinsurers.

Based on my review of the reinsurance agreements in place for the business underwritten by CLLAS, and my discussions with management, to the best of my knowledge, there are no material financial reinsurance agreements.

COLCHESTER REINSURANCE LIMITED

Colchester is an off-shore captive reinsurer domiciled in Barbados. The shareholders of Colchester are thirteen Toronto based legal firms or their related service corporations. Those thirteen shareholders are unrelated to each other. However, each of Colchester's shareholders is, or is related to, one of CLLAS' fourteen subscribers.

Since July 1, 1989 Colchester has provided aggregate reinsurance to CLLAS. The terms of the current aggregate reinsurance arrangements provided to CLLAS are described in Schedule I. As far as I am aware, Colchester does not provide reinsurance to any other entity than CLLAS.

PART 5 - DATABASE AND EXHIBITS

This section contains the database summary and exhibits used in the current valuation.

RECONCILIATION

A reconciliation of the claims data used in this valuation with CLLAS' records was performed. I am satisfied that no material data was omitted. The details of my reconciliation are as follows:

		Gross Paid at 12/31/2009	Gross Case Reserves at 12/31/2009
(1)	Reported in CLLAS' financial records	\$136,737,000	\$13,916,000
(2)	Reported in claim bordereaux	136,737,000	13,916,000
(3)	Difference	\$ 0	\$ 0

LIST OF SCHEDULES

Schedule 1	CLLAS Reinsurance Arrangements
------------	--------------------------------

LIST OF EXHIBITS

Exhibit I	Page 1	Cumulative Paid Losses and ALAE - Gross Basis
Exhibit I	Page 2	Case Reserves - Gross Basis
Exhibit I	Page 3	Incurred Losses - Gross Basis
Exhibit I	Page 4	Cumulative Number of Claims Reported - Gross Basis
Exhibit I	Page 5	Number of Claims Open - Gross Basis
Exhibit I	Page 6	Cumulative Paid Losses and ALAE - Net Basis
Exhibit I	Page 7	Case Reserves - Net Basis
Exhibit I	Page 8	Incurred Losses - Net Basis
Exhibit I	Page 9	Cumulative Number of Claims Reported - Net Basis
Exhibit I	Page 10	Number of Claims Open - Net Basis
Exhibit II		IBNR - Reflecting Proportional Reinsurance
Exhibit III		Indicated Loss Development Factors for Losses in Excess of Various per Occurrence Retentions
Exhibit IV	Page 1	Determination of the Provision for Unallocated Loss Adjustment Expenses
Exhibit IV	Page 2	Determination of the Impact of the Harmonized Sales Tax
Exhibit V	Page 1	Gross and Net of Proportional Experience – Prior to the Impact of the Harmonized Sales Tax
Exhibit V	Page 2	Gross and Net of Proportional Experience – Including the Impact of the Harmonized Sales Tax
Exhibit VI		Aggregate and Net of Aggregate Experience
Exhibit VII		Net Experience
Exhibit VIII		Gross and Net Loss and Loss Adjustment Expense Ratio
Exhibit IX		Investment Portfolio Valuation & Selection of Discount Rate
Exhibit X		Provision for Adverse Deviation – Claims Liabilities
Exhibit XI	Page 1	Premium Liabilities
Exhibit XI	Page 2	Provision for Adverse Deviation – Gross Liabilities in Connection with Unearned Premium
Exhibit XI	Page 3	Provision for Adverse Deviation – Net Liabilities in Connection with Unearned Premium
Exhibit XII		Premium Liability
Exhibit XIII		Summary of Net Undiscounted and Net Discounted Claims Liabilities
Exhibit XIV		Summary of Net Outstanding Liabilities and Provision for Adverse Deviation by Year
Exhibit XV		Comparison of Net Actual Experience with Net Expected Experience from the December 31, 2004, December 31, 2005, December 31, 2006, December 31, 2007, December 31, 2008 and December 31, 2009 Valuations
Exhibit XVI		Unpaid Claims and Loss Ratio Analysis Exhibit

PART 6 - DATA RELIABILITY AND CONSISTENCY

DATA

I have relied on the following data provided by CLLAS as at December 31, 2009:

- Individual claims transaction data.
- Reinsurance ceded to all the reinsurers.
- Written premiums.
- Number of lawyers insured.
- Draft financial statements.

RELIANCE AND VERIFICATION

I have relied on those data in the preparation of this report. I have not audited such data except to observe its consistency with prior years and to perform those checks necessary to satisfy myself that the information provides a reliable and sufficient basis for estimating the ultimate policy liabilities.

I have performed a reconciliation of the claims and premium data used in this valuation with the CLLAS' records and am satisfied that no material data was omitted. The details of my reconciliation can be found in Part 5 of this report.

I have relied on the external auditor of CLLAS, Deloitte & Touche, to verify the accuracy of CLLAS' records. I have received assurance from the external auditor that CLLAS' data is complete.

Policy liabilities are estimates. Future emergence of loss and loss adjustment expenses may differ from our estimates. In estimating these liabilities, I have used procedures and assumptions that I believe are reasonable and appropriate, given the data available.

SCHEDULE 1—CLLAS REINSURANCE ARRANGEMENTS

Proportional Basis

<u>Fiscal Period</u>	<u>Layer (in million \$)</u>	<u>Retained Portion</u>	<u>Portion Reinsured with:</u>	
			<u>Registered Companies</u>	<u>Unregistered Companies</u>
7/1987 - 6/1988	\$4.4 xs \$0.6	50.00%	0.00%	50.00%
	\$5.0 xs \$5.0	8.00%	78.16%	13.84%
	\$15.0 xs \$10.0	16.00%	53.50%	30.50%
7/1988 - 6/1989	\$4.0 xs \$1.0	50.00%	0.00%	50.00%
	\$5.0 xs \$5.0	8.00%	74.90%	17.10%
	\$15.0 xs \$10.0	17.33%	54.38%	28.29%
7/1989 - 3/1990	\$4.0 xs \$1.0	50.00%	0.00%	50.00%
	\$5.0 xs \$5.0	8.00%	75.87%	16.13%
	\$15.0 xs \$10.0	17.33%	62.51%	20.16%
4/1990 - 6/1990	\$4.0 xs \$1.0	50.00%	27.50%	22.50%
	\$5.0 xs \$5.0	8.00%	75.87%	16.13%
	\$15.0 xs \$10.0	17.33%	68.13%	14.54%
7/1990 - 6/1991	\$4.0 xs \$1.0	50.00%	50.00%	0.00%
	\$5.0 xs \$5.0	8.00%	81.10%	10.90%
	\$15.0 xs \$10.0	17.33%	74.49%	8.18%
	\$25.0 xs \$50.0	0.00%	79.55%	20.45%
7/1991 - 6/1992	\$4.0 xs \$1.0	50.00%	50.00%	0.00%
	\$7.5 xs \$5.0	20.00%	71.50%	8.50%
	\$12.5 xs \$12.5	18.00%	72.52%	9.48%
	\$10.0 xs \$25.0	12.50%	87.50%	0.00%
	\$25.0 xs \$50.0	0.00%	79.75%	20.25%
7/1992 - 6/1993	\$4.0 xs \$1.0	50.00%	50.00%	0.00%
	\$7.5 xs \$5.0	20.00%	71.60%	8.40%
	\$12.5 xs \$12.5	18.00%	75.34%	6.66%
	\$10.0 xs \$25.0	12.50%	87.50%	0.00%
	\$25.0 xs \$50.0	0.00%	89.81%	10.19%

Proportional Basis *cont'd*

<u>Fiscal Period</u>	<u>Layer (in million \$)</u>	<u>Retained Portion</u>	<u>Portion Reinsured with:</u>	
			<u>Registered Companies</u>	<u>Unregistered Companies</u>
7/1993 - 6/1994	\$4.0 xs \$1.0	50.00%	50.00%	0.00%
	\$7.5 xs \$5.0	20.00%	73.62%	6.38%
	\$12.5 xs \$12.5	18.00%	75.44%	6.56%
	\$10.0 xs \$25.0	12.50%	87.50%	0.00%
	\$25.0 xs \$50.0	0.00%	86.41%	13.59%
7/1994 - 6/1995	\$4.0 xs \$1.0	50.00%	44.58%	5.42%
	\$7.5 xs \$5.0	20.00%	74.93%	5.07%
	\$12.5 xs \$12.5	18.00%	76.30%	5.70%
	\$10.0 xs \$25.0	12.50%	87.50%	0.00%
	\$25.0 xs \$50.0	0.00%	85.48%	14.52%
7/1995 - 6/1996	\$0.75 xs \$0.25	100.00%	0.00%	0.00%
	\$4.0 xs \$1.0	50.00%	42.35%	7.65%
	\$7.5 xs \$5.0	20.00%	75.21%	4.79%
	\$12.5 xs \$12.5	18.00%	77.41%	4.59%
	\$10.0 xs \$25.0	12.50%	81.80%	5.70%
	\$25.0 xs \$50.0	0.00%	88.12%	11.88%
7/1996 - 6/1997	\$0.75 xs \$0.25	100.00%	0.00%	0.00%
	\$4.0 xs \$1.0	50.00%	42.94%	7.06%
	\$7.5 xs \$5.0	20.00%	75.22%	4.78%
	\$12.5 xs \$12.5	18.00%	77.97%	4.03%
	\$10.0 xs \$25.0	12.50%	81.80%	5.70%
	\$25.0 xs \$50.0	0.00%	87.74%	12.26%
7/1997 - 6/1998	\$0.75 xs \$0.25	100.00%	0.00%	0.00%
	\$4.0 xs \$1.0	50.00%	42.94%	7.06%
	\$7.5 xs \$5.0	20.00%	74.34%	5.66%
	\$12.5 xs \$12.5	18.00%	77.97%	4.03%
	\$10.0 xs \$25.0	12.50%	79.03%	8.47%
	\$25.0 xs \$50.0	0.00%	87.17%	12.83%
	\$15.0 xs \$120.0	0.00%	89.02%	10.98%

Proportional Basis *cont'd*

<u>Fiscal Period</u>	<u>Layer (in million \$)</u>	<u>Retained Portion</u>	<u>Portion Reinsured with:</u>	
			<u>Registered Companies</u>	<u>Unregistered Companies</u>
7/1998 - 6/1999	\$0.75 xs \$0.25	100.00%	0.00%	0.00%
	\$4 xs \$1.0	50.00%	42.63%	7.37%
	\$7.5 xs \$5.0	20.00%	74.04%	5.96%
	\$12.5 xs \$12.5	18.00%	77.93%	4.07%
	\$10 xs \$25	12.50%	79.03%	8.47%
	\$30 xs \$50	0.00%	87.17%	12.83%
	\$20 xs \$130	0.00%	89.02%	10.98%
7/1999 - 6/2000	\$0.75 xs \$0.25	100.00%	0.00%	0.00%
	\$4 xs \$1.0	50.00%	46.80%	3.20%
	\$7.5 xs \$5.0	20.00%	75.98%	4.02%
	\$12.5 xs \$12.5	18.00%	77.61%	4.39%
	\$10 xs \$25	12.50%	79.12%	8.38%
	\$30 xs \$50	0.00%	86.00%	14.00%
	\$20 xs \$130	0.00%	88.16%	11.84%
7/2000 - 6/2001	\$0.75 xs \$0.25	100.00%	0.00%	0.00%
	\$4 xs \$1.0	50.00%	46.80%	3.20%
	\$7.5 xs \$5.0	20.00%	75.98%	4.02%
	\$12.5 xs \$12.5	18.00%	77.61%	4.39%
	\$10 xs \$25	12.50%	79.12%	8.38%
	\$30 xs \$50	0.00%	86.00%	14.00%
	\$20 xs \$140	0.00%	88.16%	11.84%
7/2001 - 6/2002	\$0.75 xs \$0.25	100.00%	0.00%	0.00%
	\$4 xs \$1.0	50.00%	46.80%	3.20%
	\$7.5 xs \$5.0	20.00%	80.00%	0.00%
	\$12.5 xs \$12.5	18.00%	78.97%	3.03%
	\$10 xs \$25	12.50%	79.12%	8.38%
	\$30 xs \$50	0.00%	86.00%	14.00%
	\$20 xs \$140	0.00%	88.16%	11.84%
7/2002 - 6/2003	\$0.75 xs \$0.25	100.00%	0.00%	0.00%
	\$4 xs \$1.0	100.00%	0.00%	0.00%
	\$7.5 xs \$5.0	20.00%	80.00%	0.00%
	\$12.5 xs \$12.5	18.00%	82.00%	0.00%
	\$10 xs \$25	12.50%	63.42%	24.08%
	\$30 xs \$50	0.00%	76.46%	23.54%
	\$20 xs \$140	0.00%	18.23%	81.77%

Proportional Basis *cont'd*

<u>Fiscal Period</u>	<u>Layer (in million \$)</u>	<u>Retained Portion</u>	<u>Portion Reinsured with:</u>	
			<u>Registered Companies</u>	<u>Unregistered Companies</u>
7/2003 - 6/2004	\$0.75 xs \$0.25	100.00%	0.00%	0.00%
	\$4 xs \$1.0	100.00%	0.00%	0.00%
	\$7.5 xs \$5.0	20.00%	80.00%	0.00%
	\$12.5 xs \$12.5	18.00%	82.00%	0.00%
	\$10 xs \$25	12.50%	57.50%	30.00%
	\$30 xs \$50	0.00%	73.85%	26.15%
	\$20 xs \$140	0.00%	9.66%	90.34%
7/2004 - 6/2005	\$0.75 xs \$0.25	100.00%	0.00%	0.00%
	\$4 xs \$1.0	100.00%	0.00%	0.00%
	\$7.5 xs \$5.0	20.00%	75.00%	5.00%
	\$12.5 xs \$12.5	18.00%	82.00%	0.00%
	\$10 xs \$25	12.50%	63.05%	24.45%
	\$30 xs \$50	0.00%	74.86%	25.14%
	\$20 xs \$140	0.00%	9.66%	90.34%
7/2005 - 6/2006	\$0.75 xs \$0.25	100.00%	0.00%	0.00%
	\$4 xs \$1.0	100.00%	0.00%	0.00%
	\$7.5 xs \$5.0	20.00%	75.00%	5.00%
	\$12.5 xs \$12.5	18.00%	80.00%	2.00%
	\$10 xs \$25	12.50%	87.50%	0.00%
	\$30 xs \$50	0.00%	100.00%	0.00%
	\$20 xs \$140	0.00%	36.00%	64.00%
7/2006 - 6/2007	\$0.75 xs \$0.25	100.00%	0.00%	0.00%
	\$4 xs \$1.0	100.00%	0.00%	0.00%
	\$7.5 xs \$5.0	20.00%	75.00%	5.00%
	\$12.5 xs \$12.5	18.00%	77.00%	5.00%
	\$10 xs \$25	12.50%	87.50%	0.00%
	\$30 xs \$50	0.00%	100.00%	0.00%
	\$20 xs \$140	0.00%	36.00%	64.00%
7/2007 - 6/2008	\$0.75 xs \$0.25	100.00%	0.00%	0.00%
	\$4 xs \$1.0	100.00%	0.00%	0.00%
	\$7.5 xs \$5.0	30.00%	65.00%	5.00%
	\$12.5 xs \$12.5	18.00%	77.00%	5.00%
	\$10 xs \$25	12.50%	87.50%	0.00%
	\$30 xs \$50	0.00%	100.00%	0.00%
	\$20 xs \$140	0.00%	36.00%	64.00%
	\$20 xs \$160	0.00%	100.00%	0.00%

Proportional Basis *cont'd*

<u>Fiscal Period</u>	<u>Layer (in million \$)</u>	<u>Retained Portion</u>	<u>Portion Reinsured with:</u>	
			<u>Registered Companies</u>	<u>Unregistered Companies</u>
7/2008 - 6/2009	\$0.75 xs \$0.025	100.00%	0.00%	0.00%
	\$4 xs \$1.0	100.00%	0.00%	0.00%
	\$7.5 xs \$5.0	35.00%	60.00%	5.00%
	\$12.5 xs \$12.5	24.00%	71.00%	5.00%
	\$10 xs \$25	12.50%	87.50%	0.00%
	\$30 xs \$50	0.00%	100.00%	0.00%
	\$20 xs \$140	0.00%	36.00%	64.00%
	\$30 xs \$160	0.00%	100.00%	0.00%
7/2009 - 6/2010	\$0.75 xs \$0.025	100.00%	0.00%	0.00%
	\$4 xs \$1.0	100.00%	0.00%	0.00%
	\$7.5 xs \$5.0	45.00%	52.00%	3.00%
	\$12.5 xs \$12.5	28.00%	68.00%	4.00%
	\$10 xs \$25	15.00%	85.00%	0.00%
	\$30 xs \$50	0.00%	100.00%	0.00%
	\$20 xs \$140	0.00%	36.00%	64.00%
	\$30 xs \$160	0.00%	100.00%	0.00%

Aggregate Basis Ceded to Unregistered Company

- | | |
|-----------------|---|
| 7/1989 - 6/1990 | a) Aggregate of \$750,000 of CLLAS retention after reflection of proportional reinsurance, and
b) \$4,250,000 excess \$15,000,000 of CLLAS retention after reflection of proportional reinsurance. |
| 7/1990 - 6/1991 | a) Aggregate of \$900,000 of CLLAS retention after reflection of proportional reinsurance, and
b) \$4,250,000 excess of \$15,000,000 of CLLAS retention after reflection of proportional reinsurance. |
| 7/1991 - 6/1992 | a) Aggregate of \$1,000,000 of CLLAS retention after reflection of proportional reinsurance, and
b) \$25,000,000 excess of \$12,000,000 of CLLAS retention after reflection of proportional reinsurance. |
| 7/1992 - 6/1993 | a) Aggregate of \$1,000,000 of CLLAS retention after reflection of proportional reinsurance, and
b) \$25,000,000 excess of \$12,000,000 of CLLAS retention after reflection of proportional reinsurance. |
| 7/1993 - 6/1994 | a) Aggregate of \$2,750,000 excess of \$250,000 of CLLAS retention after reflection of proportional reinsurance, and
b) \$14,000,000 excess of \$14,000,000 of CLLAS retention after reflection of proportional reinsurance. |
| 7/1994 - 6/1995 | a) Aggregate of \$2,750,000 excess of \$250,000 of CLLAS retention after reflection of proportional reinsurance, and
b) \$14,000,000 excess of \$14,000,000 of CLLAS retention after reflection of proportional reinsurance. |
| 7/1995 - 6/1996 | a) Aggregate of \$4,700,000 excess of \$3,300,000 of CLLAS retention after reflection of proportional reinsurance, and
b) \$14,000,000 excess of \$14,000,000 of CLLAS retention after reflection of proportional reinsurance. |
| 7/1996 - 6/1997 | a) Aggregate of \$4,700,000 excess of \$3,300,000 of CLLAS retention after reflection of proportional reinsurance, and
b) \$14,000,000 excess of \$14,000,000 of CLLAS retention after reflection of proportional reinsurance. |

Aggregate Basis Ceded to Unregistered Company *cont'd*

7/1998 - 6/1999	a) Aggregate of \$4,700,000 excess of \$3,300,000 of CLLAS retention after reflection of proportional reinsurance, and b) \$14,000,000 excess of \$14,000,000 of CLLAS retention after reflection of proportional reinsurance.
7/1999 – 6/2000	a) Aggregate of \$4,700,000 excess of \$3,300,000 of CLLAS retention after reflection of proportional reinsurance, and b) \$14,000,000 excess of \$14,000,000 of CLLAS retention after reflection of proportional reinsurance
7/2000 – 6/2001	a) Aggregate of \$4,700,000 excess of \$3,300,000 of CLLAS retention after reflection of proportional reinsurance, and b) \$14,000,000 excess of \$14,000,000 of CLLAS retention after reflection of proportional reinsurance
7/2001 – 6/2002	a) Aggregate of \$4,700,000 excess of \$3,300,000 of CLLAS retention after reflection of proportional reinsurance, and b) \$14,000,000 excess of \$14,000,000 of CLLAS retention after reflection of proportional reinsurance
7/2002 – 6/2003	a) Aggregate of \$7,500,000 excess of \$5,500,000 of CLLAS retention after reflection of proportional reinsurance, and b) \$20,000,000 excess of \$20,000,000 of CLLAS retention after reflection of proportional reinsurance
7/2003 – 6/2004	a) Aggregate of \$7,500,000 excess of \$5,500,000 of CLLAS retention after reflection of proportional reinsurance, and b) \$20,000,000 excess of \$20,000,000 of CLLAS retention after reflection of proportional reinsurance
7/2004 – 6/2005	a) Aggregate of \$7,500,000 excess of \$5,500,000 of CLLAS retention after reflection of proportional reinsurance, and b) \$20,000,000 excess of \$20,000,000 of CLLAS retention after reflection of proportional reinsurance
7/2005 – 6/2006	a) Aggregate of \$9,500,000 excess of \$5,500,000 of CLLAS retention after reflection of proportional reinsurance, and b) \$20,000,000 excess of \$20,000,000 of CLLAS retention after reflection of proportional reinsurance
7/2006 – 6/2007	a) Aggregate of \$5,000,000 excess of \$15,000,000 of CLLAS retention after reflection of proportional reinsurance, and b) \$20,000,000 excess of \$20,000,000 of CLLAS retention after reflection of proportional reinsurance
7/2007 – 6/2008	a) Aggregate of \$5,000,000 excess of \$15,000,000 of CLLAS retention after reflection of proportional reinsurance, and b) \$20,000,000 excess of \$20,000,000 of CLLAS retention after reflection of proportional reinsurance

Aggregate Basis Ceded to Unregistered Company *cont'd*

- | | |
|-----------------|---|
| 7/2008 – 6/2009 | <ul style="list-style-type: none">a) Aggregate of \$5,000,000 excess of \$15,000,000 of CLLAS retention after reflection of proportional reinsurance, andb) \$20,000,000 excess of \$20,000,000 of CLLAS retention after reflection of proportional reinsurance |
| 7/2009 – 6/2010 | <ul style="list-style-type: none">a) Aggregate of \$10,000,000 excess of \$15,000,000 of CLLAS retention after reflection of proportional reinsurance, andb) \$15,000,000 excess of \$25,000,000 of CLLAS retention after reflection of proportional reinsurance |

February 16, 2010

Private & Confidential

Mr. Nicholas Leblovic
Davies, Ward, Philips & Vineberg LLP
44TH Floor
1 First Canadian Place
Toronto, Ontario
M5X 1B1

Dear Nick,

The purpose of this letter is to set out the proposed operating budget for CLLAS for 2010, together with the proposed budget for the provision of Management and Professional Services to CLLAS for 2010.

Dion Durrell has recently restructured our operating entities so that our professional services (other than actuarial services) are now provided under the name Dion Durrell Risk Financing Services ("DDRFS"). You will see this reflected in our letterhead. DDRFS is a division of 3303128 Canada Inc. which is a wholly owned subsidiary of Dion Durrell + Associates and is licenced as an insurance brokerage. This is a structural change intended to ensure that all of the diverse services we perform on behalf of clients meet regulatory requirements. It does not affect the ownership of the firm or the personnel providing the services. For the sake of good order, we would ask that the Board appoint Dion Durrell Risk Financing Services (DDRFS) as General Manager of CLLAS in place of Dion Durrell + Associates. This change does not affect the appointment of CLLAS' actuary.

TOTAL OPERATING BUDGET FOR 2010

The draft total operating budget for 2010 is presented in Attachment A to this letter, together with the budget and actual figures for 2009. A discussion of the "Other Expense" lines is immediately below. One overriding factor to bear in mind for the 2010 budget is the anticipated impact of the implementation of the HST in Ontario effective July 1, 2010. For the purposes of the budget, it is assumed that CLLAS will incur G/HST at a rate of 9% for the calendar year (i.e. GST of 5% for the first six months and HST of 13% for the last six months).

Of particular note on the "Other Expenses" lines are the following:

- Premium taxes are budgeted to be lower in 2010 than in prior years as they track CLLAS premiums, which have reduced. The budget for premium taxes in 2009 was exceeded

due to a write-down of \$72,000 of deferred policy acquisition expenses caused by the decreasing CLLAS premium.

- The Special Services line finished the year well over budget. This line is intended to track the costs of external counsel retained by CLLAS, e.g. coverage counsel on specific claims and counsel engaged to provide CLLAS advice on strategic issues. In 2009, virtually all the costs incurred on this line related to the on-going reinsurance arbitration (i.e. counsel fees, arbitrators fees, transcript services, witness travel costs, etc.). The arbitration continues into 2010, with four days of hearings conducted in January, five scheduled for February and two more set for April. The budget for 2010 provides an estimate for this activity plus a higher than usual level of coverage activity on other files.
- Miller fees for the 09/10 policy year were agreed at \$273,000. We have included a budget for 2010/11 based on an inflationary adjustment only although the fees have not been finalized as yet. It might be expected that Miller will seek an adjustment to provide for an anticipated increase in interaction with reinsurers on specific claim matters.
- The budgets for investment counsel fees and custodial fees have been adjusted to reflect our best estimate of these fees, which are driven by the size of the portfolio under management.
- The Risk Management/Loss Prevention line finished the year over budget, but this is attributable in part to the Blue Drop initiative. The Board approved a budget of \$40,000 for this project at the September meeting and the budget line was not changed to reflect this. About \$16,000 of the cost of this project was incurred in 2009. The balance will form part of the budget for 2010. Three risk management audits were invoiced in 2009 with the final three audits of the first round scheduled for 2010.

As noted above, various budget line items have been adjusted slightly to reflect the implementation of HST effective July 1, 2010.

PROFESSIONAL AND MANAGEMENT SERVICES OVERVIEW OF 2009

1. Management Services

Management Services are provided on a fixed fee basis, with the exception of Claims Analysis, which is a variable line item related to management of CLLAS' active large loss files. Management Services finished the year \$18,218 over its budget of \$414,000, with the details by line presented on the following page.

Activity	2009	2009	Variance
	Budget	Actual	
Financial	\$115,000	\$115,000	\$ 0
General Admin.	\$ 55,000	\$ 55,000	\$ 0
Claims Admin.	\$190,000	\$190,000	\$ 0
Claims Analysis*	\$ 54,000	\$ 72,218	\$18,218
Total	\$414,000	\$432,218	\$18,218

* Variable

The overage was due to increased claims management activity on a relatively limited number of complicated claims in the year. Given the nature of the currently active claims, it is likely that we will continue to see an increasing level of activity on this line in the foreseeable future. A heightened level of activity has also been experienced on the "claims administration" line which tracks the "routine and recurring" claims management work.

Activity on the other fixed fee lines was generally higher than has been the case historically, with the more notable subject areas being IFRS/accounting standards on the financial side and policy work on the "general administration" line.

See Attachment B to this letter for a brief summary of the activity associated with each of the above line items.

2. Professional Services

On an aggregate basis, fees for Professional Services finished the year over budget due to activity on two lines, Reinsurance and Non-recurring, as discussed more specifically below. Details by line are as follows:

	2009	2009	Variance
	Budget	Actual	
Actuarial	\$ 96,000	\$ 92,538	\$ 3,462
Reinsurance	\$270,000	\$381,399	-\$111,399
Strategic	\$ 90,000	\$ 91,214	-\$ 1,214
Subtotal	\$456,000	\$565,151	-\$109,151
Non-recurring	\$ 40,000	\$ 64,796	-\$ 24,796
Total	\$496,000	\$629,947	-\$133,947

- (a) **Actuarial Services.** Actuarial Services finished the year slightly under budget, as activity in the year fell within expectations.

- (b) **Reinsurance Services.** Activity on the reinsurance was well in excess of the budget for the year. This overage is attributable to specific issues that were managed, that is activity beyond the normal reinsurance renewal and relationship management activity. Most notably, significant energy was devoted to the reinsurance security initiative (leading to an enhanced due diligence process and the report presented at the September Board meeting) the reinsurance arbitration (where considerable time was spend working with counsel, engaging in examinations for discovery, responding to undertakings, and giving evidence) and analyzing and addressing the "Part XIII" issue, i.e. OSFI's changing interpretation of the approach to establishing whether a reinsurer is doing business in Canada.
- (c) **Strategic Services.** The Strategic Services line ended the year slightly over budget. This is historically the least predictable line for CLLAS and fees are typically somewhat over or under the budgeted amount. Activity tracked to this line in FY09 included:
- Website design and implementation and continued development
 - On-going review and summary of firms' general liability policies
 - Restructuring considerations
 - IFRS planning, including regulatory filings
 - McMillan merger work with Alberta firm
 - Surplus policy review
- (d) **Special Non-recurring.** This line was used in 2009 to track the activity related to the building and testing of the financial model of CLLAS (one of the key recommendations of the Towers Perrin peer review), together with the analysis and presentation of results at the June Board meeting. The model was used in the surplus policy review conducted in the second half of 2009 and will continue to be updated and used in the rating and reinsurance planning process in future years.

PROPOSED BUDGET FOR 2010

The proposed budget for 2010 for Management Services and Professional Services is presented in Attachment A, together with 2009 figures for ease of comparison. Further details relating to the two components follow.

1. Management Services

For 2010, we are proposing an increase to \$457,500 from \$414,000. This increase (\$43,500, or 10.5%) is in part the result of wage inflation but more particularly the result of increased activity on a number of lines as noted in the prior section.

Demands on the financial reporting line continue to increase due to changes in accounting standards, including IFRS. These changes result not only in increased activity but also the requirement for more senior level oversight in this area including the prepared of an annual business plan filing and oversight of regulatory audits (e.g. provincial retail sales tax branch).

We are proposing to adjust the General Administration line to reflect the on-going activity associated with maintaining and up-dating the CLLAS website.

Demands on the claims administration reporting line continue to increase, driven by the increasing complexity of claims and the need to manage carefully insureds, other insurers and reinsurers. In order to meet these needs (for CLLAS and others), we have recently hired an additional resource in this area, Paul Konikoff, a lawyer with experience in managing claims with insurance companies and managing general agents. Over time, Paul will be assuming an increasing role in the day-to-day oversight of claims, allowing Lester Lee and me to focus on the more difficult claim situations. This should enable us to meet increasing demands in a cost effective manner, but the anticipated level of activity leads to the proposed 10% increase on this line.

We have also proposed an increase to the budget for Claims Analysis, which is the line that is adjusted on a quarterly basis to reflect the level of claims activity on large files. As noted above, this claims management work is expected to continue at a similar intensive pace to that of the recent past years.

Details by line are presented below:

Activity	2009	2010	Change
	Budget	Budget	
Financial	\$ 115,000	\$125,000	\$ 10,000
General Admin.	\$ 55,000	\$ 62,500	\$ 7,500
Claims Admin.	\$190,000	\$210,000	\$ 20,000
Claims Analysis*	\$ 54,000	\$ 60,000	\$ 6,000
Total	\$414,000	\$457,500	\$ 43,500
* Variable			

We are proposing no change to the fixed fee structure, i.e. the services will be provided on a fixed fee basis, with the exception of the variable line for Claims Analysis.

2. Professional Services

The proposed budget for Professional Services is as set out below, with an overall increase of \$4,000 proposed over FY09's budget. Details by line are as follows:

	2009 Budget	2009 Actual	2010 Proposed
Actuarial	\$ 96,000	\$ 92,538	\$100,000
Reinsurance	\$270,000	\$381,399	\$300,000
Strategic	\$ 90,000	\$ 91,214	\$100,000
Subtotal	\$456,000	\$565,151	\$500,000
Non-recurring	\$ 40,000	\$ 64,796	\$ 0
Total	\$496,000	\$629,947	\$500,000

The overall result of the proposed changes is a small increase over last year's budget. We are proposing an increase to each of the recurring lines, so the small overall increase is due to the elimination of the budget for the "one-time" activity associated with building the surplus model. Last year was a very busy year for CLLAS, particularly on the reinsurance line, and while we do not expect the same level of activity on that line, we do expect 2010 to be active and we are proposing to budget accordingly. The slight upwards adjustment on the actuarial line reflects the annual work on the surplus modeling as it becomes integrated into the normal workflow. The foregoing are budget estimates only and to the extent that the level of activity on a particular line proves to be less than anticipated, the budget will of course not be fully expended.

We look forward to discussing this proposed budget with you and the CLLAS Advisory Board at the upcoming meeting. Please do not hesitate to call us to discuss this matter in the meantime.

Yours truly,



Patrick Mahoney

PMM/nji

i:\insadmin\internal\cllasbudget\FY10\leblovic10

CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY (CLLAS)
OPERATING BUDGET - EXPENSES
January 1, 2010 - December 31, 2010

Attachment A
DRAFT

	FY 09 Budget	FY 09 Actual	Fav/ (Unfav) Variance	Proposed FY 2010 Budget	% Change from FY09Bdgt
MANAGEMENT SERVICES					
Financial	115,000	115,000	0	125,000	8.70%
General Administration	55,000	55,000	0	62,500	13.64%
Claims Administration	190,000	190,000	0	210,000	10.53%
Claims Analysis	54,000	72,218	(18,218)	60,000	11.11%
Sub-Total Management Services	414,000	432,218	(18,218)	457,500	10.51%
PROFESSIONAL SERVICES					
Actuarial Services	96,000	92,538	3,462	100,000	4.17%
Reinsurance Matters	270,000	381,399	(111,399)	300,000	11.11%
Strategic Matters	90,000	91,214	(1,214)	100,000	11.11%
Special Non-recurring	40,000	64,796	(24,796)	0	-100.00%
Sub-Total Professional Services	496,000	629,947	(133,947)	500,000	0.81%
Total Management & Professional Services	910,000	1,062,165	(152,165)	957,500	5.22%
G/HST on Consulting Fees	45,500	53,108	(7,608)	86,175	89.40%
Total Consulting Services	955,500	1,115,273	(159,773)	1,043,675	9.23%
OTHER EXPENSES					
Audit Expenses	64,000	64,208	(208)	64,000	0.00%
Annual Dinner	5,000	4,244	756	5,000	0.00%
Premium Taxes	729,543	792,662	(63,119)	638,000	-12.55%
Chairman's Expenses	2,000	0	2,000	2,000	0.00%
Chairman's Honourium	60,000	60,000	0	60,000	0.00%
Reinsurance Expense	10,000	4,927	5,073	10,000	0.00%
Office Expenses	15,000	17,204	(2,204)	17,500	16.67%
Office Expenses - Website mgt software	1,800	1,800	0	1,800	0.00%
Claims: Borderaux (LPIC/LSBC)	13,850	14,100	(250)	14,500	4.69%
Special Services	100,000	407,886	(307,886)	275,000	175.00%
Miller Insurance Fees (Reins. Comm.)	273,000	273,000	0	273,000	0.00%
I.B.C Statistical Plan Fees	15,000	11,578	3,422	15,000	0.00%
FSCO Assessment Fees	15,000	10,665	4,335	15,000	0.00%
Investment counsel fees	108,675	122,252	(13,577)	124,000	14.10%
Investment - Custodial	30,000	33,681	(3,681)	35,000	16.67%
Risk Management/Loss Prevention	80,000	119,903	(39,903)	100,000	25.00%
Sub-total	1,522,868	1,938,109	(415,241)	1,649,800	8.34%
TOTAL	\$2,478,368	\$3,053,382	(\$575,014)	\$2,693,475	8.68%

CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY

Management Services - Overview of Activity by Budget Line

Presented below is a brief summary of the activity associated with each of the Management Services budget lines, as well as a discussion of the guidelines for determining whether a claim falls within the "Claims Analysis" line, which operates on a fee for service basis.

1. Financial Reporting

The financial reporting area involves all financial functions including:

- compliance with regulatory/reporting requirements (including IBC reporting, P&C1 filings)
- preparation of financial statements (quarterly and annual)
- facilitating FSCO audit and managing relationship with FSCO Examiner
- managing year-end audit (Deloitte) and liaising with auditors
- interaction with the Audit Committee
- maintenance of cashbooks
- bank statement reconciliations
- accounts payable/receivable
- cheque preparation and deposit
- premium collection/remittance
- claims reimbursements from reinsurers
- liaison with investment manager
- budget variance analysis
- subscribers accounts

2. General Administration

The "general administration" line covers work relating to:

- preparation for/attendance at Advisory Board meetings
- preparation for/attendance at standing committee meetings (e.g. policy, risk management - all meetings other than claims and audit)
- renewal applications
- premium invoices
- policy preparation and issuance
- policy inquiries
- miscellaneous inquiries from Subscribers
- general administrative matters

3. Claims Administration

The claims administration line covers all claims activity except for senior consultant time spent on the few claims that meet the criteria set out in Section 4 below. It includes:

- maintenance of claims database
- maintenance of physical files
- initial file review
- acknowledgment and follow-up letters
- correspondence with insured firms
- interaction with underlying insurers (e.g. bordereaux updates)
- preparation for/attendance at Claims Committee meetings
- interaction with Claims Committee members
- liaison with reinsurers on claims (preparation of large loss reports, answering specific inquiries, managing reinsurer audits)
- preparation of claims activity schedule for Advisory Board meeting
- attendance at LawPRO to review files
- co-ordination of instructions to counsel

4. Claims Analysis

Pursuant to the agreement between CLLAS and Dion Durrell, routine and recurring claims management/analysis work is provided by Dion Durrell for a fixed fee to be agreed upon by the parties. Certain files require significant additional claims management work by Dion Durrell on a claim by claim basis. Work on these claims will be accounted for as a separate budget line item.

The following guidelines dictate when a claim will move from the fixed fee to the variable fee category.

1. The underlying insurer (e.g. LawPRO, LSBC) has tendered the defence of the matter to CLLAS;
2. Settlement involving a potential contribution from CLLAS is being actively pursued; or
3. The Claims Committee agrees that (due to, for example, the potential of the claim) the Office of the General Manager has become very active in the management of the claim.

CANADIAN LAWYERS' LIABILITY ASSURANCE SOCIETY

BUSINESS PLAN PROJECTED FOR CALENDAR YEAR 2010

Draft – February 18, 2010

INTRODUCTION

This report summarizes the methodology and assumptions underlying the business plan for the Canadian Lawyers Liability Assurance Society (“CLLAS”) for calendar year 2010, a copy of which is to be submitted to the Financial Services Commission of Ontario (“FSCO”), the regulatory authority responsible for the supervision of CLLAS under the Ontario Insurance Act.

The report and the plan was prepared by Dion Durrell + Associates Inc. (“DDA”), a non-affiliated company of CLLAS providing actuarial and general management services to CLLAS under a general management service level agreement in effect since 1995.

CLLAS was formed on December 22nd, 1986 under the Reciprocal Insurance Exchange Agreement for Select Canadian Law Firms (the “Subscription Agreement”). CLLAS is licensed by FSCO to provide professional liability insurance to its subscribers and started its insurance underwriting operations in June 1987.

In the fiscal year ending December 31st, 2009, CLLAS underwrote 43 insurance policies issued to 13 Canadian law firms providing a combined maximum limit of liability insurance per occurrence of \$114.975M to cover the cost of damages that an insured is legally obligated to pay as a result of single or related act, error, omission or negligent act in the performance of or failure to perform professional services by the insured or by any person for whose acts, errors, or omissions the insured is legally responsible.

The insurance provided by CLLAS to each of the firms is provided on a claims made basis meaning that a claim first made during the policy period is covered provided that the act, error or omission resulting in a claim happened during the policy period or prior to the policy period (as long as the insured had not given notice to any prior insurer or under any prior insurance, had no prior insurance for the liability arising from such claim and had no reasonable expectation that such act, error or omission was a breach of professional duty or might be the basis for a claim).

The maximum limit provided by CLLAS on a per claim basis is provided as follows:

- A \$5M limit inclusive of a minimum \$25,000 retention over the basic liability coverage available to each practicing lawyer of the firm under the basic professional liability coverage provided by the law society governing the professional activities of such lawyer;
- A \$30M limit in excess of the first \$5M of excess coverage provided by CLLAS;
- A \$20M limit in excess of \$140M of professional liability limit purchased by any firm;
- A limit of \$30M limit in excess of \$160M of professional liability limit purchased by any firm; and
- A \$30M umbrella limit provided on the overall exposure of all subscribers.

To provide such limit to any insured, CLLAS purchases reinsurance coverage from registered and unregistered insurance companies to reduce its net maximum loss exposure for any one loss occurrence to \$13.35M. In addition, for its treaty underwriting year from July 1st, 2009 to June 30th, 2010 CLLAS also purchased an annual stop-loss coverage that provides \$10M of coverage in excess of \$15M and \$15M in excess of \$25M. Annual stop-loss coverage limiting CLLAS' overall annual net retained losses in any one treaty year was also purchased in prior treaty years.

The reinsurance purchased for the maximum occurrence limit provided by CLLAS is purchased on a proportional basis with the following net exposure retained by CLLAS:

Table 1.0
CLLAS exposure by layer

Coverage limit issued by CLLAS	Reinsurance purchased	Net retained % exposure by CLLAS	Net retained CLLAS exposure
\$5M xs underlying coverage	None	100.0%	\$4.975M
\$30M xs \$5M and underlying	\$7.5 xs \$5M	45.0%	\$3.375M
	\$12.5M xs \$12.5M	28.0%	\$3.500M
	\$10M xs \$25M	15.0%	\$1.500M
\$20M xs \$140M	\$20M	0.0%	\$0.000M
\$10M/\$20M/\$30M xs \$160M	\$20M	0.0%	\$0.000M
\$30M xs Umbrella	\$30M	0.0%	\$0.000M
Total			\$13.35M

In 2009, CLLAS generated written premium volumes of \$23.7M and \$9.9M on gross and net bases respectively, with \$13.8M ceded to proportional and aggregate stop loss reinsurers. In 2009 CLLAS had a net operating profit of \$0.4M and closed the year with net subscribers' equity of \$21.6M inclusive of accumulated other comprehensive income (loss). From a balance sheet standpoint, its main liability is for unpaid claims where it has estimated a net provision of \$38.2M at December 31st, 2009. At December 31st, 2009 it held \$55.7M in cash and invested assets, which are held in fixed income securities.

Any questions regarding this report should be addressed to Mr. Patrick M. Mahoney, General Manager for CLLAS at the following address and phone number:

Mr. Patrick M. Mahoney
General Manager
Canadian Lawyers Liability Assurance Society
250 Yonge Street
Suite 2900
Toronto, ON M5V 2L7
Phone: 416-408-5293
Fax: 416-408-3721

SCOPE

This report provides a financial estimate of the expected financial performance of CLLAS for the 2010 fiscal year ending December 31st, 2010. The estimated experience was developed on a gross and net of reinsurance bases per generally accepted accounting and actuarial practice.

The expected financial performance is presented in the proforma Statements of Assets and Liabilities, Statement of Income and Minimum Capital Test ("MCT") included in Exhibit I and presented on a basis consistent with the completion of such statements in accordance with the directives of FSCO issued for the completion of the 2009 P&C-1 Annual Return filed by CLLAS with FSCO. The MCT is not applicable to reciprocal insurance exchanges which are able to rely on the creditworthiness of their subscribers as opposed to capital, but the MCT provides a meaningful information tool for management and the Board.

METHODOLOGY AND ASSUMPTIONS

To develop the expected financial performance we relied on the following information developed by CLLAS at December 31st, 2009:

- The 2009 P&C-1 Annual Return filed by CLLAS with FSCO;
- The 2009 Auditor's Report issued by Deloitte & Touche LLP; and
- The Report on the Valuation of the Policy Liabilities as at December 31st, 2009 issued by Ms. Julie-Linda Laforce, the Appointed Actuary for CLLAS.

To estimate the gross and net incurred losses projected for 2010 we divided our approach between:

- First, the settlement of claims liabilities incurred on or prior to December 31st, 2009; and
- Second, the projected claims incurred after December 31st, 2009 on policies in-force at December 31st, 2009 and on policies expected to be renewed on July 1st, 2010 under the new 2010/2011 treaty year.

These projections, assume, to a large extent, that the current reinsurance structure in effect at December 31st, 2009 is maintained on renewal.

Based on this approach we made the following assumptions:

Settlement of claims incurred on or prior December 31st, 2009

The methodology focused first on the expected settlement of the claims liabilities estimated at December 31st, 2009 during calendar year 2010 where we essentially projected paid claims during 2010, gross of reinsurance, based on the estimates established at December 31st, 2009. At December 31st, 2009, CLLAS held \$79.7M for the nominal outstanding value of claims liabilities, gross of reinsurance, incurred on or prior December 31st, 2009. Based on the historical claims settlement history of this portfolio, we estimated that \$9.5M would be paid in 2010, thus reducing the gross nominal value of those liabilities to \$70.2M at December 31st, 2010. Under accepted actuarial practice and using the same assumptions as the ones used at year-end 2009, this gross nominal value of liabilities would be recorded on a discounted value basis at December 31st, 2010. The discounted value must include an explicit provision for adverse deviation ("PfAD").

Based on this approach the estimated residual provision, gross of reinsurance, for claims liabilities to be carried at December 31st, 2010 is \$70.1M on a discounted value basis.

To determine the paid claims net of reinsurance, a similar approach was used on the estimated nominal value of claims liabilities established at December 31st, 2009. At that time, the net of all applicable reinsurance claims liabilities was \$36.7M of which \$3.9M is expected to be paid in 2010. The residual claims liabilities at December 31st, 2010 are \$34.5M to be carried on a discounted value basis in the financial statements at December 31st, 2009.

Expected claims incurred for the in-force policies at December 31st, 2009 and renewed business at July 1st, 2010

To estimate ultimate gross and net incurred claims for those policies, we relied on the projected loss cost per layer estimated by the Appointed Actuary at December 31st, 2009 and applied those loss costs to the estimated in-force lawyers of 4,803 estimated at year-end 2009. At renewal, we assumed no growth in the underlying number of insured lawyers.

The expected projected loss costs per layer for the first and second half of 2010 are as listed in the following table. These projected loss costs include a provision to cover the impact of the Harmonized Sales Taxes.

Table 2.0
Projected Loss Costs by Reinsured Layer for Calendar Year 2010

Reinsurance Layers	Estimated loss cost for 1st Half of 2010	Estimated loss cost for 2nd Half of 2010
\$4M xs \$1M	\$1,698	\$1,834
\$7.5M xs \$5M	1,086	1,173
\$12.5M xs \$12.5M	851	919
\$10M xs \$25M	375	405
\$30 xs Umbrella	13	14
\$20M xs \$140M	7	8
\$30M xs \$160M	5	5

Based on those assumptions we estimated gross outstanding incurred losses on a nominal value of respectively \$8.0M for the first 6 months of 2010 and \$9.5M for the last 6 months of 2010, at December 31st, 2010. Those estimated losses gross of reinsurance on a discounted basis total \$16.0M and are expected to be held in liabilities at December 31st, 2010.

From this estimate, we then applied the recoverable reinsurance per layer as well as the applicable annual stop loss to obtain the net liabilities. The estimated liabilities for each 6 months period on a nominal value are respectively \$4.4M and \$5.7M after recoveries for the applicable proportional reinsurance and \$3.7M and \$4.8M after additional recoveries under the annual aggregate stop-loss with a \$15M attachment point applicable for claims made in 2010.

From those estimates the net liabilities estimated at nominal value at December 31st, 2010 are \$8.5M and the same liabilities estimated on a discounted value basis are \$8.6M, which is the basis used to record the financial performance in 2010. We also projected net payments of \$0.6M for claims incurred in 2010.

Total claims liabilities

In total, we projected an increase in net claims liabilities of \$4.8M, combined with net paid losses on claims incurred prior to December 31, 2010 of \$4.5M, for total net incurred losses of \$9.3M in 2010.

The results of this analysis can be summarized as follows:

Table 3.0
Summary of Outstanding Claims Liability Projections for December 31, 2010

Amounts in Millions	Occurrences on or prior to December 31, 2009		Occurrences after December 31, 2009		Total	
	Gross	Net	Gross	Net	Gross	Net
Liabilities as at December 31, 2009	\$79.7	\$36.7	n/a	n/a	n/a	n/a
Payments during 2010	(9.5)	(3.9)	(1.0)	(0.6)	(10.5)	(4.5)
Liabilities as at December 31, 2010	70.2	32.8	16.5	8.5	86.7	41.3
Discounted liabilities reported in financials	\$70.1	\$34.5	\$16.0	\$8.6	\$86.1	\$43.1

Other assumptions used in the projection of the 2010 balance sheet and income statement

With respect to premium revenues, we assumed that renewal premiums would increase by \$2.1M based on a trending of retained premiums and ceded premiums, based on expected renewal terms with CLLAS' reinsurers.

For operating expenses, we assumed \$1.58M in general management fees as per the 2010 budget. Premium taxes are expected to be 3% of direct written premiums.

The investment income is expected to increase from \$1.5M to \$1.8M for 2010 based on an investment yield of 2.9%.

Effective July 1, 2010, the Ontario Retail Sales Tax ("ORST") will be harmonized with the 5% federal Goods and Services Tax ("GST"), resulting in a federally administered 13% Ontario Harmonized Sales Tax, of which the Ontario portion will be 8%. Similar changes will take place in British Columbia. It is expected that all claims paid after July 1, 2010 will be affected by the HST. While the impact of HST has already been considered in the December 31, 2009 claims liabilities estimate and the impact of this one-time increase was reflected in the 2009 statement of income, the claims liabilities arising from the first 6 months of exposure in 2010 will also be affected by the HST. This has a negative impact of \$70,000 on net income since the premiums collected for the first six months of 2010, which were determined in the 2009/2010 rating, did not take HST into consideration.

CANADIAN LAWYERS' LIABILITY ASSURANCE SOCIETY
PROFORMA BALANCE SHEET
As at December 31, 2010

Exhibit I
Sheet 1

	As at December 31, 2010 PROJECTED	As at December 31, 2009 ACTUAL
ASSETS		
Cash	\$6,890,000	\$8,118,634
Investments		
Short Term	13,350,000	10,446,379
Bonds	49,510,000	37,106,852
Interest income due and accrued	260,000	290,528
Premiums receivable	7,600,000	5,302,471
Unearned reinsurance premium ceded	7,440,000	6,834,882
Prepaid Expenses	280,000	235,898
Deferred policy acquisition costs	360,000	283,123
Reinsurance recoverable	0	11,828,558
Other receivable	0	0
Provision for unpaid claims and adjustment expenses recoverable from reinsurers	43,140,000	40,904,000
Total Assets	\$128,830,000	\$121,351,326
LIABILITIES		
Provision for unpaid claims and adjustment expenses	\$86,120,000	\$79,072,000
Provision for unpaid premium liabilities	0	2,629,821
Unearned premium	12,760,000	11,727,469
Due to reinsurers	7,440,000	5,534,300
Accounts payable & accrued charges	690,000	745,909
Premium taxes payable	0	0
Total Liabilities	107,010,000	99,709,498
SUBSCRIBERS' EQUITY		
Surplus	20,610,000	20,431,343
Accumulated Other Comprehensive Income (Loss)	1,210,000	1,210,485
	21,820,000	21,641,828
TOTAL LIABILITIES AND SUBSCRIBERS' EQUITY	\$128,830,000	\$121,351,326

CANADIAN LAWYERS' LIABILITY ASSURANCE SOCIETY
PROFORMA STATEMENT OF INCOME
For the period ended December 31, 2010

Exhibit I
Sheet 2

	Year to date Jan. 2010 to <u>Dec. 2010</u> PROJECTED	Previous year Jan. 2009 to <u>Dec. 2009</u> ACTUAL
Direct written premiums *	\$25,760,000	\$23,674,881
Gross Written Premiums	25,760,000	23,674,881
Less: Reinsurance Ceded **	15,020,000	13,797,313
Net Written Premiums	10,740,000	9,877,568
Change in Unearned Premiums	(430,000)	(32,486)
Earned Premiums	10,310,000	9,845,082
Claims Paid	4,500,000	4,733,114
Change in Reserves	4,810,000	3,134,000
Paid on Premium liability	(2,630,000)	0
Change in provision for Unpaid Premium liability	2,630,000	0
Incurred Claims	9,310,000	7,867,114
Management and Operating Expenses	1,580,000	1,987,720
Reinsurance Fees	270,000	273,000
Premium Taxes	770,000	792,662
Total Operating Expenses	2,620,000	3,053,382
Underwriting Gain (Loss)	(1,620,000)	(1,075,414)
Investment Income	1,800,000	1,483,088
Net Income (Loss) for the year	\$180,000	\$407,674
Subscribers' Equity - Beginning of Period	\$20,430,000	\$20,023,669
Less: Prior period adjustment	\$0	\$0
Subscribers' Equity - End of Period	\$20,610,000	\$20,431,343

Notes:

* Assumes 8.8% rate increase on renewal on July 1st, 2010 (Equal to Expected Trend In Severity of Claims plus Impact of Harmonized Sales Tax)

** Based on current reinsurance structure

CANADIAN LAWYERS' LIABILITY ASSURANCE SOCIETY
PROFORMA CALCULATION OF THE MINIMUM CAPITAL TEST MARGIN
As at December 31st, 2010

Exhibit I
Sheet 3

(\$'000)

MINIMUM CAPITAL TEST (per P&C-1)

		Projected Year 2010	Prior Year 2009	Prior Year 2008
Capital Available				
Total Equity less Accumulated Other Comprehensive Income	02	20,610	20,431	20,024
Add:				
Subordinated Indebtedness and Redeemable Preferred Shares	03	-	-	-
Accumulated Other Comprehensive Income (Loss) on:				
Available for Sale Equity Securities	04	-	-	-
Available for Sale Debt Securities	06	1,210	1,210	1,376
Foreign Currency (Net of Hedging Activities)	08	-	-	-
Included in Capital Available of Regulated FI Subsidiaries	10	-	-	-
	30	-	-	-
Capital Available reported by Regulated FI Subsidiaries	11	-	-	-
Less:				
Accumulated net after-tax fair value gains (losses) arising from				
changes in the company's own credit risk	12	-	-	-
	13	-	-	-
Balance Sheet Value of Investments in Regulated FI Subsidiaries ...	14	-	-	-
Assets with a Capital Requirement of 100% *	17	3,057	3,057	2,659
Total Capital Available	19	18,763	18,584	18,741
Capital Required				
Balance Sheet Assets	20	929	875	962
Unearned Premiums/Unpaid Claims/Premium Deficiencies	22	6,877	6,120	5,647
Catastrophes	24	-	-	-
Reinsurance Ceded to Unregistered Insurers *	26	334	317	312
Capital Required reported by Regulated FI Subsidiaries	27			
Structured Settlements, Letters of Credit, Derivatives and				
Other Exposures	28	-	-	-
Minimum Capital Required	29	8,140	7,312	6,921
Excess of Capital Available over Capital Required				
(line 19 minus line 29)	89	10,623	11,272	11,820
Line 19 as a % of line 29	90	230.5%	254.2%	270.8%

Notes:

* Assumes similar level of short fall in vested assets held in trust

MEMORANDUM

DATE: January 30, 2010
TO: CLLAS Advisory Board
COPY: Patrick Mahoney
FROM: Julie-Linda Laforce
RE: CLLAS Surplus Target

The purpose of this memo is to document, for final consideration by the Board, the conclusions reached during the discussion with respect to CLLAS' surplus target at the December 2009 Board meeting. The recommendation from Dion Durrell's November 26, 2009 memo was presented as follows:

- 1) that CLLAS establish a surplus target with reference to the Minimum Capital Test ("MCT") level;
- 2) that for operational purposes, the target surplus be set based on the risk appetite of CLLAS within an acceptable range from 175% to 250% MCT level (which translates to a surplus target between \$15 million and \$20 million based on CLLAS' current financial profile);
- 3) that the formal minimum surplus target be set at \$15 million;
- 4) that discussions regarding any actions with respect to surplus take place annually at the June Board meeting; and
- 5) that the operational surplus target and minimum surplus target be reviewed at least every two to three years.

Discussions at the December 2009 Board meeting focused on the risk appetite as defined by the probability of retroassessment and the average amount of retroassessment. The following table was presented.

	Scenario A	Scenario B	Scenario C	Scenario D
Surplus Target	175%	200%	225%	250%
Surplus Amount*	15,000,000	16,667,000	18,333,000	20,000,000
% of Scenarios with Retroassessment	53.2%	45.4%	36.8%	28.3%
Average amount of Retroassessment	4,313,496	3,905,881	3,745,251	3,733,011
Avg. Retro as a % of 2009/2010 premiums	17.8%	16.1%	15.4%	15.4%

* Based on CLLAS' current financial profile.

The last operational surplus target adopted was \$17.5 million in 1998/99. Following discussion at the December 2009 Board meeting, a consensus on risk appetite emerged. Based on the comfort level the Board has had historically with the \$17.5 million target, it was concluded that CLLAS and its subscribers would be best served by its current equivalent as expressed in terms of an MCT ratio, (i.e. approximately 210%).

We therefore recommend that the Board adopt a motion based on the following:

- 1) that CLLAS set an operational surplus target based on the MCT level;
- 2) that the operational target surplus be set based on a 210% MCT level.
- 3) that the minimum surplus target be set at \$15 million;
- 4) that discussions regarding any actions with respect to surplus take place annually at the June Board meeting; and
- 5) that the operational surplus target and minimum surplus target be reviewed at least every three years.

In addition, we have updated the Contingency Reserve Policy, which focuses on the minimum surplus target, for use when external communication (e.g. FSCO) is required. The Board should also review and approve this document.

DRAFT

**CANADIAN LAWYERS LIABILITY
ASSURANCE SOCIETY**

CONTINGENCY RESERVE POLICY

February 2010

Contingency Reserve Policy

Background

The purpose of this memo is to document the Contingency Reserve Policy adopted by the CLLAS Board. Specifically, this paper will discuss the considerations that go into establishing the target surplus, the current recommended target surplus, and the approach to managing CLLAS' financial position relative to that target surplus.

CLLAS is a reciprocal insurance exchange and not a traditional insurance company. A March 1986 report issued by the Government of Ontario's Ministry of Consumer and Commercial Relations Financial Institutions Division stated that a reciprocal differs from an insurance company in that:

- “a reciprocal does not require a large infusion of capital but is founded on the mutual agreement of the members to contribute to the losses incurred by other members”; and
- “insurance companies must maintain substantial amounts of cash and securities to have sufficient funds to cover future claims, while reciprocals may rely on contractual agreement to make assessments in future and depend on the credit worthiness of subscribers”.

Incorporated insurers are expected to meet the statutory Minimum Capital Test (“MCT”). The regulators set a minimum MCT threshold of 150%. The MCT does not apply to reciprocals as they are entitled to rely on the creditworthiness of their subscribers. In other words, the MCT is a useful information tool for management purposes, but the minimum regulatory standard for reciprocals in Ontario is focused on “adjusted equity”. In essence, surplus, after deducting any provision for recovery from unlicensed reinsurers which is not fully secured, must exceed \$50,000.

As a result, CLLAS could theoretically operate (and in fact has at points in the past operated) with very little surplus. However, the regulators have made it clear that a higher level of surplus should be maintained. CLLAS, on its own account, also believes that surplus beyond the bare regulatory minimum is appropriate for the prudent operation of the reciprocal and in order to provide for relatively predictable premium costs for its members over time.

Surplus Target

The appropriate surplus target for CLLAS is to be established taking into account CLLAS' gross exposure to risk, the level and nature of reinsurance protection purchased, and the resulting net exposure to members. The target surplus will be determined based on actuarial advice with a view to:

- Allowing for volatility in current year losses,
- Allowing for deterioration in prior year losses, and
- Providing for regulatory reserves for unregistered reinsurance.

CLLAS has established a minimum surplus target as of July 1, 2009 of \$15 million. This target has been determined in the context of the current insurance/reinsurance structure pursuant to which CLLAS has a maximum per claim exposure, net of reinsurance, of \$13.35 million and has reinsurance protection of \$25 million excess of \$15 million for its aggregate net retained claims in any one year. The surplus target will be reviewed annually and more frequently if appropriate due to changes in CLLAS' reinsurance arrangements, retention, etc.

Given the rationale for holding surplus beyond the absolute regulatory minimum, it is not CLLAS' intention to immediately fund to the target level of surplus in the event that experience at a particular point in time reduces CLLAS' equity below the target. This would be disruptive to the year-over-year costs of its subscribers and therefore would run counter to the purpose of maintaining the additional surplus.

CLLAS' surplus position will be monitored quarterly and in particular at year-end and the Board will make appropriate determinations for the up-coming policy year. In the event of a permanent impairment in CLLAS' surplus position, it is expected that surplus will be re-accumulated to the target over an appropriate timeframe, likely two to three years.

Notwithstanding the foregoing, CLLAS will monitor the minimum regulatory requirements and will take immediate action if necessary to ensure that such standards are met. CLLAS will also monitor the MCT as an information item.

Conclusion

As at December 31, 2009, CLLAS's surplus position is \$21.6 million with an MCT of 254%. The 2010 Business Plan shows that further improvement in each of these areas is expected over the course of 2010.

As a result of the foregoing, no action is currently required with respect to surplus accumulation.

**CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY
REINSURERS' SECURITY RATING**

Reinsurer	Registered Status	A.M. Best					S&P				
		February 17, 2010			September 4, 2008 Rating	September 6, 2007 Rating	February 17, 2010			September 4, 2008 Rating	September 6, 2007 Rating
		Rating	Outlook Implication	Change from Last Rating			Rating	Outlook Implication	Change from Last Rating		
Lloyd's	Note 1	A (Excellent)	Stable	Unchanged	A (Excellent)	A (Excellent)	A+ (Strong)	Stable	Unchanged	A+ (Strong)	A+ (Strong)
Aspen Re	Note 2	A (Excellent)	Stable	Unchanged	A (Excellent)	A (Excellent)	A (Strong)	Stable	Unchanged	A (Strong)	A (Strong)
Hannover Ruck	Note 2	A (Excellent)	Stable	Unchanged	A (Excellent)	A (Excellent)	AA- (Very Strong)	Negative	Unchanged	AA- (Very Strong)	AA- (Very Strong)
Brit Insurance Holdings PLC	Registered	A (Excellent)	Stable	Unchanged	A (Excellent)	A (Excellent)	Not Available	Not Available	Unchanged	Not Available	Not Available
Transatlantic Reinsurance Company (UK) *	Note 2	A (Excellent)	Stable	Downgraded	A+ (Superior)	A+ (Superior)	A+ (Strong)	Stable	Downgraded	AA- (Very Strong)	AA- (Very Strong)
Arch Insurance Company (Canada Branch)	Registered	A (Excellent)	Stable	Unchanged	A (Excellent)	A (Excellent)	A (Strong)	Positive	Unchanged	A (Strong)	A (Strong)
Allied World Assurance Company Ltd.	Unregistered	A (Excellent)	Stable	Unchanged	A (Excellent)	A (Excellent)	A- (Strong)	Stable	Unchanged	A- (Strong)	A- (Strong)
CRC (Bermuda) Reinsurance Ltd.	Unregistered	A (Excellent)	Stable	Unchanged	A (Excellent)	A (Excellent)	Not Available	Not Available	Unchanged	Not Available	Not Available
GCAN Insurance Company	Registered	A (Excellent)	Stable	Unchanged	A (Excellent)	A (Excellent)	Not Available	Not Available	N/A	BBB (Good)	BBB (Good)
SCOR Canada Reinsurance Company	Registered	A- (Excellent)	Stable	Unchanged	A- (Excellent)	A- (Excellent)	A (Strong)	Stable	Upgraded	A- (Strong)	A- (Strong)
Swiss Reinsurance Company Ltd. (Canada Branch)	Registered	A (Excellent)	Stable	Downgraded	A+ (Superior)	A+ (Superior)	A+ (Strong)	Stable	Downgraded	AA- (Very Strong)	AA- (Very Strong)
Toa Reinsurance Company of America	Registered	A (Excellent)	Stable	Unchanged	A (Excellent)	A (Excellent)	A+ (Strong)	Stable	Unchanged	A+ (Strong)	A+ (Strong)
Transatlantic Reinsurance Company (Parent)	Registered	A (Excellent)	Stable	Downgraded	A+ (Superior)	A+ (Superior)	A+ (Strong)	Stable	Downgraded	AA- (Very Strong)	AA- (Very Strong)
Transatlantic Reinsurance Company (Canada)	Registered	A (Excellent)	Stable	Downgraded	A+ (Superior)	A+ (Superior)	A+ (Strong)	Stable	Downgraded	AA- (Very Strong)	AA- (Very Strong)
Colchester Reinsurance Ltd.	Unregistered	Not Available	Not Available	Unchanged	Not Available	Not Available	Not Available	Not Available	Unchanged	Not Available	Not Available

* Not participating in Program effective July 1, 2009.

Note 1: Lloyd's has long been "registered" in Canada but the new OSFI guidelines impose certain conditions that Lloyd's are required to meet in order to be considered as writing "in Canada risks". These conditions would be met with Alternative Risk Services Inc. acting as the Lloyd's open market intermediary.

Note 2: While all these companies are "registered" in Canada, we are in the process of determining if they meet the new OSFI guidelines for "in Canada risks".

CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY (CLLAS)

REPORT ON REINSURANCE SECURITY

February 17, 2010

TABLE OF CONTENTS

	<u>Page No.</u>
1. Reinsurance Security Considerations	1
1.1 Background and Objectives	1
1.2 Reinsurance Security Committee.....	1
1.3 Level I Monitoring.....	1
1.4 Level II Monitoring Triggers	2
1.5 Level II Monitoring	2
2. Level II Monitoring.....	3
2.1 Reinsurers Requiring Level II Monitoring.....	3
2.2 Allied World Assurance Company Limited.....	5
2.3 Brit Insurance Holdings PLC.....	7
2.4 Colchester Reinsurance Limited	9
2.5 CRC (Bermuda) Reinsurance Limited.....	10
2.6 Hannover Rückversicherungs-Aktiengesellschaft	12
2.7 Lloyd's of London	14
2.8 Swiss Reinsurance Company	16
2.9 Transatlantic Reinsurance Company	18

Appendices

A	Dion, Durrell + Associates Inc. Letter on its Reinsurance Security Practices
B	Miller Insurance Services Ltd. Letter on its Reinsurance Security Practices
C	Current Best and S&P Ratings Compared to the Previous Year
D	CLLAS Reinsurance – Top 25 Reinsurers by % of Current Liability – All Years
E	CLLAS Reinsurance – Reinsurers by % of Current Liability – Current Year (2009/10)
F	CLLAS Reinsurance – Reinsurers by % of Single Claim Exposure – Current Year (2009/10)
G	A.M. Best Credit Report – Allied World Assurance Company Limited
H	A.M. Best Credit Report – Brit Insurance Holdings PLC
I	Audited Financial Statements – Colchester Reinsurance Limited
J	A.M. Best Credit Report – CRC (Bermuda) Reinsurance Limited
K	A.M. Best Credit Report – Hannover Rückversicherungs-Aktiengesellschaft
L	A.M. Best Credit Report – Lloyd's of London
M	A.M. Best Credit Report – Swiss Reinsurance Company
N	A.M. Best Credit Report – Transatlantic Reinsurance Company

1. REINSURANCE SECURITY CONSIDERATIONS

1.1 Background and Objectives

In view of the uncertainty in the financial markets, including the uncertainty in the insurance and reinsurance markets (e.g. AIG and Swiss Re), CLLAS has identified a need to document and develop a more rigorous approach to monitor its reinsurance security. In the past, CLLAS reviewed the Best and S&P ratings of its reinsurers on an annual basis and would monitor the developments of any reinsurer that was put on a “watch” list by these agencies. Reinsurance strategy could be influenced by a number of factors, including an actuarial report that analyzed the liability exposure to CLLAS from each reinsurer, Best and S&P ratings and other factors. For example:

- Scor Re’s participation was reduced due to a rating downgrade;
- Relationship with Ace Syndicate was discontinued and Transatlantic Re’s participation was reduced after a reinsurance recoverable problem.

In June of 2009, the CLLAS Advisory Board asked the Audit Committee to assume the additional role of Reinsurance Security Committee for CLLAS. The purpose of this review is to provide the newly formed Committee with information that will improve upon the reinsurance monitoring process and allow the Committee to report and make recommendations to the Advisory Board regarding reinsurance security matters.

1.2 Reinsurance Security Committee

The responsibility of the Reinsurance Security 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; and
- 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 determine reinsurers’ financial strength. The Reinsurance Security 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 Dion, Durrell + Associates Inc. and Miller Insurance Services Ltd. respectively which provide information on the reinsurance security practices of these firms.

1.3 Level I Monitoring

Level I monitoring of CLLAS reinsurance consists of the following:

- Current Best and S&P ratings compared to the previous year – see Appendix C;
- Current total liability exposure (i.e. case reserves and IBNR) from each reinsurer for all years – see Appendix D;
- Expected loss exposure from each reinsurer for the current year – see Appendix E;
- Expected limit exposure to each reinsurer for the current year – see Appendix F.

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

1.4 Level II Monitoring Triggers

Should any of the following events happen, then a Level II monitoring would take place:

- Downgrading of the security rating;
- A rating agency placing a reinsurer on a “watch” list;
- Difficulties collecting reinsurance proceeds after a claim is settled;
- Case reserves and IBNR exposure to any one reinsurer exceeding 10% of total liabilities for all years;
- Expected losses of any one reinsurer exceeding 10% of all expected losses for the current year;
- Total limits of any one reinsurer exceeding 10% of the total limits provided by CLLAS;
- Use of a reinsurer that is unregistered in Canada;
- Any other events deemed material by the Reinsurance Security Committee or its advisors.

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 Reinsurance Security 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 Reinsurance Security Committee should make recommendations to the Board based on such reviews.

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 that were placed on the Level II monitoring list and the reasons why such monitoring was deemed necessary:

Allied World Assurance Company Limited (AWAC)

- AWAC is a Bermuda reinsurer, unregistered in Canada, and has a significant participation in one of the CLLAS optional layers;
- AWAC's participation represents 11.8% of the overall CLLAS per loss limit, exceeding the 10% threshold.

Brit Insurance Holdings PLC (Brit)

- Brit is a Lloyd's Syndicate participating on a number of the CLLAS layers. Brit's participation represents 11.1% of the overall CLLAS per loss limit exceeding the 10% threshold.

Colchester Reinsurance Limited (Colchester)

- Colchester is a reinsurer domiciled in Barbados, unregistered in Canada, and is the aggregate stop loss reinsurer for CLLAS;
- Colchester's claims liabilities for all years is 11.8% of the overall CLLAS liabilities, exceeding the 10% threshold.

CRC (Bermuda) Reinsurance Limited (CRC)

- CRC is a Bermuda reinsurer and is unregistered in Canada.

Hannover Rückversicherungs-Aktiengesellschaft (Hannover Re)

- Hannover Re was placed on a negative watch by S&P.

Lloyd's of London (Lloyd's)

- Lloyd's, as a group, participates on a number of CLLAS layers and represents 18.1% of the all time CLLAS claims liabilities, exceeding the 10% threshold;
- Lloyd's also represents 15.2% of the CLLAS current liability or expected loss cost for the current year, exceeding the 10% threshold;
- Lloyd's participation represents 36.7% of the overall CLLAS per loss limit, exceeding the 10% threshold;
- Lloyd's is also a significant reinsurer for Colchester.

Swiss Reinsurance Company (Swiss Re)

- Swiss Re was downgraded by both Best and S&P;
- Swiss Re's participation represents 22.2% of the overall CLLAS per loss limit, exceeding the 10% threshold;
- Swiss Re is also a significant reinsurer for Colchester.

Transatlantic Reinsurance Company (Transatlantic)

- CLLAS experienced a reinsurance recoverable problem with Transatlantic;
- Transatlantic was downgraded by both Best and S&P as a result of their AIG connection.

2.2 Allied World Assurance Company Limited

General

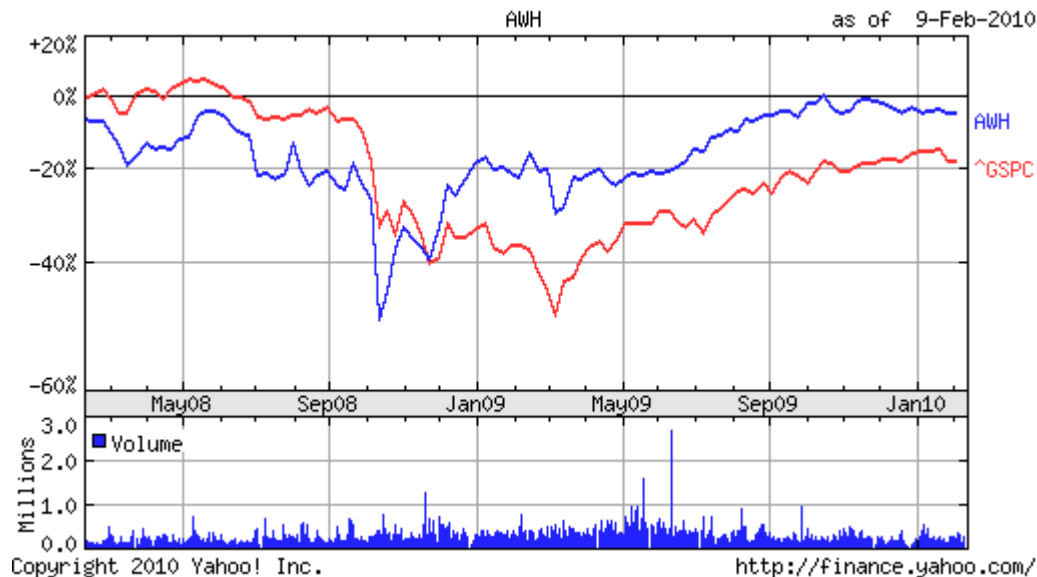
Allied World Assurance Company Limited (AWAC) is a global specialty insurance and reinsurance company with offices in Bermuda, Europe and the United States.

Launched in 2001, AWAC originally consisted of four employees located in a small office in Bermuda. Today, AWAC has offices in Atlanta, Bermuda, Boston, Chicago, Dublin, Farmington (CT), London, New York, San Francisco and Zug, and is listed on the New York Stock Exchange under the ticker symbol of “AWH”.

AWAC has been a participant in the CLLAS Reinsurance Program since 2002. Currently, AWAC participates at the high levels of the CLLAS Program, in the \$20M xs \$140M range. The CLLAS-AWAC reinsurance agreement includes a provision for outstanding claims advances by AWAC in favour of CLLAS.

Stock Performance

The following is the 2-year stock performance of AWAC (the blue line). For comparison purposes, we have included the S&P index (the red line).



- Stock has outperformed the S&P over the last two years, and significantly outperformed the S&P over the last 12 months.

Highlights of A.M. Best Report

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

- Current rating is A (Excellent) from A.M. Best;

- Overall financial performance has been strong, with the exception of 2005;
- Underwrites a diversified portfolio of property and casualty insurance and reinsurance lines of business;
- Insurance companies in Bermuda are regulated by the Insurance Division of the Bermuda Monetary Authority;
- Capitalization: AWAC maintains strong capitalization for its current rating level:
 - In July 2006, the company raised approximately \$316 million of net proceeds from its initial public offering;
 - The current capital and surplus is \$2.9 billion as of December 31, 2008;
- Gross premiums written: \$1,505,509,000 in 2007 and \$1,445,584,000 in 2008;
- Net income: \$508,703,000 in 2007 and \$227,843,000 in 2008;
- Liquidity: AWAC has provided solid operating cash flows since inception due to both its casualty orientation and its strong underwriting performance:
 - Conservative investment strategy specifically focused on preserving the value of invested assets and providing sufficient liquidity to pay claims promptly;
 - The investment portfolio is comprised of high quality corporate and government bonds;
 - The average duration of the portfolio is approximately three years, in line with the company's casualty/property coverage profile.

2.3 Brit Insurance Holdings PLC

General

Brit Insurance has two underwriting platforms, Brit Insurance Limited (BIL) and Brit Syndicates Limited (BSL).

BIL, as the general insurance company, carries approximately 48.7% of the business at 31 December 2008 while BSL, the syndicate at Lloyd's, underwrites the balance. Brit operates through its three distinct customer facing Strategic Business Units (SBUs):

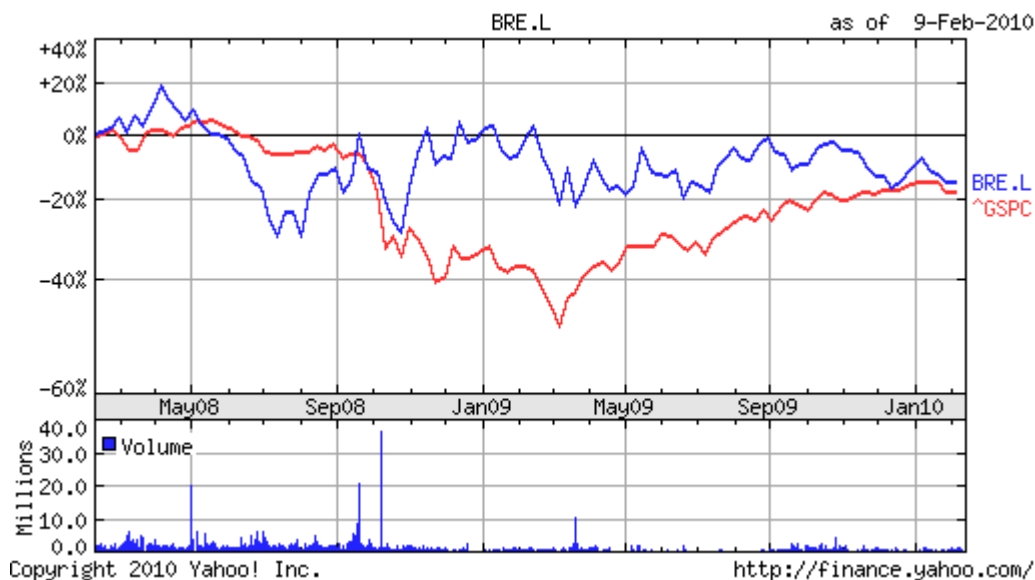
- Global Markets
- Brit Reinsurance
- Brit UK

Each SBU has access to both of Brit's regulatory underwriting platforms.

Brit has participated on the CLLAS Reinsurance Program since 2002. Brit currently participates at the \$30M xs \$160M and \$30M/\$60M xs \$50M layers.

Stock Performance

The following is the 2-year stock performance for Brit Insurance Limited (the blue line). For comparison purposes, we have included the S&P index (the red line).



- Brit has marginally outperformed the S&P over the last two years.

Highlights of A.M. Best Report

The complete A.M. Best report is set forth in Appendix H. Please note that the following financial figures are stated in GBP:

- Current rating is A (Excellent) from A.M. Best;
- BIL underwrites both direct (approximately 75% of gross written premium in 2009) and reinsurance business in the UK and internationally;
- The company benefits from the group's strong lead position in the UK and London Market;
- Despite the implementation of rate increases across its portfolio, the group continues to maintain solid retention rates, with business retention in excess of 75% across all three SBUs;
- Capitalization:
 - Modest growth in the company's shareholders' funds is expected from GBP 480 million in 2008, supported by an increase in retained earnings;
 - A.M. Best believes that BIL's reserves are set at a prudent level;
 - The company has demonstrated reserve releases in every prior year since formation, with the exception of 2007;
- Gross premiums written: GBP616,331,000 in 2007 and GBP674,191,000 in 2008;
- Net income: GBP18,330,000 in 2007 and GBP3,426,000 in 2008;
- Liquidity:
 - A.M. Best believes that BIL maintains a good level of liquidity;
 - Cash and cash equivalents and government securities comprised 41% and 25% respectively of the company's total liquid assets as at year-end 2008.

2.4 Colchester Reinsurance Limited

Please see Appendix I for a copy of the most recent audited financial statements (as of June 30, 2008). The following are some of the highlights from these financials:

- Cash and cash equivalents increased from \$3,867,046 in 2007 to \$452,410 in 2008;
- Retained earnings increased from \$8,281,080 in 2007 to \$10,827,504 in 2008;
- Income for the year after taxation decreased from \$6,125,056 in 2007 to \$2,686,524 in 2008:
 - This is due to the fact that reinsurance premiums written and earned decreased from \$4,041,792 in 2007 to \$2,600,748 in 2008;
 - Net investment income also dropped from \$3,442, 635 in 2007 to \$2,234,051 in 2007, further acting to decrease income for the year;
- All the assets of Colchester are held in trust in a custodial account in favour of CLLAS.

2.5 CRC (Bermuda) Reinsurance Limited

General

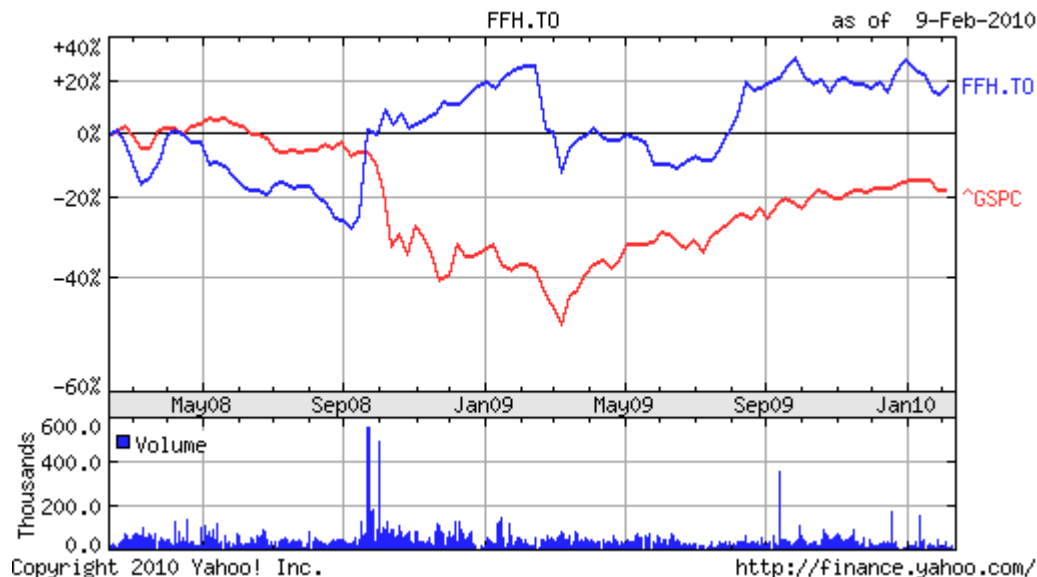
CRC is a direct, wholly owned subsidiary of Fairfax Financial Holdings Limited. The majority of CRC's premium writings are assumed reinsurance from the four operating subsidiaries of Northbridge Financial Corporation (Northbridge) which is a wholly owned subsidiary of Fairfax Financial Holdings Limited. The four Northbridge companies are domiciled in Canada.

CRC has been on the CLLAS Reinsurance Program since 2004. CRC currently participates on the \$7.5M xs \$5M and \$12.5M xs \$12.5M layers. The CLLAS-CRC reinsurance agreement includes a provision for outstanding claims advances by CRC in favour of CLLAS.

Stock Performance

CRC is a direct, wholly owned subsidiary of Fairfax Financial Holdings Limited. CRC is not publicly traded, so we have included the stock performance of their ultimate parent company, Fairfax Financial.

The following is the 2-year stock performance of Fairfax Financial Holdings (the blue line). For comparison purposes, we have included the S&P index (the red line).



- Fairfax Financial has significantly outperformed the S&P index over the last two years.

Highlights of A.M. Best Report

The complete A.M. Best report is set forth in Appendix J. Current rating is A (Excellent) from A.M. Best.

- CRC's financial results (expressed in Canadian dollars and reported utilizing Canadian GAAP) for 2008 produced an underwriting loss of \$21.8 million compared with an underwriting profit of \$11.5million in 2007 and was the first year since 2002 that CRC produced an underwriting loss;
- The 2008 combined ratio was 112.8% compared with the 94.7% combined ratio produced in 2007;
- The results in 2008 reflect the soft market conditions for Lombard General which is the vast majority of CRC premium;
- Capitalization: CRC maintains an adequate level of capital which, at year-end 2008, is supportive of its rating:
 - Shareholders' equity has increased from \$125.3 million at year-end 2002 to \$233.4 million at year end 2008, an 86% increase;
- Gross premiums written: \$213,208,000 in 2007 and \$168,324,000 in 2008;
- Net income: \$21,345,000 in 2007 and \$34,563,000 in 2008;
- Liquidity: CRC maintains an excellent liquidity position with 36% of the company's total investment portfolio in cash and marketable securities and an additional 49% in Canadian government bonds:
 - CRC generates a steady stream of investment income totaling \$23 million in 2008;
 - CRC benefits as a wholly-owned subsidiary of Fairfax Financial Holdings Limited which maintains substantial cash and liquid assets.

2.6 Hannover Rückversicherungs-Aktiengesellschaft

General

Hannover Re, with a gross premium of around EUR 9 billion, is one of the largest reinsurance groups in the world.

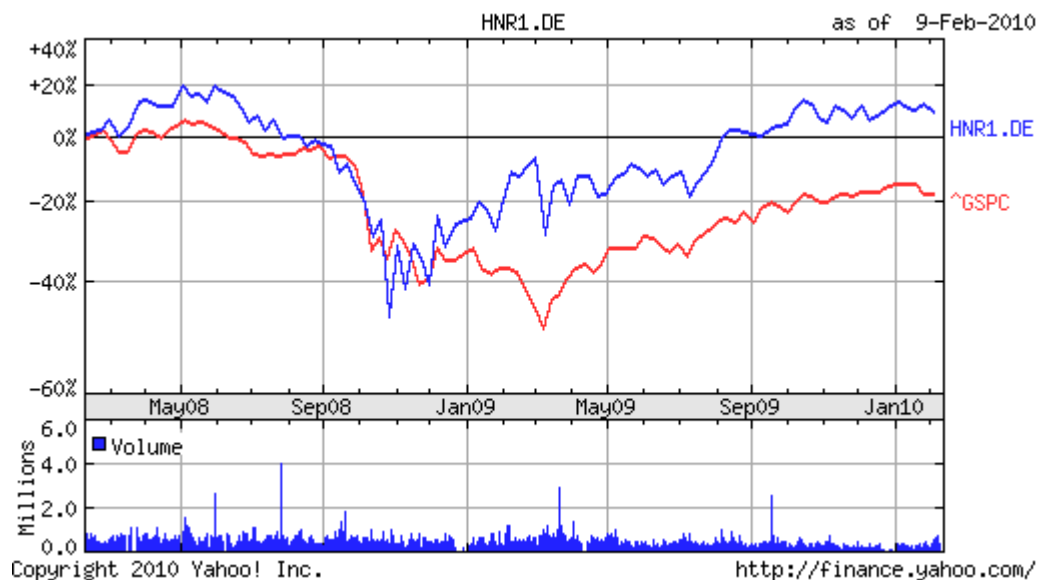
Hannover Re transacts all lines of non-life and life and health reinsurance and maintains business relations with more than 5,000 insurance companies in about 150 countries. Its worldwide network consists of more than 100 subsidiaries, branch and representative offices in around 20 countries with a total staff of roughly 1,900.

Hannover Re is involved in both “non-life insurance” business and “life and health reinsurance” business.

Hannover Re has been on the CLLAS Reinsurance Program since 1987. Hannover Re currently participates on the \$12.5M xs \$12.5M layer.

Stock Performance

The following is the 2-year stock performance for Hannover (the blue line). For comparison purposes, we have included the S&P index (the red line).



- Hannover Re has outperformed the S&P index over the last two years.

Highlights of A.M. Best Report

The complete A.M. Best report is set forth in Appendix K. Current rating is A (Excellent) from A.M. Best. The following financial figures are stated in EUR:

- The rating reflects Hannover Re's excellent risk-adjusted capitalization, its improving operating performance and its strong business profile. These factors are partly offset by the company's limited financial flexibility;
- Hannover Re's earnings are likely to improve significantly in 2009 against the backdrop of a favorable rating environment for several of the company's main lines of business;
- Hannover Re is also likely to benefit from resilient investment performance following the sale of almost its entire equity portfolio in autumn 2008;
- Capitalization: Hannover Re's risk-adjusted capitalization remains supportive of the rating level despite the 2008 loss, fair value adjustments and realized losses:
 - The 2009 capitalization will be supported by full earnings retention during 2009 and by recovering underwriting and investment results;
 - Once earnings have returned to a sustainable level, Hannover Re is likely to return to its target pay-out ratio between 35% and 40% in line with years prior to 2008;
- Gross premiums written: EUR 8,258,901,000 in 2007 and EUR 8,120,919,000 in 2008;
- Net income: EUR 838,035,000 in 2007 and EUR -134,984 in 2008;
- Liquidity: A.M. Best believes that Hannover Re's liquidity is sufficient to meet future cash flow requirements:
 - Cash and short-term investments in its portfolio remained stable at 6% of total investments in 2008.

2.7 Lloyd's of London

General

Lloyd's of London is the world's leading insurance market, housed in Lime Street in the City of London.

The members of Lloyd's are what allow it to exist. The number of active members of Lloyd's has reduced slightly in 2009:

- Individual members down by 15% from 907 in 2008 to 773 in 2009;
- Corporate members up 7% from 1,155 in 2008 to 1,238 in 2009.

Lloyd's is regulated by the UK Financial Services Authority (FSA) under the Financial Services and Markets Act 2000. The FSA also regulates Lloyd's managing agents, members' agents and Lloyd's brokers.

The FSA and Lloyd's have common objectives in ensuring that Lloyd's market is appropriately regulated and, to minimize duplication, the FSA has made arrangements with Lloyd's for the co-operation on supervision and enforcement.

Lloyd's has been a participant on the CLLAS Reinsurance Program since 1987 and remains the largest participant. Lloyd's currently participates on all layers of the Program above \$4M xs \$1M.

Stock Performance

Not applicable.

Highlights of A.M. Best Report

The complete A.M. Best report is set forth in Appendix L. Current rating is A (Excellent) from A.M. Best.

- A.M. Best's rating of Lloyd's of London reflects its strong capitalization, good financial flexibility, good prospective financial performance and excellent global business profile;
- Lloyd's continues to attract international investment, particularly from other insurers drawn by its capital-efficient structure and global licences;
- A.M. Best expects Lloyd's financial performance to remain good in 2009, although some deterioration is anticipated, partly due to the absence of the previous year's foreign exchange gains;
- Excellent business profile – Lloyd's has an excellent business profile, particularly in the U.S. and London market, and continues to expand its global reach through extension of its licence network and local trading platforms;
- Capitalization: A.M. Best believes Lloyd's will maintain a solid and flexible capital base through 2009 and into 2010:
 - Central solvency capital is expected to remain strong at over GBP2,500 million (2008: GBP2,608 million), after allowing for the buy-back of GBP102 million of subordinated debt;

- The potential impact of future drawdowns on the Central Fund is expected to diminish, owing to a further decline in run-off liabilities and the reduced likelihood of future insolvencies as a result of increased oversight of syndicates by Lloyd's;
- Total Recognized Income and Expense for the year: GBP 201,523,000 for 2007 and GBP 51,519,000 for 2008;
- Liquidity: In A.M. Best's opinion, Lloyd's is likely to maintain good overall liquidity in 2009:
 - Managing agents are responsible for the investment of syndicate premium trust funds;
 - Overall, these funds exhibit a high level of liquidity, as most syndicate investment portfolios tend to consist primarily of cash and high-quality, fixed-income securities of relatively short duration;
 - Lloyd's monitors liquidity levels at individual syndicates as part of its capital adequacy review.

2.8 Swiss Reinsurance Company

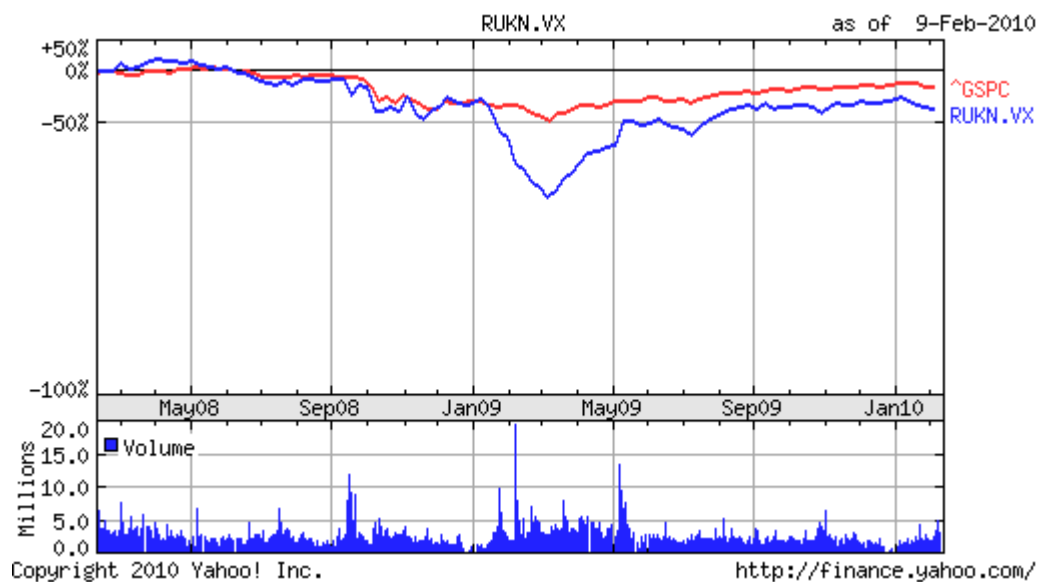
General

Founded in Zurich, Switzerland, in 1863, Swiss Re operates in more than 25 countries and provides its expertise and services to clients throughout the world. Swiss Re's traditional reinsurance products and related services for property and casualty as well as for life and health business are complemented by insurance-based corporate finance solutions and supplementary services for comprehensive risk management. The Canadian operation of Swiss Reinsurance Company is a branch of Swiss Reinsurance Company Ltd.

Swiss Re (UK) joined the CLLAS Reinsurance Program in 1992 and Swiss Re (Canada) joined the Program in 1995. Swiss Re (Canada) has taken over all of the CLLAS business and Swiss Re (UK) no longer participates. Swiss Re currently participates on the \$10M xs \$25M, \$20M xs \$140M, \$30M xs \$160M and \$30M/\$60M xs \$50M layers.

Stock Performance

The following is the 2-year stock performance for Swiss Re (the blue line). For comparison purposes, we have included the S&P index (the red line).



- Swiss Re has slightly underperformed the S&P index over the last two years.

Highlights of A.M. Best Report

The complete A.M. Best report is set forth in Appendix M. Current rating is A (Excellent) from A.M. Best. The financial information below is denominated in CHF.

- Through September 30, 2009, solid core underwriting results have been tempered to a large degree by investment related losses, however, the group has begun to generate an overall level of profitability, which is expected to continue as capital markets recover;

- This is in contrast to 2008 when the group experienced significant losses primarily due to unprecedented investment losses and further write-downs in its structured credit default swap portfolio. As a result, net loss after tax for 2008 was CHF 864 million, compared to net income of CHF 4.16 billion in 2007;
- The combined ratio improved to 84.5% through September 30 2009, from 99.6% for the same period in 2008;
- Capitalization: As of September 30, 2009, Swiss Re's risk-adjusted capitalization remains strong for its rating level, although its total capitalization includes a significant component of subordinate debt and intangible assets:
 - The group has significantly reduced its exposure to equity investments, decided to increase hedging on corporate credit investments starting in July 2008, and purchased CDS protection as a proxy hedge for its structured product investment portfolio;
 - Swiss Re's financial leverage remains within the tolerance levels for its issuer credit ratings;
- Net income: \$4,162,000,000 in 2007 and -\$864,000,000 in 2008;
- Gross premiums: \$34,354,000,000 in 2007 and \$30,851,000,000 in 2008;
- Liquidity: In light of the significant turbulence in the capital markets experienced in 2008 and the early portion of 2009, Swiss Re has focused on ensuring the resilience of its balance sheet:
 - As of September 30, 2009, Swiss Re had a high quality and well diversified investment portfolio with over 50% of assets in cash, short-term deposits, treasury bills or government backed instruments;
 - In addition, the company reduced its exposure to corporate credit through hedging.

2.9 Transatlantic Reinsurance Company

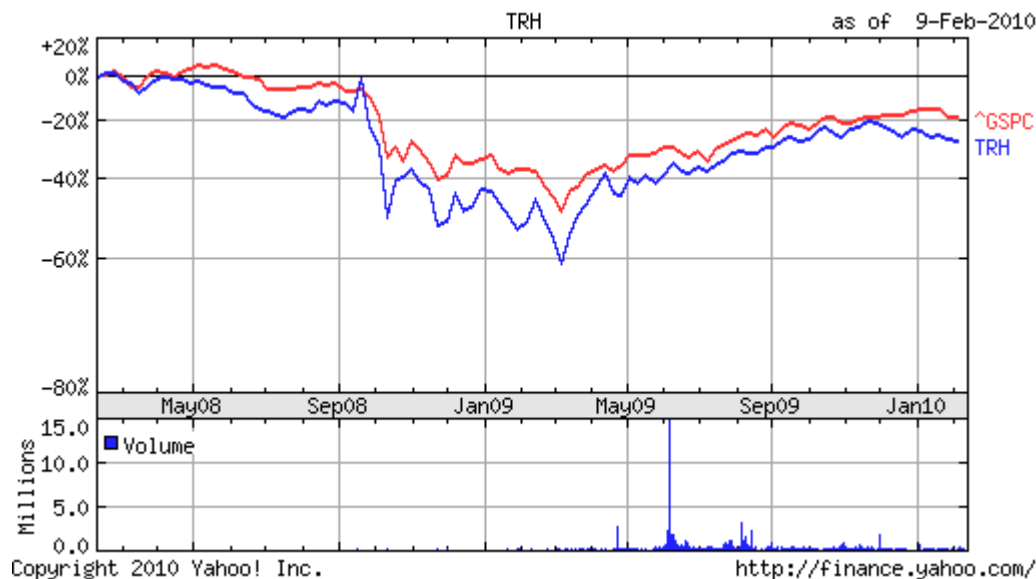
General

Transatlantic Holdings, Inc. (TRH) is an international reinsurance organization headquartered in New York, with operations worldwide. TRH's subsidiaries, Transatlantic Reinsurance Company (TRC), Trans Re Zurich (TRZ) and Putnam Reinsurance Company (Putnam), offer reinsurance capacity on both a treaty and facultative basis – structuring programs for a full range of property and casualty products, with an emphasis on specialty risks.

Transatlantic has been on the CLLAS Reinsurance Program since 1990. Transatlantic currently participates on the \$7.5M xs \$5M and \$12.5M xs \$12.5M layers. Transatlantic's participation was reduced by CLLAS in 2008/09 due to a reinsurance recoverable issue.

Stock Performance

The following is the 2-year stock performance of Transatlantic Holdings, Inc. (the blue line). For comparison purposes, we have included the S&P index (the red line).



- Transatlantic Holdings, Inc. has slightly underperformed the S&P over the last two years.

Highlights of A.M. Best Report

The complete A.M. Best report is set forth in Appendix N. Current rating is A (Excellent) from A.M. Best.

- The rating reflects Transatlantic's highly regarded business profile as a leading international reinsurance organization with a diverse book of predominately casualty-oriented business;

- Partially offsetting these positive rating attributes are concerns regarding the soft casualty market from which Transatlantic derives a significant portion of its premiums as well as reserve adequacy on casualty-oriented business;
- While Transatlantic has experienced favorable loss reserve development and/or modest unfavorable development over the last two years, A.M. Best will continue to closely monitor the company's reserve adequacy and potential exposure to inflationary pressures;
- Capitalization: Transatlantic's capital generation remains strong as a result of continued solid:
 - Based on the group's strong operating results, significant premium expansion, disciplined investment and underwriting strategies, and limited dividend requirements, Best expects the group to continue to generate strong internal capital growth;
- Premiums earned: \$2,667,360,000 at 09/30/2008 and \$2,573,340,000 at 09/30/2009;
- Net income: \$ -34,454,000 at 09/30/2008 and \$246,625,000 at 09/30/2009;
- Liquidity: The group's continued solid operating cash flows provide an additional funding source to meet these obligations:
 - Based on Transatlantic's historically solid operating experience and modest catastrophe exposure, Best expects that the group's overall liquidity profile is more than adequate to support its current operations.

Financial statements of

**Canadian Lawyers Liability
Assurance Society**

December 31, 2009

Canadian Lawyers Liability Assurance Society

December 31, 2009

Table of contents

Auditors' Report.....	1
Balance sheet.....	2
Statements of comprehensive income and of accumulated other comprehensive income.....	3
Statement of operations and subscribers' equity	4
Statement of cash flows.....	5
Notes to the financial statements	6-16

Auditors' Report

To the Advisory Board of the
Canadian Lawyers Liability Assurance Society

We have audited the balance sheet of the Canadian Lawyers Liability Assurance Society (the "Society") as at December 31, 2009 and the statements of operations and subscribers' equity, comprehensive income and of accumulated other comprehensive income, and cash flows for the year then ended. These financial statements are the responsibility of the Society's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Society as at December 31, 2009 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.



Chartered Accountants
Licensed Public Accountants
February 12, 2010

Canadian Lawyers Liability Assurance Society

Balance sheet

as at December 31, 2009

	2009	2008
	\$	\$
Assets		
Cash at Bank	8,118,634	7,156,634
Short-term investments (Note 3)	10,446,379	14,371,754
Bonds (Note 3)	37,106,852	30,737,108
Interest income due and accrued	290,528	248,097
Premiums receivable (Note 5)	5,302,471	6,505,277
Unearned reinsurance premiums ceded	6,834,882	7,199,019
Prepaid expenses	235,898	249,370
Deferred policy acquisition costs	283,123	364,772
Reinsurance recoverable (Note 12)	11,828,558	10,738,527
Provision for unpaid claims and adjustment expenses recoverable from reinsurers (Note 4)	40,904,000	45,477,000
	121,351,325	123,047,558
Liabilities		
Provision for unpaid claims and adjustment expenses (Note 4)	79,072,000	80,511,000
Unearned premiums	11,727,469	12,059,120
Due to reinsurers	8,164,121	8,513,910
Accounts payable and accrued charges	745,909	564,151
	99,709,499	101,648,181
Subscribers' equity		
Minimum surplus	50,000	50,000
Additional surplus	20,381,341	19,973,669
Accumulated other comprehensive income	1,210,485	1,375,708
	21,641,826	21,399,377
Total liabilities and subscribers' equity	121,351,325	123,047,558

See accompanying notes to financial statements.

Canadian Lawyers Liability Assurance Society

Statements of comprehensive income and of
accumulated other comprehensive income
year ended December 31, 2009

	2009	2008
	\$	\$
Comprehensive income		
Unrealized gains and losses on available-for-sale financial assets arising during the year	(166,064)	1,283,644
Recognition of realized loss included in income	841	-
Other comprehensive income (loss)	(165,223)	1,283,644
Net income for the year	407,672	4,548,720
Comprehensive income	242,449	5,832,364
Accumulated other comprehensive income		
Balance at beginning of year	1,375,708	92,064
Other comprehensive income (loss)	(165,223)	1,283,644
Balance at end of year	1,210,485	1,375,708

See accompanying notes to financial statements.

Canadian Lawyers Liability Assurance Society

Statement of operations and subscribers' equity

year ended December 31, 2009

	2009	2008
	\$	\$
Premiums		
Written premium	23,674,881	24,318,114
Reinsurance ceded	13,797,313	14,517,359
Net written premiums	9,877,568	9,800,755
Change in unearned premiums	(32,486)	173,095
Earned premium	9,845,082	9,973,850
Expenses		
Claims (Note 4)	7,867,114	4,516,547
Operating Expenses	2,260,720	1,832,000
Premium taxes	792,664	770,371
	10,920,498	7,118,918
Underwriting (loss) gain for the year	(1,075,416)	2,854,932
Investment income (Note 3)	1,483,088	1,693,788
Net income for the year	407,672	4,548,720
Other comprehensive income	(165,223)	1,283,644
Subscribers' equity, beginning of the year	21,399,377	15,567,013
Subscribers' equity, end of the year	21,641,826	21,399,377

See accompanying notes to financial statements.

Canadian Lawyers Liability Assurance Society

Statement of cash flows

year ended December 31, 2009

	2009	2008
	\$	\$
Operating		
Net income for the year	407,672	4,548,720
Changes in non-cash working capital components		
Change in amortization of bond discount	(29,887)	9,406
Interest income due and accrued	(42,431)	(32,224)
Premiums receivable	1,202,806	4,163,350
Unearned reinsurance premiums ceded	364,137	1,213,930
Prepaid expenses	13,472	74,394
Deferred policy acquisition costs	81,649	40,829
Reinsurance recoverable	(1,090,031)	(1,060,163)
Provision for unpaid claims and adjustment expenses recoverable from reinsurers	4,573,000	3,170,000
Provision for unpaid claims and adjustment expenses	(1,439,000)	(457,000)
Unearned premiums	(331,651)	(1,387,024)
Due to reinsurers	(349,789)	(1,128,879)
Accounts payable and accrued charges	181,758	65,607
	3,541,705	9,220,946
Investing		
Purchase of bonds	(11,745,927)	(6,827,779)
Maturities and disposal of bonds	5,133,075	2,200,000
Purchase of short-term investments	(47,192,131)	(54,177,757)
Disposal of short-term investments	51,139,636	52,812,381
Amortization of bond premium	84,801	48,726
(Gain)/loss on disposal of bonds	841	-
	(2,579,705)	(5,944,429)
Net increase (decrease) in cash	962,000	3,276,517
Cash balance, beginning of year	7,156,634	3,880,117
Cash balance, end of year	8,118,634	7,156,634
Cash balance comprises		
Cash at Bank	8,118,634	7,156,634

See accompanying notes to financial statements.

Canadian Lawyers Liability Assurance Society

Notes to the financial statements

December 31, 2009

1. Description of business

The Canadian Lawyers Liability Assurance Society ("the Society") was formed under the Reciprocal Insurance Exchange Agreement for Select Canadian Law Firms dated December 22, 1986 ("Subscription Agreement"). The Society is licensed by the Financial Services Commission of Ontario to provide lawyers professional liability insurance to its subscribers in accordance with Part XIII of the Insurance Act of Ontario, R.S.O. 1990. The Society commenced operations on June 30, 1987.

2. Significant accounting policies

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles and reflect the following policies:

Investments

The investment portfolio, bonds and short term investments, are classified as available-for-sale and their fair value is determined using quoted market bid prices. The Society does not have investments in bonds or other investments for which the fair value is determined using a valuation technique based on assumptions that are not supported by observable market prices or rates.

Available-for-sale investments are recorded at fair value with changes in the fair value recorded as unrealized gains and losses, which is included in Other Comprehensive Income ("OCI"). Realized gains and losses on sale, as well as losses from an other than temporary decline in value, are reclassified from accumulated other comprehensive income and recorded in net investment income in the statement of operations.

Transaction costs related to the purchase of these bonds are recorded as part of the carrying value of the bond at the date of purchase. Discounts or premiums on the purchase of bonds are deferred and amortized over the remaining term of the bonds.

Available-for-sale bonds are assessed for impairment at least on a quarterly basis. When there is objective evidence that an available-for-sale bond is impaired and the decline in value is considered other than temporary, the loss accumulated in OCI is reclassified to net investment income. Once an impairment loss is recorded to income, the loss can only be reversed for fixed income securities to the extent a subsequent increase in fair value can be objectively correlated to an event occurring after the loss was recognized. Following the impairment loss recognition, these assets will continue to be recorded at fair value with changes in fair value recorded to OCI, and tested for further impairment quarterly. Objective evidence of impairment includes financial difficulty of the issuer, bankruptcy or defaults and delinquency in payments of interest or principal.

Revenue recognition

Premiums are recorded as written at the inception date of the policies and deferred as unearned premiums to be taken into income as earned on a pro-rata basis over the terms of the underlying policies. A corresponding portion of reinsurance premiums are deferred as unearned reinsurance premiums ceded. Retro-assessment calls are recorded as written and earned at the date of approval by the Society's Advisory Board. Premium taxes are recorded as deferred policy acquisition costs and expensed in the periods in which related premiums are earned. Premium taxes are only deferred to the extent that unearned premiums exceed anticipated future claims and expenses less investment income on funds backing unearned premiums.

Certain of the Society's reinsurance contracts contain Additional Premium Liability clauses which require that the Society pay additional premiums if paid claims and case reserves exceed certain pre-determined levels. The Society accrues such additional premiums based upon current actuarial estimates of ultimate loss experience.

Canadian Lawyers Liability Assurance Society

Notes to the financial statements

December 31, 2009

2. Significant accounting policies (continued)

Provision for unpaid claims and adjustment expenses

The provision for unpaid claims and adjustment expenses represents an estimate of the ultimate gross amounts payable for all claims, including investigation costs and the projected final settlement of claims incurred prior to the balance sheet date. The provision for unpaid claims and adjustment expenses is calculated in accordance with accepted actuarial practice in Canada taking into consideration the time value of money and explicit provisions for adverse deviation. The estimates of loss activity are, by necessity, subject to uncertainty and are derived from a wide range of possible outcomes. These estimates are continually reviewed as additional information affecting the estimated quantum of claims settlement is obtained. All changes in estimated claim amounts are recorded as incurred claims in the period in which the change in estimate is determined.

The amounts recoverable from reinsurers are calculated based upon the same principles as the gross liability and are reflected as an asset in the balance sheet.

Changes in accounting policies

Adopted during the current year

On January 1, 2009, the Society adopted Canadian Institute of Chartered Accountants ("CICA") Handbook Section ("Section") 3064, "Goodwill and Intangible Assets". Section 3064 replaces Section 3062, "Goodwill and Other Intangible Assets", and Section 3450, "Research and Development Costs". Section 3064 establishes standards for the recognition, measurement, presentation and disclosure of goodwill and intangible assets. The adoption of this Section did not impact the Society's financial statements.

Effective January 1, 2009, the Society adopted the CICA Emerging Issues Committee ("EIC") Abstract 173, "Credit Risk and the Fair Value of Financial Assets and Financial Liabilities". EIC 173 clarifies how an entity's own credit risk and that of the relevant counterparty should be taken into account in determining the fair value of financial assets and financial liabilities, including derivative instruments. The new guidance did not impact the Society's financial statements.

In June 2009, the Society retroactively adopted amendments to CICA Handbook Section 3855, "Financial Instruments – Recognition and Measurement". The amendments clarify that, subsequent to the recognition of an impairment loss, the rate used to determine the impairment loss is used to calculate interest income on the impaired debt security. The adoption of these amendments did not impact the Society's financial statements.

In the third quarter of 2009, the CICA issued further amendments to Section 3855. The amendments require the reversal of impairment losses on available-for-sale debt instruments through profit and loss in a subsequent period when the fair value increases and the increase can be objectively related to an event occurring after the impairment loss was recognized in net income. The adoption of these amendments did not impact the Society's financial statements.

In June 2009, the CICA issued amendments to Section 3862, "Financial Instruments – Disclosures". The amendments include enhanced disclosures related to the fair value of financial instruments and the liquidity risk associated with financial instruments. The amendments are consistent with recent amendments to financial instrument disclosure standards in IFRS. The Society has presented these additional disclosures in note 3.

Canadian Lawyers Liability Assurance Society

Notes to the financial statements

December 31, 2009

2. Significant accounting policies (continued)

Changes in accounting policies (continued)

Adopted during 2008

On January 1, 2008, the Society adopted the Canadian Institute of Chartered Accountants ("CICA") Handbook Sections: Section 1535, Capital Disclosures; Section 3862, Financial Instruments – Disclosure and Presentation, and Section 3863, Financial Instruments Presentation.

Handbook Section 1535 requires the disclosure of objectives, policies and procedures for managing capital; information on what the entity regards as capital; whether the entity has complied with any capital requirements; and the consequences of non-compliance with these capital requirements.

Handbook Sections 3862 and 3863 replace Handbook Section 3861, Financial Instruments – Disclosure and Presentation. Section 3863 carries forward unchanged the presentation requirements of Section 3861 while Section 3862 requires enhanced financial instrument disclosures of the nature and extent of risks arising from financial instruments and how the entity manages those risks.

Future accounting changes

International Financial Reporting Standards (IFRS)

In February 2008, the Canadian Accounting Standards Board (AcSB) confirmed that publicly accountable enterprises will be required to adopt IFRS. IFRS will replace current Canadian GAAP for those enterprises. The Office of the Superintendent of Financial Institutions and the Financial Services Commission of Ontario have confirmed that a reciprocal is considered a publicly accountable enterprise and is expected to adopt IFRS in accordance with the AcSB requirements. For the Society, IFRS will be effective for the annual period commencing January 1, 2011, including the preparation and reporting of one year of comparative figures. The Society is currently in the process of evaluating the impacts and implications of its conversion to IFRS.

3. Investments

a) The Society's investments consist of the following:

	2009		2008	
	Fair value and carrying value	Amortized cost	Fair value and carrying value	Amortized cost
	\$	\$	\$	\$
Bonds	37,106,852	35,888,609	30,737,108	29,361,400
Short term investments	10,446,379	10,454,137	14,371,754	14,371,754
	47,553,231	46,342,746	45,108,862	43,733,154

The difference between amortized cost and market value of the AFS investments in Bonds and Short Term Investments consists of gross unrealized gains of \$1,280,137 (2008: \$1,450,230) and losses of (\$69,652) (2008: (\$74,522)).

Canadian Lawyers Liability Assurance Society

Notes to the financial statements

December 31, 2009

3. Investments (continued)

a) (continued)

Bonds have an average effective interest market yield of 2.93% (2008: 3.01% market yield). The Society limits its long-term investments to securities issued or guaranteed by the Government of Canada, any province of Canada or Canadian corporations.

Short-term investments are invested in securities issued by the Government of Canada or a Canadian Province having a rating of A or better, or a Canadian Chartered Bank having a rating of R-1 or better. These securities have a maturity of less than 1 year from the purchase date.

b) Maturity profile of bonds as at December 31:

	2009	2008
	Fair value	Fair value
	\$	\$
Under 1 year	2,320,734	2,042,208
1 to 5 years	28,858,682	22,357,029
Over 5 years	5,927,436	6,337,871
	37,106,852	30,737,108

The maturity profile of short term investments is 100% under 1 year for both 2009 and 2008.

c) Net investment income has the following components:

	2009	2008
	\$	\$
Interest income		
Bonds	1,459,286	1,248,254
Cash, cash equivalent and short-term investments	78,057	502,166
	1,537,343	1,750,420
Amortization of (premium)/discount on investments	(54,914)	(58,132)
Realized capital gain (loss)	(841)	-
	1,481,588	1,692,288
Miscellaneous investment income	1,500	1,500
Total net investment income	1,483,088	1,693,788

d) Fair value measurements

Section 3862 establishes a fair value hierarchy which prioritizes the inputs to valuation techniques used to measure fair value into three broad levels. The three levels of the fair value hierarchy as described by Section 3862 are:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable.

Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

Canadian Lawyers Liability Assurance Society

Notes to the financial statements

December 31, 2009

3. Investments (continued)

d) Fair value measurements (continued)

The following table presents the Society's financial instruments that have been measured at fair value, on a recurring basis, as at December 31, 2009.

	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Cash at bank	8,118,634	-	-	8,118,634
Investment - available for sale				
Short term investments	-	10,446,379	-	10,446,379
Bonds	-	37,106,852	-	37,106,852
	-	47,553,231	-	47,553,231
	8,118,634	47,553,231	-	55,671,865

The Society did not have any significant transfers between Level 1 and Level 2 included in the fair value hierarchy.

4. Unpaid claims and adjustment expenses

a) Nature of unpaid claims and adjustments expenses

The establishment of the provision for unpaid claims and adjustment expenses is based on known facts and interpretation of circumstances and is therefore a complex and dynamic process influenced by a large variety of factors. These factors include the Society's experience with similar cases and historical trends involving claim payment patterns, loss payments, pending levels of unpaid claims, claims severity and claim frequency patterns.

Other factors include the continually evolving and changing regulatory and legal environment, actuarial studies, professional experience and expertise of the Society's consultants retained to handle individual claims, the quality of the data used for projection purposes, existing claims management practices including claims handling and settlement practices, the effect of inflationary trends on future claims settlement costs, court decisions, economic conditions and public attitudes. In addition, time can be a critical part of the provision determination. The longer the span between the incidence of a loss and the payment or settlement of the claims, the more variable the ultimate settlement amount can be.

Consequently, the establishment of the provision for unpaid claims and adjustment expenses process relies on the judgment and opinions of a large number of individuals, on historical precedent and trends, on prevailing legal, economic, social and regulatory trends and on expectations as to future developments. The process of determining the provisions necessarily involves risks that the actual results will deviate, perhaps materially, from the best estimates made.

Canadian Lawyers Liability Assurance Society

Notes to the financial statements

December 31, 2009

4. Unpaid claims and adjustment expenses (continued)

- b) Activity in the provision for unpaid claims and adjustment expenses is summarized as follows:

	2009	2008
	\$	\$
Provision for unpaid claims and adjustments expense, beginning of year		
Gross	80,511,000	80,968,000
Reinsurance ceded	45,477,000	48,647,000
Net provisions, beginning of year	35,034,000	32,321,000
Net incurred claims and claim adjustment expenses		
Provision for current year claims made	8,607,000	8,455,000
Increase (decrease) in provision for prior year claims made	(786,886)	(5,039,453)
Increase (decrease) in provision due to discount rate change	47,000	1,101,000
Total net incurred	7,867,114	4,516,547
Transitional adjustment to opening policy liabilities	-	(1,803,547)
Net payment attributable to		
Current year claims made	-	-
Prior years' claims made	(4,733,114)	(1,803,547)
Total net payments	(4,733,114)	(1,803,547)
Net provision for unpaid claims and adjustments expenses, end of year	38,168,000	35,034,000
Reinsurance ceded, end of year	40,904,000	45,477,000
Gross provision for unpaid claims and adjustments expenses, end of year	79,072,000	80,511,000

- c) Provision for unpaid claims and adjustment expenses

The fair value of unpaid claims and adjustment expenses, gross and recoverable from reinsurers, is not practicable to determine with sufficient reliability. Under accepted actuarial practice in Canada, the appropriate value of the claims liabilities is the discounted value of such liabilities plus the provision for adverse deviation ("PFAD").

Canadian Lawyers Liability Assurance Society

Notes to the financial statements

December 31, 2009

4. Unpaid claims and adjustment expenses (continued)

December 31, 2009

	<u>Undiscounted</u>	<u>Discounted at 2.9%</u>	<u>Provisions for adverse deviation</u>	<u>Value per accepted actuarial practice</u>
	\$	\$	\$	\$
Provision for unpaid claims and adjustment expenses				
Gross	79,707,000	69,731,000	9,341,000	79,072,000
Recoverable from reinsurers	43,054,000	37,757,000	3,147,000	40,904,000
Net	36,653,000	31,974,000	6,194,000	38,168,000

December 31, 2008

	<u>Undiscounted</u>	<u>Discounted at 3.0%</u>	<u>Provisions for adverse deviation</u>	<u>Value per accepted actuarial practice</u>
	\$	\$	\$	\$
Provision for unpaid claims and adjustment expenses				
Gross	81,493,149	71,023,000	9,488,000	80,511,000
Recoverable from reinsurers	48,106,258	41,981,000	3,496,000	45,477,000
Net	33,386,891	29,042,000	5,992,000	35,034,000

5. Premiums receivable

All subscribers are large reputable Canadian law firms, and no significant credit risk is expected. All amounts are due by January 1, 2010.

6. Reinsurance program

- The Society has obtained proportional reinsurance coverage which limits its net liability to a maximum amount of \$13,350,000 effective July 1, 2009 (July 1, 2008: \$11,850,000) on any one loss.
- Colchester Reinsurance Limited is an off-shore captive reinsurer domiciled in Barbados. The shareholders of Colchester are twelve Toronto based legal firms or their related service corporations. Those twelve shareholders are unrelated to each other. However, each of Colchester's shareholders is, or is related to certain of the Society's subscribers. On July 1, 2009, Colchester received from the Society premiums of \$2,469,724 (July 1, 2008: \$2,248,950).

Canadian Lawyers Liability Assurance Society

Notes to the financial statements

December 31, 2009

6. Reinsurance program (continued)

b) (continued)

Colchester has provided aggregate stop-loss reinsurance protection for a portion of the Society's retained risk. On July 1, 2009 (and July 1, 2008), this reinsurance had an attachment point of \$15,000,000 and an annual aggregate limit of \$25,000,000 and applied to 100% of the Society's net liability for that portion of each loss which is in excess of \$250,000 ground up.

c) Reinsurance does not discharge the primary liability of the Society.

7. Income taxes

The Society is a reciprocal as defined under Part XIII of the Insurance Act of Ontario. Accordingly, no provision for income taxes is made in these financial statements.

8. Subscribers' equity

In accordance with the Reciprocal Insurance Exchange Agreement, subscribers were not obliged to contribute any amounts to the Society in the form of a capital contribution. The subscribers' surplus therefore represents cumulative surplus and may be used to cover potential future catastrophe claims or reduce future premiums, if appropriate. The Agreement provides that additional assessments may be made to cover the actual loss, claims and costs experienced by the Society.

9. Financial instrument risk management

The Society has policies related to the identification, monitoring and mitigation of risks associated with financial instruments. The key risks related to financial instruments are credit risk, liquidity risk and market risk (interest rate, equity and currency). The following describes how the Society manages each of these risks.

a) Credit risk

Credit risk is the risk of loss due to the failure of debtors to make payments when due. Credit risks are primarily associated with invested assets and amounts due from policyholders and reinsurance counterparties. The investment portfolio's exposure to credit risk is managed through policies and procedures including a credit evaluation by the investment manager and investment guidelines which specify investment quality and exposure limits. The portfolio is monitored and reviewed regularly by the Board. Premiums due from policyholders present minimal risk due to the short term nature of the receivable and the historic/financial relationship with the Society as a Reciprocal Insurance Exchange. The Society evaluates the financial condition of its reinsurers and monitors concentrations of credit risk of the reinsurers to minimize its exposure to significant losses from their insolvency. The Society believes that it has made appropriate provision for any such losses, and therefore, no material credit risk exists. One of the primary reinsurers is Colchester Reinsurance Limited as discussed in Note 6. The credit risk related to Colchester is managed by maintaining a trust account and a quarterly review of their financial condition.

Canadian Lawyers Liability Assurance Society

Notes to the financial statements

December 31, 2009

9. Financial instrument risk management (continued)

a) Credit risk (continued)

i) Exposure to credit risk

The following table summarizes the exposure to credit risk related to financial instruments and certain insurance assets at carrying value.

	2009	2008
	\$	\$
Short-term investments	10,446,379	14,371,754
Bonds	37,106,852	30,737,108
Interest income due and accrued	290,528	248,097
Premiums receivable	5,302,471	6,505,277
Reinsurance recoverable	11,828,558	10,738,527
Provision for unpaid claims and adjustment expenses recoverable from reinsurers	40,904,000	45,477,000
Total credit exposure	105,878,788	108,077,763

ii) Concentration of credit risk

The Society utilizes an investment policy to minimize the concentration of credit risk by ensuring diversification across asset classes. The following table summarizes the distribution of investments by credit risk:

	2009	2008
	%	%
Bonds, treasury bills and cash (< 1 year)	6.2	6.6
Canadas (> 1 year)	45.0	42.1
Provincials (> 1 year)	36.6	37.0
Corporates (> 1 year)	12.2	14.3
Total portfolio	100.0	100.0

b) Liquidity risk

Liquidity risk is the risk that the Society will not be able to meet all cash outflow obligations as they come due. The primary potential cash outflow is the payment of insurance claims and is represented by the provision for unpaid claims and adjustment expenses liability on the balance sheet. In order to manage the liquidity risk associated with this liability, an investment policy is in place which requires that a material portion of the investment portfolio be maintained in short-term investments. A summary of the invested assets by term to maturity is provided at Note 3.

c) Market risk

Market risk is the risk of loss arising from adverse changes in market rates and prices, such as interest rates, equity markets and foreign currency rates. The primary market risk exposures are discussed below.

i) Interest rate risk

Interest rate risk is the risk of financial loss arising from changes in interest rates. Fluctuations in interest rates will impact the market value of the fixed income portion of the investment portfolio. Interest rate fluctuations may create unrealized gains or losses which are recorded as OCI, however, these assets are ordinarily held until maturity which would result in a recovery of par value. A portion of these assets support the net provision for unpaid claims and adjustment expenses which is calculated, in part, using a discount factor based on the market rate of return of the investment portfolio.

Canadian Lawyers Liability Assurance Society

Notes to the financial statements

December 31, 2009

9. Financial Instrument Risk Management (continued)

c) Market risk (continued)

i) Interest rate risk (continued)

The Society is exposed to interest rate risk if the cash flows from the investments are not matched to the liabilities that they support. This risk is partially mitigated by the investment policy which specifies that the timing of the settlement of unpaid claims be considered when selecting the duration of invested assets.

The estimated impact of a 1% increase in interest rates would decrease the market value of the fixed income portion of the investment portfolio by \$1,226,570 (2008: \$1,049,962) which would be recorded in OCI. This impact would be more than offset on an economic basis by a decrease in the estimated unpaid claims and adjustment expense of \$1,681,650 (2008: \$1,515,953) recorded through net income. Conversely, a 1% decrease in interest rates would increase the market value of the fixed income portion of the investment portfolio by \$1,517,915 (2008: \$1,283,812) which would be recorded in OCI. This impact would be more than offset on an economic basis by an increase in the estimated unpaid claims and adjustment expense of \$1,818,174 (2008: \$1,642,089) recorded through net income.

ii) Equity risk

Equity risk is the uncertainty associated with the valuation of assets arising from changes in equity markets. To mitigate this risk, the Society's investment policy does not allow exposure to equity markets and the Society had \$Nil equity holdings as at December 31, 2009.

iii) Currency risk

The Society does not have any material exposure to foreign currency.

10. Surplus management and adequacy

Subscribers' Equity is comprised of Surplus and Accumulated Other Comprehensive Income. At December 31, 2009 the Subscribers' Equity was \$21,641,826 (2008: \$21,399,377). The Society's objectives for the management of surplus are for the prudent operation of the reciprocal and to provide relatively predictable premium costs for its members over time. A surplus management policy is approved by the Board of Directors which oversees the surplus management process.

As a reciprocal insurance exchange, the requirement for surplus is lower than that of an incorporated insurance company. A reciprocal may rely on the contractual agreement among its members to contribute to the losses incurred by other members and to make assessments for additional contributions to surplus if required and accordingly, can rely on the credit worthiness of its subscribers.

The Society is regulated by the Financial Services Commission of Ontario (FSCO) which expects incorporated insurance companies to meet a Minimum Capital Test (MCT) ratio of capital available to capital required of at least 150%. However, the minimum regulatory standard for reciprocals in Ontario is adjusted equity exceeding \$50,000. The Society's practice is to maintain a surplus level which is significantly higher than the regulatory minimum and as at December 31, 2009 exceeded the MCT requirement. The Society's surplus adequacy is evaluated regularly and this evaluation takes into account the gross exposure to risk, the level and nature of reinsurance purchased and the resulting net exposure to members. Input from the appointed actuary, which includes an assessment of loss volatility, is factored into this evaluation.

Canadian Lawyers Liability Assurance Society

Notes to the financial statements

December 31, 2009

11. Fair value disclosure

The fair value of the following classes of financial instruments is deemed to approximate carrying value due to the immediate or short-term maturity of the financial instruments.

- a) Cash at Bank
- b) Interest income due and accrued
- c) Premiums receivable
- d) Reinsurance recoverable
- e) Due to reinsurers
- f) Accounts payable and accrued charges
- g) Premium taxes payable

12. Contingencies

Certain of the Society's reinsurers have disputed their obligation to reimburse the Society for their share of a large claim settled in late 2005. The dispute is proceeding to binding arbitration with resolution expected in 2010. Management of the Society is confident that the amount reflected as a reinsurance recoverable in the financial statements will ultimately be collected. It is possible that changes in future conditions could require a change in the recognized amount.



Canadian Lawyers Liability
Assurance Society
Report to the Audit Committee
of the Advisory Board
Results of the 2009 Audit

To be presented
February 18, 2010



Deloitte & Touche LLP
Brookfield Place
181 Bay Street
Suite 1400
Toronto, ON M5J 2V1

Tel: (416) 601-6150
Fax: (416) 601-6151
www.deloitte.ca

February 18, 2010

The Members of the Audit Committee of the Advisory Board
Canadian Lawyers Liability Assurance Society

Dear Committee Members:

We are pleased to present this report to you on the completion of the 2009 external audit of Canadian Lawyers Liability Assurance Society ("CLLAS").

This report summarizes the results of our audit and includes representations and comments designed to assist you in discharging your responsibilities as audit committee members.

This report has been provided to the Audit Committee of CLLAS on a confidential basis. It is intended solely for the use of the Audit Committee to assist it in discharging its responsibilities with respect to the financial statements and is not intended for any other purpose. We disclaim any responsibility or obligation to any third party who may rely on this report. The matters addressed in this report are a byproduct of the financial statement audit and the audit would not necessarily identify all matters that may be of interest to the Audit Committee in fulfilling its responsibilities.

We look forward to discussing our report with you and responding to your questions.

Yours sincerely,

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

Chartered Accountants
Licensed Public Accountants

Table of contents

Status of the audit, its scope and related representations	1
Management's and Directors' responsibilities for financial information	2
Our audit opinions	3
Formal reporting responsibilities	4
Key areas of audit focus	5
Reporting and control matters	8
Outstanding items	9
In conclusion	10
Appendix A – Inquiry regarding risk of fraud	
Appendix B – Confirmation of independence	

Status of the audit, its scope and related representations

- The 2009 audit of the CLLAS financial statements is substantially complete, pending receipt of the management representation letter and completion of a few remaining audit procedures and reviews.
- We anticipate that our audit opinion will be unqualified.
- We continue to be independent of CLLAS and provide formal confirmation of this in Appendix B.
- The audit approach was consistent with our plan and complies with Canadian generally accepted auditing standards and our firm's standards for the audit of insurance entities.
- We considered the work of the Appointed Actuary in formulating an opinion on the financial statements. Our 2009 audit incorporated work by our actuarial specialist Ms. Barb Addie, in accordance with the CICA assurance and related services guideline ("AuG-43"). We complied with the joint policy statement of the CICA and the Canadian Institute of Actuaries.
- No limitations were placed on the scope of our audit. We had complete access during the year to officers and employees, and to all books and records required to perform our audit. We received full cooperation and appropriate representations from management.

Management's and Directors' responsibilities for financial information

- As you are aware, management is responsible for the preparation and presentation of the financial statements. We have requested a letter from management acknowledging this responsibility which includes representations on outstanding litigation and other contingent exposures.
- Our understanding is that you recognize your responsibility as Directors for reviewing and approving financial statements and overseeing management responsibility for:
 - the preparation and presentation of financial statements;
 - the maintenance of appropriate internal controls; and
 - the assessment of significant related party transactions.

Our audit opinions

- Our opinion on the 2009 subscribers' financial statements will:
 - be dated February 12, 2010;
 - be signed following approval by the Audit Committee; and
 - state that the financial position, results of operations and cash flows are fairly stated in all material respects.
- Regulatory Reporting
 - Financial statements in the FSCO P&C-1 annual return are, in substance, the same as the subscribers' financial statements. Our report on the P&C-1 financial statements will also be unqualified.

Formal reporting responsibilities

We are required by professional standards and regulatory requirements to report to you any of the following matters if they are observed during the course of the audit. Our findings are based on the audit work considered necessary by us to render our opinion on the Society's financial statements.

Reportable matter	Comments
1. Significant weaknesses in internal control relating to the preparation of the financial statements.	None noted.
2. Irregularities and Illegal acts.	None noted.
3. Significant transactions inconsistent with the ordinary course of business, including fraud or possible fraud.	None noted.
4. Unusual related party transactions.	None noted.
5. Significant new accounting principles or policies.	None noted.
6. Disagreements with management.	None.
7. Management consultation with other accountants about any significant auditing or accounting matter.	None noted.
8. Unusual transactions that significantly increase the risk of loss.	See discussion of major claim reinsurance recoveries
9. Actions that, if they became public, might cause embarrassment.	None noted.
10. Non-compliance with regulatory requirements.	None noted.
11. Major issues discussed with management that influence the audit appointment.	None.
12. Significant management judgments and accounting estimates.	See later comments.
13. Misstatements, including unadjusted audit differences and errors discovered in the audit which have been corrected.	None
14. Difficulties encountered during the audit.	None.
15. Limitations placed on the scope of our audit.	None.

Key areas of audit focus

Area of audit focus	Observations and findings
Accounting and financial reporting	<ul style="list-style-type: none"> • We evaluated the overall financial statement presentation and disclosures to assess whether the presentation and disclosures are, in all material respects, in accordance with Canadian generally accepted accounting principles. • We evaluated management's adoption of applicable amendments in CICA Handbook Sections 3862, Financial Instruments – Disclosures. Enhanced disclosures related to the fair value hierarchy of financial instruments and liquidity risk associated with financial instruments have been prepared. • We also made certain recommendations to management regarding the financial statement presentation and disclosures, most of which have been reflected in the Society's 2009 financial statements. • We concluded that the financial statements are in compliance with GAAP. • We have reviewed the IFRS project status which is proceeding as per the Society's plan submitted to FSCO. We have also reviewed the IFRS disclosure in the financial statements.
Actuarial & claims	<ul style="list-style-type: none"> • Claims data appear complete and accurate and related reserve amounts appear appropriate, based on our audit testing. • We evaluated controls in effect through the actuarial reserving process. We believe that, in general, controls are adequately designed . • As per our audit plan and in accordance with the requirements of the CICA guideline AuG-43, our actuarial specialist Barb Addie has reviewed actuarial methodologies and assumptions and has conducted various recomputation tests. The results of conducting these procedures were satisfactory and differences in computed amounts were within a range of acceptable actuarial practice. Barb also calculated an HST estimate which is in line with the estimates determined by the Appointed Actuary.

Key areas of audit focus (continued)

Area of audit focus	Observations and findings
Investments	<ul style="list-style-type: none"> • We reviewed disclosure and presentation requirements. We found that management had appropriately addressed all new requirements. • Investment balances have been confirmed and fair values have been tested. • We reviewed the available for sale investments for any indication of other than temporary impairment. We concluded that no impairment issues had been identified. • We tested investment income received and receivable with satisfactory results.
Reinsurance	<ul style="list-style-type: none"> • CLLAS' continues to retain 100% of the first \$5M of claims before adjustment for self-insured retention and available law society mandatory coverage. • The Society's maximum exposure on current period claims after reinsurance is \$13.35M on losses up to \$220M. • Colchester provides annual aggregate stop-loss coverage of \$25,000,000 excess of \$15,000,000 applied to 100% of the Society's net liability for that portion of each loss which is in excess of \$250,000. • We reviewed the audited financial statements of Colchester as at June 30, 2009. • We have discussed with the General Manager the dispute with the lead reinsurer on a major claim and the related outstanding reinsurance recoveries. The matter is currently proceeding towards binding arbitration and resolution is expected sometime during 2010. It is our view that this represents a material contingency which should be disclosed in the financial statements in a manner consistent with CICA 3290.15 and .22. • The results of our audit procedures were satisfactory.

Key areas of audit focus (continued)

Area of audit focus	Observations and findings
Design & Implementation of Controls	<ul style="list-style-type: none"> As noted in our audit plan presentation to the Audit Committee in November 2009, we reviewed the design and implementation of controls over various business cycles at CLLAS. The following cycles were reviewed: Investments, Claims, Actuarial, Premiums, Expenses and Financial Reporting. We also reviewed “entity wide controls”. No material weaknesses were encountered.
Tax Status	<ul style="list-style-type: none"> As disclosed in Note 7 of the financial statements, the Society does not pay tax on its investment or operating income. It does pay 3% premium tax to the Province of Ontario and the Ontario subscribers also pay 8% provincial sales tax. The tax filing position adopted by the Society is consistent with that adopted by other reciprocal insurance exchanges regulated by FSCO. We have recommended in prior years that with the significant turnover of executive committee members since the inception of the Society, it may be prudent to have the documentation of the Society and its member’s tax positions updated periodically.

Reporting and control matters

- We have not encountered any accounting or control issues that we believe could involve material exposure relative to the 2009 financial statements.
- We do not have any corrected misstatements or unadjusted errors to report.

Outstanding items

- As of February 18, the following item is outstanding:
 - Management representation letter

In conclusion

- We thank Dion Durrell + Associates, Inc. for helping to ensure that our respective duties and responsibilities are discharged in a comprehensive and efficient manner.
- We would also be pleased to receive comments and suggestions from Audit Committee members. This is particularly important because you, and the firms you represent, are our primary client.
- We would be pleased to address any questions you might have.

Appendix A – Inquiry regarding risk of fraud

Appendix A – Inquiry regarding risk of fraud

- In order to comply with the requirements of CICA handbook section 5135 *The Auditor's Responsibility to Consider Fraud and Error* (Section 5135), we would like your response to the following:
 - Your views about incentives, pressures and any other influences that could encourage fraud and your views on opportunities and on the actual risk that fraud might occur in the Society;
 - Whether you have knowledge of any fraud or suspected fraud affecting the Society; and
 - The role, if any, that you exercise in oversight of (a) the Society's assessment of the risks of fraud and (b) the program and controls the Society has established to mitigate these risks.

Appendix B – Confirmation of independence

Confirmation of independence



Deloitte & Touche LLP
Brookfield Place
181 Bay Street
Suite 1400
Toronto ON M5J 2V1
Canada

Tel: 416-601-6150
Fax: 416-601-6151
www.deloitte.ca

February 18, 2010

The Audit Committee of
Canadian Lawyers Liability Assurance Society

Dear Audit Committee Members:

We have been engaged to audit the financial statements of Canadian Lawyers Liability Assurance Society (the Society) for the year ended December 31, 2009.

Canadian generally accepted auditing standards (GAAS) require that we communicate at least annually with you regarding all relationships between the Society and our Firm that, in our professional judgment, may reasonably be thought to bear on our independence.

In determining which relationships to report, these standards require us to consider relevant rules and related interpretations prescribed by the appropriate provincial institute and applicable legislation, covering such matters as:

- (a) holding a financial interest, either directly or indirectly, in a client;
- (b) holding a position, either directly or indirectly, that gives the right or responsibility to exert significant influence over the financial or accounting policies of a client;
- (c) personal or business relationships of immediate family, close relatives, partners or retired partners, either directly or indirectly, with a client;
- (d) economic dependence on a client; and
- (e) provision of services in addition to the audit engagement.

Confirmation of independence (continued)

Page 2

We have prepared the following comments to facilitate our discussion with you regarding independence matters arising since February 20, 2009, the date of our last letter.

We are not aware of any relationships between the Society and our Firm that, in our professional judgment, may reasonably be thought to bear on independence, that have occurred from February 20, 2009 to February 18, 2010.

The total fees charged to the Society for audit services were \$54,000 for the December 31, 2009 audit.

GAAS requires that we confirm our independence to the audit committee in the context of the Rules of Professional Conduct of the Institute of Chartered Accountants of Ontario. Accordingly, we hereby confirm that we are independent with respect to the Society within the meaning of the Rules of Professional Conduct of the Institute of Chartered Accountants of Ontario as of February 18, 2010.

This report is intended solely for the use of the audit committee, the board of directors, management, and others within the Society and should not be used for any other purposes.

We look forward to discussing with you the matters addressed in this letter at our upcoming meeting on February 18, 2010.

Yours truly,

A handwritten signature in cursive script that reads "Deloitte & Touche LLP".

Chartered Accountants
Licensed Public Accountants

Deloitte.

MARTIN, LUCAS & SEAGRAM LTD.
INDEPENDENT INVESTMENT COUNSEL
SUITE 620, 48 YONGE STREET
TORONTO
M5E 1G9

TELEPHONE: 416-363-6216
FACSIMILE: 416-363-4538
E-MAIL: INFO@MLSINVEST.COM

January 22, 2010.



Mr. Patrick Mahoney,
Dion, Durrell + Associates Inc.,
2900 - 250 Yonge St.,
Toronto, ON M5B 2L7

Dear Mr. Mahoney:

Re: Canadian Lawyers Liability Assurance Society

Please find enclosed our quarterly investment report on CLLAS for the period ending December 31 last. Copies of our accounts are also enclosed. We have also included an additional schedule which details the date to date gains and losses for each of the individual holdings in the Long Term Investment Fund over the fourth quarter.

The originals of the two separate accounts for the Short and the Long Term Investment Funds have been sent to the RBC Dexia Investor Services for payment.

During the quarter, domestic bond prices drifted in a sideways pattern and at the end of December the results were mixed. Yields at the short end of the curve held practically level, while longer term bond yields shifted moderately higher. As a result of the latter trend, the portfolio's valuation experienced a capital decline of 0.9%. However, income returns moved the Fund's performance into the black, and this compared favourably to the negative total return recorded by the benchmark portfolio.

Activity in the Long Term Investment Fund involved the reinvestment of a corporate maturity and a shift out of a near-term issue into a mid-term holding. The balance of activity involved the rollover of maturities in the Short Term Investment Fund, and \$2.5 million was raised predominantly from this portfolio to cover the withdrawal.

In view of the extraordinarily depressed yields available on high quality short term investments, it has become difficult to add much incremental value after taking into account fees. As a result, we would like to propose a reduction in our investment management fee on the Short Term Investment Fund from .20% per annum to .10% per annum, effective with our next quarterly report.

Please let me know if there are any questions or comments on the report.

With best regards,

Yours sincerely,

RWB: sc
Enclosures

Martin, Lucas & Seagram Ltd.
DATE TO DATE GAINS AND LOSSES
CLLAS - LONG TERM INVESTMENT FUND
From 09-30-09 to 12-31-09

Security	09-30-09 Market Value	Additions Withdrawals	12-31-09 Market Value	12-31-09 Cost Basis	Realized Gain or Loss		Unrealized Gain or Loss	
					Cost	Market	Cost	Market
CASH								
Cash Account	0	0	0	0				
GOVERNMENT BONDS								
Canada Housing Trust Sr. 9 3.75% due March 15, 2010	507,710	-508,794	0	0	7,810	-3,385	0	0
Canada 5-1/2% due June 1, 2010	465,183	-12,375	459,437	448,965	0	0	10,472	-5,747
Canada 4% due September 1, 2010	515,845	0	511,480	501,500	0	0	9,980	-4,365
Canada Housing Trust Sr. 13 4.05% due March 15, 2011	1,044,240	0	1,037,230	990,150	0	0	47,080	-7,010
Canada 6% due June 1, 2011	1,081,010	-30,000	1,068,550	1,037,325	0	0	31,225	-12,460
Canada Housing Trust Sr. 14 4.60% due September 15, 2011	1,591,830	0	1,579,800	1,526,100	0	0	53,700	-12,030
Farm Credit Canada 4.20% due February 15, 2012	529,615	0	526,585	506,006	0	0	20,580	-3,030
Canada Housing Trust Sr. 16 4.00% due June 15, 2012	2,319,614	-44,000	2,307,822	2,212,456	0	0	95,366	-11,792
Canada Housing Trust Sr. 18 4.55% due December 15, 2012	804,300	-17,063	799,268	770,425	0	0	28,843	-5,033
Canada Housing Trust Sr. 19 3.60% due June 15, 2013	938,808	-16,200	933,930	898,840	0	0	35,090	-4,878
Canada Housing Trust Sr. 22 3.55% due September 15, 2013	936,720	0	931,041	946,117	0	0	-15,076	-5,679
Canada Housing Trust Sr. 24 2.7% due December 15, 2013	1,661,171	-22,275	1,652,244	1,654,203	0	0	-1,959	-8,927
Canada Housing Trust Sr. 26 2.20% due March 15, 2014	1,474,140	0	1,467,075	1,497,053	0	0	-29,978	-7,065
Canada Housing Trust Sr. 28 3.15% due June 15, 2014	1,020,210	-15,103	1,012,910	999,460	0	0	13,450	-7,300
Canada Housing Trust Sr. 29 2.75% due September 15, 2014	0	250,390	248,035	249,750	0	0	-1,715	-1,715
Canada Mtge & Housing 4.30% due April 1, 2015	642,240	-12,900	634,554	605,700	0	0	28,854	-7,686
Canada Mtge & Housing Corp. 4.10% due October 1, 2015	689,468	-13,325	679,952	639,525	0	0	40,427	-9,516
Canada 4% due June 1, 2016	1,070,540	-20,000	1,051,800	995,820	0	0	55,980	-18,740
Canada Housing Trust Sr. 23 4.10% due December 15, 2018	773,258	-15,375	773,258	783,840	0	0	-10,583	0
GOVERNMENT BONDS	18,065,901		17,674,970	17,263,234	7,810	-3,385	411,736	-132,972
Total								

Martin, Lucas & Seagram Ltd.
DATE TO DATE GAINS AND LOSSES
CLLAS - LONG TERM INVESTMENT FUND
From 09-30-09 to 12-31-09

Security	09-30-09	Additions	12-31-09	12-31-09	Realized Gain or Loss		Unrealized Gain or Loss	
	Market Value	Withdrawals	Market Value	Cost Basis	Cost	Market	Cost	Market
PROVINCIAL BONDS								
British Columbia 6.375% due August 23, 2010	525,395	0	518,455	521,100	0	0	-2,645	-6,940
Ontario 6.10% due November 19, 2010	529,770	-15,250	523,220	510,600	0	0	12,620	-6,550
Ontario 4.4% due December 2, 2011	1,270,044	-26,400	1,262,688	1,212,190	0	0	50,498	-7,356
Ontario 4.50% due December 2, 2012	1,336,450	-28,125	1,328,238	1,292,133	0	0	36,104	-8,213
Ontario 4-3/4% due June 2, 2013	1,377,523	-30,281	1,366,596	1,304,990	0	0	61,606	-10,927
Manitoba 5.05% due December 3, 2013	1,095,880	-25,250	1,086,910	1,016,075	0	0	70,835	-8,970
Ontario 5% due March 8, 2014	821,378	0	812,985	769,700	0	0	43,285	-8,393
Ontario 3.25% due September 8, 2014	508,700	0	504,785	499,180	0	0	5,605	-3,915
Alberta 2.75% due December 1, 2014	0	300,987	296,463	300,648	0	0	-4,185	-4,185
Manitoba 4.80% due December 3, 2014	817,590	-18,000	808,688	783,425	0	0	25,263	-8,903
Ontario 4.5% due March 8, 2015	1,449,738	0	1,434,254	1,371,933	0	0	62,321	-15,485
Ontario 4.4% due March 8, 2016	1,866,533	0	1,842,278	1,789,410	0	0	52,868	-24,255
Ontario 4.30% due March 8, 2017	1,841,595	0	1,811,478	1,776,025	0	0	35,453	-30,118
Ontario 4.20% due March 8, 2018	1,037,310	0	1,014,710	1,003,315	0	0	11,395	-22,600
PROVINCIAL BONDS Total	14,477,905		14,611,746	14,150,724	0	0	461,022	-166,807
CORPORATE BONDS								
GE Capital Cda Fndg 5.65% due October 23, 2009	250,593	-257,063	0	0	1,125	-593	0	0
Bank of Nova Scotia 4.25% Sen. Dep. Note due November 23, 2010	310,884	-6,375	308,643	301,340	0	0	7,303	-2,241
Royal Bank 4.17% Sen. Dep. Note due January 11, 2011	311,622	0	309,510	300,300	0	0	9,210	-2,112
Bank of Montreal 4.69% due January 31, 2011	523,460	0	519,010	521,050	0	0	-2,040	-4,450
CIBC 5.00% Senior Dep Nts due September 10, 2012	321,912	0	319,287	300,690	0	0	18,597	-2,625
Wells Fargo Financial Canada MTN 4.40% due December 12, 2012	414,660	-8,800	415,932	399,120	0	0	16,812	1,272
Toronto Dominion Bank Dep. Note 4.854% due February 13, 2013	804,975	0	800,753	760,125	0	0	40,628	-4,223
Bank of Nova Scotia 4.56% due October 30, 2013	266,070	-5,700	264,338	250,175	0	0	14,163	-1,733
Wells Fargo Financial Canada MTN 4.33% due December 6, 2013	308,064	-6,495	309,492	299,920	0	0	9,572	1,428
Enbridge Gas Distribution 5.570% due January 29, 2014	276,045	0	273,615	267,610	0	0	6,005	-2,430
Canadian Utilities Inc. 5.096% due November 18, 2014	270,820	-6,370	270,285	263,910	0	0	6,375	-535

Martin, Lucas & Seagram Ltd.
DATE TO DATE GAINS AND LOSSES
CLLAS - LONG TERM INVESTMENT FUND
From 09-30-09 to 12-31-09

Security	09-30-09 Market Value	Additions Withdrawals	12-31-09 Market Value	12-31-09 Cost Basis	Realized Gain or Loss		Unrealized Gain or Loss	
					Cost	Market	Cost	Market
CIBC 4.75% due December 22, 2014	535,350	-11,875	529,550	508,980	0	0	20,570	-5,800
GE Capital Cda Fndg 4.65% due February 11, 2015	304,122	0	305,052	306,600	0	0	-1,548	930
Bank of Montreal 4.55% due August 1, 2017	209,844	0	207,296	199,882	0	0	7,414	-2,548
CORPORATE BONDS Total	5,108,421		4,832,762	4,679,702	1,125	-593	153,060	-25,066
TOTAL PORTFOLIO	37,652,226		37,119,477	36,093,660	8,935	-3,978	1,025,817	-324,845
TOTAL DATE TO DATE GAIN OR LOSS								-328,822
% CHANGE DURING PERIOD								-0.87

CLLAS
CANADIAN LAWYERS LIABILITY
ASSURANCE SOCIETY

INVESTMENT REPORT
FOR QUARTER ENDING DECEMBER 31, 2009

MARTIN, LUCAS & SEAGRAM LTD.
INDEPENDENT INVESTMENT COUNSEL

Suite 620, 48 Yonge Street
Toronto, Ontario
M5E 1G9

Tel.: 416-363-6216
Fax: 416-363-4538
e-mail: info@mlsinvest.com

CLLAS
CANADIAN LAWYERS LIABILITY
ASSURANCE SOCIETY

COMMENTARY FOR THE QUARTER ENDING DECEMBER 31, 2009

Review of Market Yields

During the fourth quarter, bond yields continued to trade in a fairly tight sideways range at the short end of the curve, and 3-month Treasury Bill yields edged down just 3 basis points. Meanwhile, further out the curve, yields moved higher, with the increase widening as the term increased. At the end of December, 5-year yields rose 20 basis points, while 10-year yields jumped 30 basis points.

As a result of these shifts, the slope of the yield curve steepened during the quarter and, at December 31, 10-year issues provided a 342 basis point advantage over Treasury Bills, which was 33 basis points greater than three months earlier.

	Jan. 1/95	June 30/09	Sept. 30/09	Dec. 31/09
3-Month Treasury Bills	6.80%	0.24%	0.22%	0.19%
5-year Canadas	8.99%	2.46%	2.57%	2.77%
10-year Canadas	9.09%	3.36%	3.31%	3.61%

During the fourth quarter, the valuation of the Long Term Investment Fund declined \$328,822 or 0.9% on a capital basis.

At December 31, 2009, the average term to maturity of the Long Term Investment Fund stood at 3.9 years, compared to 4.1 years three months earlier.

Several changes were made in the Long Term Investment Fund. One corporate bond matured and a Canada guaranteed issue approaching maturity was sold. Most of these proceeds were reinvested in a Canada and provincial credit, both of which are due in approximately 5 years. The balance was transferred to the Short Term Investment Fund. Other activity involved the net sale of securities in the Short Term Investment Fund to provide for the \$2.5 million withdrawal.

The table below shows the distribution of the assets held in both the Short and Long Term Investment Funds at December 31.

<i>Distribution as at December 31, 2009</i>	<i>Valuation</i>	<i>%</i>
Short Term Investment Fund	\$10,466,107	22.0%
Long Term Investment Fund	37,119,477	78.0%
TOTAL COMBINED VALUATION	\$47,585,584	100.0%

CLLAS
CANADIAN LAWYERS LIABILITY
ASSURANCE SOCIETY

The following pages set out tables, commentary and schedules on the items listed below:

- Investment Performance: Summary of Capital Performance and Total Returns for the Long Term Investment Fund
- (Returns Exclude Investment Counsel Fees)
- Total Returns vs. Benchmarks - Gross and Net of Fees
- Distribution of Securities in the Long Term Investment Fund
by Credit Risk and by Maturity
- Compliance Statement
- Quarterly Performance Report - Gross of Fees: Long Term Investment Fund
- Bond Market Commentary and Future Policy
- Security Holdings in the Short and Long Term Investment Funds
Listed and Valued Separately as at December 31, 2009
- Security Purchases and Sales
- Cash Reconciliations

CLLAS

LONG TERM INVESTMENT FUND

SUMMARY OF CAPITAL PERFORMANCE SINCE THE STARTING DATE OF JANUARY 1, 1995

	Jan. 1/95	June 30/09	Sept. 30/09	Dec. 31/09
<i>Valuation of Long Term Investment Fund</i>	\$3,466,369	\$37,357,624	\$37,652,226	\$37,119,477
Cumulative Capital Added (Net) since January 1, 1995		\$31,846,398	\$31,846,398	\$31,642,471

Quarterly Capital Change		-\$ 370,887	+\$ 294,602	-\$ 328,822
Quarterly Capital % Change		- 1.1%	+ 0.8%	- 0.9%

LONG TERM INVESTMENT FUND

TIME-WEIGHTED RATES OF TOTAL RETURN FOR PERIODS ENDING DECEMBER 31, 2009 (ANNUALIZED)

	Five Years	Four Years	Three Years	Two Years	One Year	Last 3 Months
<i>Long Term Investment Fund</i>	4.7	5.1	5.5	6.4	3.7	0.1
DEX Canada Short Bond Index	4.5	5.1	5.5	5.9	1.5	0.2
DEX Provincial Short Bond Index	4.6	5.2	5.7	6.4	3.9	0.3

CLLAS

LONG TERM INVESTMENT FUND

TIME-WEIGHTED RATES OF TOTAL RETURN FOR PERIOD ENDING DECEMBER 31, 2009

	Since Inception Oct. 1/08 *	One Year	Last 6 Months	Last 3 Months
<i>Long Term Investment Fund – Gross of Fees</i>	7.11	3.65	1.94	0.13
<i>Long Term Investment Fund – Net of Fees</i>	6.82	3.37	1.80	0.06
Benchmark Portfolio **	6.71	2.35	1.43	- 0.26

* Annualized

** The Benchmark Portfolio, adopted from October 1, 2008, is based on the sum of the following total return indices:

30% DEX Short Term Federal Bond Index
30% DEX Short Term Provincial Bond Index
20% DEX Mid Term Federal Bond Index
20% DEX Mid Term Provincial Bond Index

SHORT TERM INVESTMENT FUND

TIME-WEIGHTED RATES OF TOTAL RETURN FOR PERIOD ENDING DECEMBER 31, 2009

	Since Inception Oct. 1/08 *	One Year	Last 6 Months	Last 3 Months
<i>Short Term Investment Fund – Gross of Fees</i>	0.83	0.45	0.13	0.06
<i>Short Term Investment Fund – Net of Fees</i>	0.62	0.24	0.03	0.01
Benchmark Portfolio **	0.72	0.36	0.09	0.05

* Annualized

** The Benchmark Portfolio, adopted from October 1, 2008, is based 100 %
on the total return index of the 30-day Treasury Bill Index

CLLAS

LONG TERM INVESTMENT FUND

DISTRIBUTION OF SECURITIES BY CREDIT RISK

(Based on Market Values)

SINCE THE JANUARY 1, 1995, STARTING DATE

	Jan. 1/95	June 30/09	Sept. 30/09	Dec. 31/09
Bonds, Treasury Bills & Cash Less than 1 year term	29.0%	3.4%	6.0%	6.2%
Canadas Greater than 1 year term	54.7%	45.5%	44.1%	45.0%
Provincials Greater than 1 year term	16.3%	38.3%	37.0%	36.6%
Corporates Greater than 1 year term	-	12.8%	12.9%	12.2%
TOTAL PORTFOLIO	100.0%	100.0%	100.0%	100.0%

LONG TERM INVESTMENT FUND

DISTRIBUTION OF SECURITIES BY MATURITY

(Based on Market Values)

SINCE THE JANUARY 1, 1995, STARTING DATE

	Jan. 1/95	June 30/09	Sept. 30/09	Dec. 31/09
Under 1 year	29.0%	3.4%	6.0%	6.2%
1 - 3 years	19.8%	28.3%	26.1%	30.9%
3 - 5 years	29.3%	36.7%	37.3%	36.6%
5 - 7 years	11.4%	21.5%	20.3%	16.0%
7 - 10 years	10.5%	10.1%	10.3%	10.3%
TOTAL	100.0%	100.0%	100.0%	100.0%
Average Maturity (yrs)	2.6	4.3	4.1	3.9
Average Duration	2.3	3.8	3.6	3.5

CLLAS

COMPLIANCE WITH INVESTMENT POLICY STATEMENT

COMPLIANCE REPORT AT DECEMBER 31, 2009

	Investment Limits	Investment Funds	Compliance
<i>Short Term Investment Fund</i>			
Maximum Term of Any Issue	1 year	0.52 years	Yes
Minimum Size	20% of Total	22.0%	Yes
Minimum Canada & Provincial Percentage	50%	99.7%	Yes
Minimum Provincial Quality	A	A Hi	Yes
Minimum Bank CD & BA Quality	R1	None Held	Yes
<i>Long Term Investment Fund</i>			
Maximum Term of Any Issue	10 years	9.0 years	Yes
Minimum Cda and Cda Guarantee Percentage	40%	47.6%	Yes
Maximum Provincial Percentage	40%	39.4%	Yes
Minimum Provincial Quality *	A	A	Yes
Maximum Corporate Percentage	20%	13.0%	Yes
Minimum Corporate Quality *	A	A	Yes

* At time of purchase

This will confirm that during the quarter the portfolio and its components were managed in compliance with the Investment Policy Statement dated October 2008.

At December 31, the Short Term Fund represented 22.0% of the two Funds combined, which is above the 20% minimum required.

At December 31, none of the bond holdings' current credit ratings were below the minimum requirement.

"At the end of the quarter, the lowest rated bonds were:"

Provincial Bonds: Quebec and Manitoba @ A Hi

Corporate Bonds: Canadian Utilities Inc. @ A

Enbridge Gas Distribution @ A

Martin, Lucas & Seagram Ltd.
PERFORMANCE REPORT
GROSS OF FEES
CLLAS - LONG TERM INVESTMENT FUND
From 09-30-09 to 12-31-09

Portfolio Value on 09-30-09	37,652,226
Accrued Interest	326,969
Contributions	301,377
Withdrawals	-923,393
Realized Gains	-3,978
Unrealized Gains	-324,845
Interest	418,089
Dividends	0
Change in Accrued Interest	-35,913
Portfolio Value on 12-31-09	37,119,477
Accrued Interest	291,055
Average Capital	37,776,197
Total Gain before Fees	53,353
IRR for 0.25 Years	0.14%

BOND MARKET COMMENTARY AND FUTURE POLICY

On balance, the economic data released since our last report confirms that the global economy has transitioned from deep recession to recovery. Most major economies posted positive growth rates during the third quarter of last year, with China and much of Asia leading the way out of recession. Preliminary data suggests that global growth accelerated during the fourth quarter, again led by China as well as a greater contribution from the U.S.

While economic activity has been improving over the past six months, we expect upward progress this year will be slow. This is due to the same headwinds that have weighed on the expansion to date. These include the subdued outlook for consumer spending as a result of poor sentiment, minimal wage growth, high debt levels, the loss of household wealth and high unemployment. Businesses are also expected to remain cautious on spending based on surveys showing both the manufacturing and service sectors plan to cut capital expenditures this year. Furthermore, China, which had been a key driver of the recovery to date, is now adopting more restrictive policies in order to cool growing excesses in their economy.

Over the past two years, the international financial system has largely survived extreme shocks in response to unprecedented amounts of government stimulus and intervention. We believe the consensus expectation that a global cyclical recovery is underway and that the world's major economies will continue to slowly expand is the most likely scenario. However, the international financial markets still face significant tests ahead. Serious imbalances remain and there are a number of key issues looming in the new year, which could prove very unnerving for the security markets.

The outlook for U.S. real estate remains a concern. Close to one-quarter of homeowners with mortgages owe more than their houses are worth, which portends more foreclosures and ongoing pressure on the banking system. Furthermore, deterioration in the highly levered commercial real estate market and rising commercial loan defaults, which represent 20% of all loans in the U.S. banking system, will be another test for an already stressed banking sector. Growing leverage in the public sector, as a result of ballooning government debts, presents additional challenges for the global financial system. The Dubai debt crises initially caught international financial markets off guard and spiraling budget deficits are putting many sovereign credit ratings at risk. Recent rating cuts for Greece and Spain could foreshadow spreading downgrades among larger economies such as Britain, France, Ireland and even the U.S. The increasing internal and external indebtedness of the U.S. also raises the risk of a disorderly depreciation of the world's main reserve currency. Adding to the uncertainty is the timing of future administered rate hikes as central banks shift to more restrictive policies in order to remove excess capital and keep inflationary expectations subdued. The possibility that the U.S. will resort to monetizing their debt poses another risk to the inflation outlook.

Turning to the bond market, while short term rates held steady at extremely low levels during the fourth quarter, longer term yields moved modestly higher as investors continued to shift funds into riskier assets in the wake of an improving economic backdrop. Over the shorter term we still think the course of the recovery, inflation and monetary policy will, on balance, remain supportive of current bond prices. As a result, we expect bonds will hold in a sideways trading range, although investors should be prepared for sharp swings in both directions given the uncertainties mentioned above and the prospect for increased volatility in the equity markets.

Looking longer term, we think the risks are growing that yields will begin a sustained rise, although the ascent may be delayed by the amount of slack in the economy and the benign inflation outlook. However, as the recovery progresses we expect concerns will mount over massive government deficits and how these will be met as credit demands from the private sector grow. Furthermore, we believe political expediency will make it extremely difficult for the authorities to successfully unwind the unprecedented monetary and fiscal measures adopted during the downturn in a manner that will keep inflation expectations in check. As a result, we think fixed income investors should remain defensive and not be moving out the yield curve in order to pick up the incremental yields presently available. During the fourth quarter, the duration of the Long Term Investment Fund was allowed to shorten slightly to 3.5 years, which is moderately below the duration of the benchmark portfolio. We think this defensive posture is appropriate in view of the longer term outlook.

RWB: sc

January 22, 2010

As stipulated in our Investment Management Agreement, please let ML&S know if there are major changes in the financial circumstances, income needs or risk tolerance in order for us to review the suitability of the Funds' investment objectives.

Martin, Lucas & Seagram Ltd.

CLLAS - SHORT TERM INVESTMENT FUND

Portfolio Holdings at December 31, 2009

Quantity	Security	Unit Cost	Price	Market Value	Annual Income
CASH					
	Cash Account			27,827	0
GOVERNMENT BONDS					
800,000	Residue Canada Housing Trust due March 15, 2010	99.90	99.97	799,728	0
1,175,000	Canada Residue due June 1, 2010	99.90	99.90	1,173,825	0
500,000	Export Development Canada Coupon due June 22, 2010	99.87	99.75	498,750	0
1,000,000	PRN Export Development Canada due June 22, 2010	99.88	99.80	998,000	0
				3,470,303	0
PROVINCIAL BONDS					
750,000	Quebec Hydro Coupon due February 15, 2010	99.85	99.94	749,565	0
400,000	British Columbia Coupon due February 23, 2010	99.90	99.94	399,772	0
500,000	Ontario Hydro 40 yr. Ser. Global due April 11, 2010	99.51	99.80	499,000	0
2,100,000	Ontario Residual due May 19, 2010	99.89	99.85	2,096,850	0
2,730,000	Ontario Coupon due June 2, 2010	99.84	99.80	2,724,540	0
500,000	Quebec Hydro Coupon due July 16, 2010	99.81	99.65	498,250	0
				6,967,977	0
TOTAL PORTFOLIO				10,466,107	0

Martin, Lucas & Seagram Ltd.
PURCHASE AND SALE
CLLAS - SHORT TERM INVESTMENT FUND
From 10-01-09 To 12-31-09

Trade Date	Settle Date	Quantity	Security	Unit Price	Amount
PURCHASES					
10-01-09	10-01-09	490,000	Royal Bank BA .15% due November 3, 2009	99.99	489,931.40
10-07-09	10-08-09	750,000	Ontario Coupon due December 2, 2009	99.96	749,683.50
10-27-09	10-28-09	830,000	CIBC BA .15% due November 12, 2009	99.99	829,948.54
11-02-09	11-03-09	210,000	British Columbia Coupon due February 23, 2010	99.87	209,730.99
11-02-09	11-03-09	250,000	British Columbia Coupon due December 9, 2009	99.96	249,903.50
11-02-09	11-03-09	30,000	Export Development Canada Coupon due December 3, 2009	99.97	29,991.63
11-16-09	11-17-09	830,000	Ontario Coupon due June 2, 2010	99.81	828,435.45
11-18-09	11-19-09	505,000	Ontario Residual due May 19, 2010	99.86	504,299.57
11-19-09	11-20-09	900,000	Ontario Coupon due June 2, 2010	99.84	898,567.20
11-19-09	11-20-09	1,100,000	Ontario Residual due May 19, 2010	99.90	1,098,916.50
12-01-09	12-02-09	1,175,000	Canada Residue due June 1, 2010	99.90	1,173,836.75
12-01-09	12-02-09	500,000	Export Development Canada Coupon due June 22, 2010	99.87	499,350.00
12-01-09	12-02-09	1,000,000	Ontario Coupon due June 2, 2010	99.86	998,590.00
12-01-09	12-02-09	495,000	Ontario Residual due May 19, 2010	99.91	494,544.60
12-01-09	12-02-09	1,000,000	PRN Export Development Canada due June 22, 2010	99.88	998,780.00
12-01-09	12-02-09	500,000	Quebec Hydro Coupon due July 16, 2010	99.81	499,050.00
12-17-09	12-18-09	190,000	British Columbia Coupon due February 23, 2010	99.93	189,862.25
					10,743,421.88

Martin, Lucas & Seagram Ltd.
PURCHASE AND SALE
CLLAS - SHORT TERM INVESTMENT FUND
From 10-01-09 To 12-31-09

Trade Date	Settle Date	Quantity	Security	Unit Price	Amount
SALES					
10-01-09	10-01-09	490,000	CIBC BA .15% due October 1, 2009	100.00	490,000.00
10-07-09	10-07-09	750,000	CIBC BA .20% due October 7, 2009	100.00	750,000.00
10-28-09	10-28-09	830,000	CIBC BA .20% due October 28, 2009	100.00	830,000.00
11-03-09	11-03-09	490,000	Royal Bank BA .15% due November 3, 2009	100.00	490,000.00
11-12-09	11-12-09	830,000	CIBC BA .15% due November 12, 2009	100.00	830,000.00
11-19-09	11-19-09	500,000	Ontario 6.20% due November 19, 2009	100.00	500,000.00
11-19-09	11-19-09	2,000,000	Ontario Coupon due November 19, 2009	100.00	2,000,000.00
12-01-09	12-01-09	1,625,000	British Columbia Residue due December 1, 2009	100.00	1,625,000.00
12-01-09	12-01-09	425,000	Canada Coupon due December 1, 2009	100.00	425,000.00
12-01-09	12-01-09	1,000,000	PRN Financement Quebec due December 1, 2009	100.00	1,000,000.00
12-02-09	12-02-09	1,450,000	Ontario Coupon due December 2, 2009	100.00	1,450,000.00
12-03-09	12-03-09	30,000	Export Development Canada Coupon due December 3, 2009	100.00	30,000.00
12-09-09	12-09-09	250,000	British Columbia Coupon due December 9, 2009	100.00	250,000.00
12-10-09	12-11-09	1,500,000	Alberta Treasury Branch BDN Discount Note due February 10, 2010	99.92	1,498,830.00
12-10-09	12-11-09	500,000	Ontario Hydro 40 yr. Ser. Global due April 11, 2010	99.82	499,100.00
					12,667,930.00

Martin, Lucas & Seagram Ltd.
CASH RECONCILIATION
CLLAS - SHORT TERM INVESTMENT FUND
From 10-01-09 To 12-31-09

Cash Balance at October 1, 2009			5,675.12
ADD:	Proceeds from Sales	12,667,930.00	
	Transfer from Long Term Investment Fund	207,416.73	
	Bond Interest Credited (from Long Term Investment Fund)	414,598.99	
	Bond Interest Credited (from Short Term Investment Fund)	<u>15,500.00</u>	<u>13,305,445.72</u>
			13,311,120.84
LESS:	Cost of Purchases	10,743,421.88	
	Capital Withdrawn	2,500,000.00	
	Investment Counsel Fees - Short Term Investment Fund	6,491.86	
	Investment Counsel Fees - Long Term Investment Fund	24,709.27	
	Trust Company Charges	<u>8,670.78</u>	<u>13,283,293.79</u>
Cash Balance at December 31, 2009			27,827.05

CLLAS - LONG TERM INVESTMENT FUND

Portfolio Holdings at December 31, 2009

Quantity	Security	Unit Cost	Price	Market Value	Annual Income
GOVERNMENT BONDS					
450,000	Canada 5-1/2% due June 1, 2010	99.77	102.10	459,437	24,750
500,000	Canada 4% due September 1, 2010	100.30	102.30	511,480	20,000
1,000,000	Canada Housing Trust Sr. 13 4.05% due March 15, 2011	99.02	103.72	1,037,230	40,500
1,000,000	Canada 6% due June 1, 2011	103.73	106.86	1,068,550	60,000
1,500,000	Canada Housing Trust Sr. 14 4.60% due September 15, 2011	101.74	105.32	1,579,800	69,000
500,000	Farm Credit Canada 4.20% due February 15, 2012	101.20	105.32	526,585	21,000
2,200,000	Canada Housing Trust Sr. 16 4.00% due June 15, 2012	100.57	104.90	2,307,822	88,000
750,000	Canada Housing Trust Sr. 18 4.55% due December 15, 2012	102.72	106.57	799,268	34,125
900,000	Canada Housing Trust Sr. 19 3.60% due June 15, 2013	99.87	103.77	933,930	32,400
900,000	Canada Housing Trust Sr. 22 3.55% due September 15, 2013	105.12	103.45	931,041	31,950
1,650,000	Canada Housing Trust Sr. 24 2.7% due December 15, 2013	100.25	100.14	1,652,244	44,550
1,500,000	Canada Housing Trust Sr. 26 2.20% due March 15, 2014	99.80	97.81	1,467,075	33,000
1,000,000	Canada Housing Trust Sr. 28 3.15% due June 15, 2014	99.95	101.29	1,012,910	31,500
250,000	Canada Housing Trust Sr. 29 2.75% due September 15, 2014	99.90	99.21	248,035	6,875
600,000	Canada Mtge & Housing 4.30% due April 1, 2015	100.95	105.76	634,554	25,800
650,000	Canada Mtge & Housing Corp. 4.10% due October 1, 2015	98.39	104.61	679,952	26,650
1,000,000	Canada 4% due June 1, 2016	99.58	105.18	1,051,800	40,000
750,000	Canada Housing Trust Sr. 23 4.10% due December 15, 2018	104.51	103.10	773,258	30,750
				17,674,970	660,850

CLLAS - LONG TERM INVESTMENT FUND

Portfolio Holdings at December 31, 2009

Quantity	Security	Unit Cost	Price	Market Value	Annual Income
PROVINCIAL BONDS					
500,000	British Columbia 6.375% due August 23, 2010	104.22	103.69	518,455	31,875
500,000	Ontario 6.10% due November 19, 2010	102.12	104.64	523,220	30,500
1,200,000	Ontario 4.4% due December 2, 2011	101.02	105.22	1,262,688	52,800
1,250,000	Ontario 4.50% due December 2, 2012	103.37	106.26	1,328,238	56,250
1,275,000	Ontario 4-3/4% due June 2, 2013	102.35	107.18	1,366,596	60,563
1,000,000	Manitoba 5.05% due December 3, 2013	101.61	108.69	1,086,910	50,500
750,000	Ontario 5% due March 8, 2014	102.63	108.40	812,985	37,500
500,000	Ontario 3.25% due September 8, 2014	99.84	100.96	504,785	16,250
300,000	Alberta 2.75% due December 1, 2014	100.22	98.82	296,463	8,250
750,000	Manitoba 4.80% due December 3, 2014	104.46	107.83	808,688	36,000
1,350,000	Ontario 4.5% due March 8, 2015	101.62	106.24	1,434,254	60,750
1,750,000	Ontario 4.4% due March 8, 2016	102.25	105.27	1,842,278	77,000
1,750,000	Ontario 4.30% due March 8, 2017	101.49	103.51	1,811,478	75,250
1,000,000	Ontario 4.20% due March 8, 2018	100.33	101.47	1,014,710	42,000
				<hr/> 14,611,746	<hr/> 635,488
CORPORATE BONDS					
300,000	Bank of Nova Scotia 4.25% Sen. Dep. Note due November 23, 2010	100.45	102.88	308,643	12,750
300,000	Royal Bank 4.17% Sen. Dep. Note due January 11, 2011	100.10	103.17	309,510	12,510
500,000	Bank of Montreal 4.69% due January 31, 2011	104.21	103.80	519,010	23,450

Martin, Lucas & Seagram Ltd.

CLLAS - LONG TERM INVESTMENT FUND

Portfolio Holdings at December 31, 2009

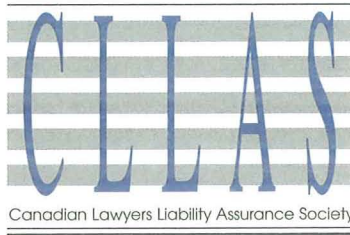
Quantity	Security	Unit Cost	Price	Market Value	Annual Income
300,000	CIBC 5.00% Senior Dep Nts due September 10, 2012	100.23	106.43	319,287	15,000
400,000	Wells Fargo Financial Canada MTN 4.40% due December 12, 2012	99.78	103.98	415,932	17,600
750,000	Toronto Dominion Bank Dep. Note 4.854% due February 13, 2013	101.35	106.77	800,753	36,405
250,000	Bank of Nova Scotia 4.56% due October 30, 2013	100.07	105.74	264,338	11,400
300,000	Wells Fargo Financial Canada MTN 4.33% due December 6, 2013	99.97	103.16	309,492	12,990
250,000	Enbridge Gas Distribution 5.570% due January 29, 2014	107.04	109.45	273,615	13,925
250,000	Canadian Utilities Inc. 5.096% due November 18, 2014	105.56	108.11	270,285	12,740
500,000	CIBC 4.75% due December 22, 2014	101.80	105.91	529,550	23,750
300,000	GE Capital Cda Fndg 4.65% due February 11, 2015	102.20	101.68	305,052	13,950
200,000	Bank of Montreal 4.55% due August 1, 2017	99.94	103.65	207,296	9,100
				4,832,762	215,570
TOTAL PORTFOLIO				37,119,477	1,511,908

Martin, Lucas & Seagram Ltd.
PURCHASE AND SALE
CLLAS - LONG TERM INVESTMENT FUND
From 10-01-09 To 12-31-09

Trade Date	Settle Date	Quantity	Security	Unit Price	Amount
PURCHASES					
10-22-09	10-27-09	250,000	Canada Housing Trust Sr. 29 2.75% due September 15, 2014	99.90	249,750.00
12-09-09	12-16-09	300,000	Alberta 2.75% due December 1, 2014	100.22	300,648.00
					550,398.00
SALES					
10-23-09	10-23-09	250,000	GE Capital Cda Fndg 5.65% due October 23, 2009	100.00	250,000.00
12-10-09	12-11-09	500,000	Canada Housing Trust Sr. 9 3.75% due March 15, 2010	100.87	504,325.00
					754,325.00

Martin, Lucas & Seagram Ltd.
CASH RECONCILIATION
CLLAS - LONG TERM INVESTMENT FUND
From 10-01-09 To 12-31-09

Cash Balance at October 1, 2009		0.00
ADD: Proceeds from Sales	754,325.00	
Accrued Bond Interest on Sales	<u>4,469.18</u>	<u>758,794.18</u>
		758,794.18
LESS: Cost of Purchases	550,398.00	
Accrued Bond Interest on Purchases	979.45	
Transfer to Short Term Investment Fund	<u>207,416.73</u>	<u>758,794.18</u>
Cash Balance at December 31, 2009		0.00



CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY

COMMITTEES FOR 2010

A. Executive Committee

Nicholas Leblovic (**Chair**)
Chris Woodbury (**Vice-Chair**)
Barry Bresner
Gale Rubenstein
William Scott

B. Sub-Committees

1. Audit*

Chris Woodbury (**Chair**)
Carol Lyons
Gordon Goodman

2. Claims

Barry Bresner (**Chair**)
Dan McDonald
Glenn Leslie
Les O'Connor

3. Policy

Gale Rubenstein (**Chair**)
Glenn Leslie
Donald Milner

4. Risk Management

William Scott (**Chair**)
Julia Holland
David Morritt

* Members of Audit Committee also serve on the Reinsurance/Insurance Security Committee.

November 2009