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P R I V A T E   &   C O N F I D E N T I A L

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**Date:** August 29, 2017

**To:**

David Morritt	Barry Bresner	Michael Swartz
William Scott	Daniel MacDonald	Gordon Goodman
Donald Milner	Julia Holland	
Nicholas Leblovic	Ken Crofoot	

**Copy:** Patrick Mahoney

**From:** Joe Tontini and Ryan Durrell

**Re:** Final Report on the CLLAS Reinsurance Renewal Placement and Rating for July 1, 2017/2018

The purpose of this report is to provide the CLLAS Board with a final summary of the renewal, including the rating and reinsurance placement for July 1, 2017/2018. For ease of reference, we have attached the following exhibits:

- A. CLLAS Limit Structure
- B. Reinsurance and Colchester Retrocession Structure Overview
- C. Current Rate Structure and Participation by Reinsurer – Proportional and Aggregate Stop-Loss Reinsurance for CLLAS
- D. Current Rate Structure and Participation by Retrocessionaire – Proportional and Aggregate Stop-Loss Retrocession for Colchester
- E. Aggregate Stop-loss Reinsurance Structure (Historical between CLLAS and Colchester)

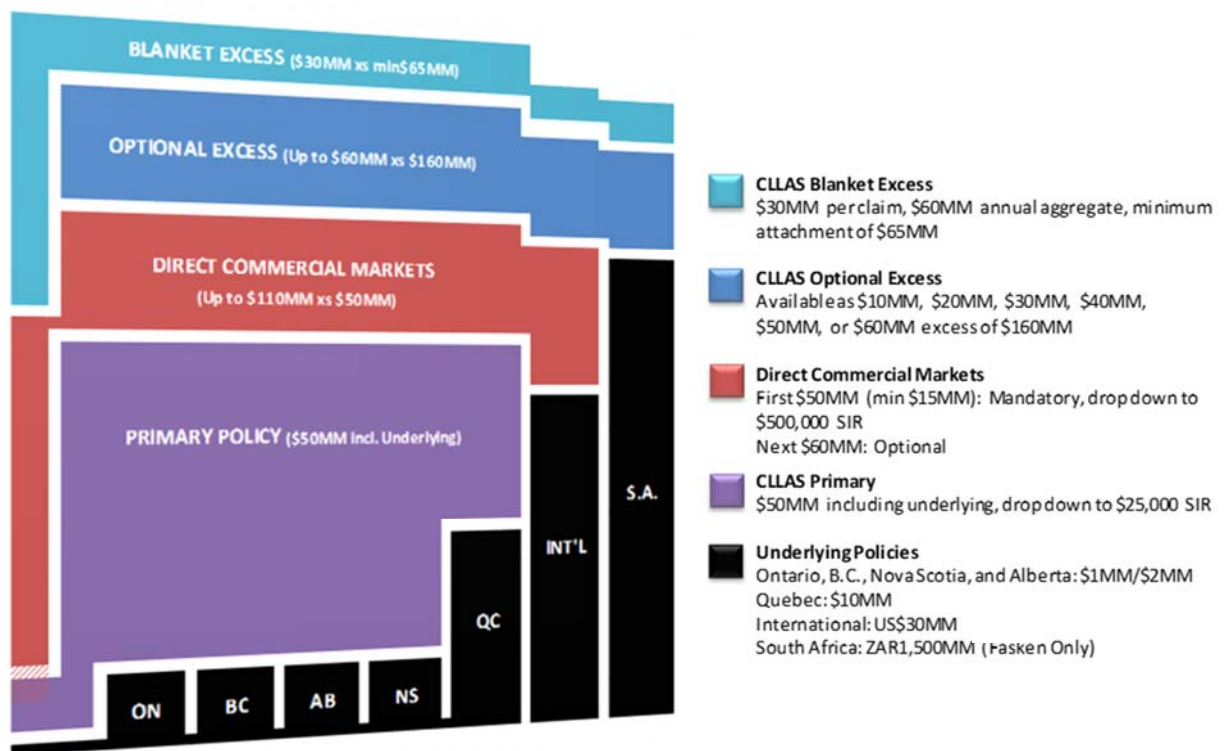
**Highlights**

The following are highlights of the renewal:

- Following significant competitive challenges, as outlined in our June 14<sup>th</sup>, 2017 memorandum to the Board, CLLAS' reinsurance was successfully renewed.
- As indicated in our report to the Board in June, the main objectives for the July 1, 2017/2018 renewal were to:
  - ~~explore ways of reducing overall reinsurance costs along with possible reduction in insurance rates for CLLAS members;~~
  - ~~attract new markets;~~
  - ~~consider a further reduction in Colchester's participation;~~
  - ~~maintain and enhance existing reinsurer relationships;~~
  - ~~continue to evaluate ability to distribute surplus to members through premium credits;~~
  - Achieve a 25% rate reduction.

We are very pleased to say that we were able to meet the objective. Primarily this was achieved by leveraging CLLAS' long term relationships with reinsurers, pressing them to their limit to obtain 20% reductions on almost all reinsurance layers. The balance of the required savings was achieved through a return of surplus from both CLLAS and Colchester. The net result was a 25% rate reduction over last year.

- The CLLAS insurance structure as of July 1, 2017 remains unchanged (except for Dentons' departure) and is depicted below. Please also see Exhibit A for a more detailed structure chart.



- CLLAS members have realized overall savings of approximately \$2,170,000, or roughly \$610 per lawyer, over the previous year's rates (excluding optional excess). Savings were primarily the result of a reduction in reinsurance costs. CLLAS held its return of surplus steady at \$700,000 for 2017/2018.
- Tail coverage continues to be provided to former Heenan Blaikie LLP ("HB") lawyers on all CLLAS policies, however additional premiums are no longer being charged for these lawyers.
- The CLLAS reinsurance structure and retentions at renewal as described below were unchanged from last year except that CLLAS now has a small participation in the new Direct Commercial Markets layers of \$50,000,000 xs \$50,000,000, and \$60,000,000 xs \$100,000,000:
  - Primary Policy Reinsurance (Layer 1): \$49,000,000 excess of \$1,000,000 (\$40,000,000 excess of \$10,000,000 for Quebec lawyers) – 100% reinsured.

- 80% of this layer is proportionally reinsured with Lloyd's and other reinsurers (unchanged from last year).
- 20% is reinsured with Colchester (unchanged from last year). Colchester's involvement is then layered and retroceded to various markets. A portion of Colchester's participation is not transferred to other markets and is retained by Colchester – see Exhibit B.
- CLLAS retains drop down exposure below \$1,000,000.

The combined CLLAS/Colchester maximum single loss retention has reduced by \$100,000 to \$1,675,000.

- b) First Excess Policy (Layer 2): Between \$15,000,000 and \$50,000,000 excess of \$50,000,000 – CLLAS has 5% participation, which is 100% reinsured.
  - c) Second Excess Policy (Layer 3): Optional \$60,000,000 excess of \$50,000,000 – CLLAS has 5% participation, which is 100% reinsured.
  - d) Optional Excess Policy Reinsurance (Layer 4): Between \$10,000,000 and \$60,000,000 excess of \$160,000,000 – 100% reinsured.
  - e) Umbrella Policy Reinsurance (Layer 5): \$30,000,000/\$60,000,000 excess of \$65,000,000 (minimum) – 100% reinsured.
  - f) Aggregate Stop-loss Reinsurance: \$10,000,000 aggregate excess of \$5,000,000 aggregate – 100% reinsured by Colchester.
  - g) Loss Portfolio Transfer Reinsurance: Retained claim liabilities from inception up to June 30, 2012 – 100% reinsured by Colchester.
- We proposed an aggressive 20% across the board reduction in our submission. While claims development over the year was generally positive, the outcome of the prior year's adverse claims development remained a significant outstanding issue for reinsurers, due mainly to a large reserve held on one claim, and the fact that our actuarially determined rates continue to be much higher than market rates. Naturally, underwriters were extremely hesitant to allow a reduction of this magnitude. Following very challenging negotiations, we were finally able to achieve what we asked for. The underwriter at Argo Syndicate (lead on Layer 1) commented that CLLAS had essentially used up all its goodwill, and reduced Argo's participation materially. While the resulting rate level is unsustainable, it was the strength of Argo's relationship with CLLAS that had made this possible as they appreciated the competitive pressures that CLLAS was under for this renewal.
- On the London market front, despite the difficult renewal, all of the Lloyd's syndicates renewed, albeit with considerable shuffling of participations. Domestically, the story was the same.
- The participation of the lead on Layer 1 (Argo) was materially reduced to 20.00% down from 26.22%. While the impetus for the reduction was not reinsurance security management, this reduction does have the added benefit of meeting the general guidelines proposed by the Audit Committee.
- Reinsurers' security ratings remain strong and CLLAS maintains a rigorous security monitoring process which the Audit Committee continues to oversee.

**CLLAS Primary Policy (Reinsurance Layer 1)**  
**\$50M per Claim and in the Annual Aggregate**

The Primary Policy provides coverage per firm of \$50M per claim and in the annual aggregate, including any underlying coverage provided by the respective law society and/or other mandatory insurance and/or any other insurance arranged on behalf of the firm. In Quebec, the Primary Policy is excess of the Quebec mandatory limit of \$10M. If there is no underlying insurance, then CLLAS would provide \$49.975M of coverage excess of \$25,000 deductible. CLLAS retains 100% of the per claim drop down exposure of up to \$975,000.

CLLAS members were charged \$1,939 per lawyer (\$885 per Quebec lawyer) and \$485 per patent & trademark agent to cover the expected loss costs, administration costs and premium taxes related to the CLLAS drop down retention. Compared to last year, the rates were reduced by 25.0%.

Reinsurance Limit: \$49M aggregate per firm excess of \$1M aggregate per lawyer

CLLAS Retention: Nil other than 100% of the per claim drop down exposure of up to \$975,000

Reinsurance Rates: \$1,592 per lawyer (\$710 per Quebec lawyer)/\$398 per P&T agent  
The reinsurance rates were reduced by 20%.

Colchester applied additional premium credits to further reduce its reinsurance rates to \$142 per lawyer (\$63 per Quebec lawyer)/\$36 per P&T agent

**First Excess Policy (Reinsurance Layer 2)**  
**Between \$15M and \$50M Aggregate vs \$50M Aggregate**

CLLAS has a 5% participation on this layer of coverage, which is entirely reinsured.

Firms have the option of purchasing limits between \$15M and \$50M. One firm purchased the limit of \$30M while the remaining firms purchased the maximum limit of \$50M.

CLLAS members were charged \$236 per lawyer and \$341 per lawyer for policies with limits of \$30M and \$50M, respectively. The rates were reduced by 25.0% from the prior year policy offered to CLLAS firms, in large measure due to CLLAS' strong lead on the pricing.

Reinsurance Limit: Between \$15M and \$50M aggregate per firm excess of the CLLAS Primary Policy

CLLAS Retention: Nil

Reinsurance Rates: \$212 per lawyer for limit of \$30M  
\$307 per lawyer for limit of \$50M

**Second Excess Policy (Reinsurance Layer 3)**  
**\$60M Aggregate xs \$100M Aggregate**

CLLAS has a 5% participation on this layer of coverage, which is entirely reinsured.

Nine of the ten CLLAS firms purchased this layer of coverage.

CLLAS members were charged \$303 per lawyer. The rates were reduced by 25.0% from the prior year policy offered to CLLAS firms, in large measure due to CLLAS' strong lead on the pricing.

Reinsurance Limit: \$60M aggregate per firm excess of the CLLAS Primary Policy and the First Excess Policy

CLLAS Retention: Nil

Reinsurance Rates: \$273 per lawyer

**CLLAS Optional Excess Policy (Reinsurance Layer 4)**  
**Between \$10M and \$60M Aggregate xs \$160M Aggregate**

Firms have the option of purchasing limits between \$10M and \$60M in increments of \$10M. One firm purchased the limit of \$40M while eight others purchased the maximum limit of \$60M. Two firms did not purchase this policy.

CLLAS charged its members \$108 per lawyer and \$27 per patent & trademark agent for policies with limit of \$40M. For policies with limit of \$60M, CLLAS charged \$147 per lawyer and \$37 per patent & trademark agent. The rates were reduced by 25.0%.

Reinsurance Limit: Between \$10M and \$60M (in increments of \$10M) aggregate per firm excess of \$110M aggregate per firm excess of the CLLAS Primary Policy

CLLAS Retention: Nil

Reinsurance Rates: \$38 per lawyer/\$10 per P&T agent for limit of \$10M  
\$66 per lawyer/\$17 per P&T agent for limit of \$20M  
\$86 per lawyer/\$22 per P&T agent for limit of \$30M  
\$105 per lawyer/\$26 per P&T agent for limit of \$40M  
\$124 per lawyer/\$31 per P&T agent for limit of \$50M  
\$143 per lawyer/\$36 per P&T agent for limit of \$60M

The above reinsurance rates were reduced by 20%.

**CLLAS Umbrella Policy (Reinsurance Layer 5)**  
**\$30M per Claim/\$60M Aggregate All Firms Combined xs Minimum of \$65M per Firm**

This policy is shared by all CLLAS firms.

CLLAS charged its members \$74 per lawyer and \$19 per patent & trademark agent. The rates were reduced by 25.0%.

Reinsurance Limit: \$30M per claim/\$60M aggregate all firms combined excess of a minimum of \$65M per firm

CLLAS Retention: Nil

Reinsurance Rates: \$71 per lawyer/\$18 per P&T agent  
The rates were reduced by 20%.

*Note: For all CLLAS policies, certain non-lawyer consultants, depending on risk, are charged the lawyer rate or the patent & trademark agent rate as appropriate.*

**Reinsurance Overview**

The following table compares the 2017/2018 reinsurance allocation to those of 2016/2017:

	London		Domestic		Colchester	
	2017/2018	2016/2017	2017/2018	2016/2017	2017/2018	2016/2017
Reinsurance Layer 1	65%	69%	15%	11%	20%	20%
Reinsurance Layer 2	Nil	n/a	100%	n/a	Nil	n/a
Reinsurance Layer 3	Nil	n/a	100%	n/a	Nil	n/a
Reinsurance Layer 4	32.5%	35%	60%	60%	7.5%	5%
Reinsurance Layer 5	55%	49%	45%	51%	Nil	Nil

*Note: One Bermuda reinsurer is included under "Domestic".*

All of the incumbent Lloyd's syndicates renewed. The Argo Syndicate's participation as lead on Layer 1 has been reduced from 26.22% to 20.0%.

Westport Insurance Corporation continues to be the domestic lead with 30% on Layer 4 and 35% on Layer 5.

Domestically, Continental Casualty Company, Canadian Branch (CNA Canada) moved their participation up from 6% to 10% on Reinsurance Layer 1, which accounts for the shift from London to Domestic reinsurance in that layer.

Please refer to Exhibits C and D for more details on the participating reinsurers and their percentages.

### **Reinsurance Security**

CLLAS has a number of reinsurers participating in the various layers of reinsurance and on the aggregate stop-loss and loss portfolio transfer protections. CLLAS is notably reliant on the following reinsurers:

- **Lloyd's** has a significant participation in all layers of coverage and also participates in Colchester's retrocession protection. Lloyd's is a marketplace of insurance entities operating under the Lloyd's umbrella called Syndicates. Each syndicate is individually capitalized, and also benefits from two layers of central assets held by Lloyd's. The Argo Syndicate at Lloyd's leads Reinsurance Layer 1 and is the most exposed among the Lloyd's syndicates with 26.22%. Lloyd's is A rated by Best and A+ rated by S&P.
- **Swiss Re/Westport** has a significant participation in Reinsurance Layers 2 and 3 and also in the Colchester retrocession protection. Swiss Re is A+ rated by Best and AA- rated by S&P.
- **Colchester** has a significant participation in Reinsurance Layer 1 and also provides CLLAS with aggregate stop-loss and loss portfolio transfer protections. Colchester is not registered in Canada and is not rated by the rating agencies. However, CLLAS is protected through a Reinsurance Security Agreement with Colchester.

CLLAS' comprehensive reinsurance security review is due to be completed by the Audit Committee this fall.

### **Aggregate Stop-Loss Protection and Retrocession Protection**

Colchester provides the following aggregate stop-loss protection in 2017/18 (see Exhibits C and E):

Limit: \$10,000,000 in the annual aggregate excess of \$5,000,000 in the annual aggregate in respect of CLLAS' retained losses in the drop down layer below \$1,000,000

Rate: \$22.8 per lawyer/\$5.7 per P&T agent

In turn, Colchester purchases aggregate retrocession coverage as follows:

Limit: \$15,000,000 excess of \$2,000,000 for losses in respect of proportional and aggregate reinsurances provided to CLLAS net of other proportional retrocession protection purchased

### **Changes to Reinsurance Contracts**

There is no material change to the reinsurance contracts this year, save for the introduction of the new Excess Layers, which mirror the terms and conditions of CLLAS' other reinsurance contracts and those of the commercial layers that they participate in.

### **Reinsurance Guidelines**

Since CLLAS is regulated by the Alberta Superintendent of Insurance ("ASOI"), it is no longer bound by the FSCO guidelines of maximum 75% total reinsurance and maximum 25% unregistered reinsurance. The ASOI instead takes a risk-based approach to reinsurance and recognizes CLLAS' annual reinsurance security review, the implementation of the CLLAS/Colchester Reinsurance Security Agreement and CLLAS' reinsurance reserving margin on ceded liabilities.

### **Policy Wording Changes**

There are no material policy wording changes.

### **Expectations for the Next Reinsurance Renewal**

It is too early to predict what the market conditions will be like next year but increased resistance from underwriters, coupled with slowly rising interest rates may lead to less of a soft market next year. Underwriters have been advised that CLLAS is not looking to change the rates for next year in light of the significant discounts afforded at this renewal. CLLAS should continue to take advantage of market conditions through low risk retention and surplus distribution both at the CLLAS and Colchester levels while available, but it may be advisable to begin planning for a more rational reinsurance market in the coming years.

### **Update on the CLLAS Associate Member Initiative**

As advised in our June 14, 2017 report, Lenczner Slaght Royce Smith Griffin LLP, the first CLLAS Associate Member, was looking to renew its participation in the Associate Member Initiative. We can now report that they have renewed in the program for another year.

Stockwoods LLP joined the program on January 1, 2017, and is currently in the 8<sup>th</sup> month of an 18-month policy. We look forward to renewing them for July 1, 2018.

Also, over the course of the next few months leading up to the January 1, 2017 renewals (for most Ontario firms), Axxima will be selectively approaching a number of other law firms to explore the prospect of joining CLLAS either as full members or as Associate Members.

While CLLAS' rates were heavily reduced, which will translate to lower rates on the Associate Member initiative when that facility is renewed later this fall, it is worth highlighting that CLLAS and Colchester both contributed surplus to achieve the overall reduction offered to CLLAS members. Associate Members can expect to achieve a healthy discount, but not as pronounced as that of CLLAS members who now benefit from years of surplus accumulation.

### **Concluding Remarks**

The above summarizes the insurance and reinsurance programs that have been put in place for the July 1, 2017/2018 policy year. The results have met the steep expectations which were set by competitive quotes offered to one of the CLLAS firms, and we are pleased to see that, as a result of the hard-fought negotiations, including the CLLAS Chair's considerable participation in the renewal process, we have retained all of the CLLAS firms, save Dentons, who had indicated their intention to leave CLLAS for their global program at the start of the last underwriting period.

CLLAS' unique 5-year underwriting period was a significant factor in being able to achieve the significantly reduced reinsurance premiums for this renewal, as it so clearly reflects the long-standing and reliable relationship that CLLAS enjoys with its reinsurers and their strong desire to continue writing the largest excess lawyers' professional liability insurance group in the country for another underwriting cycle.

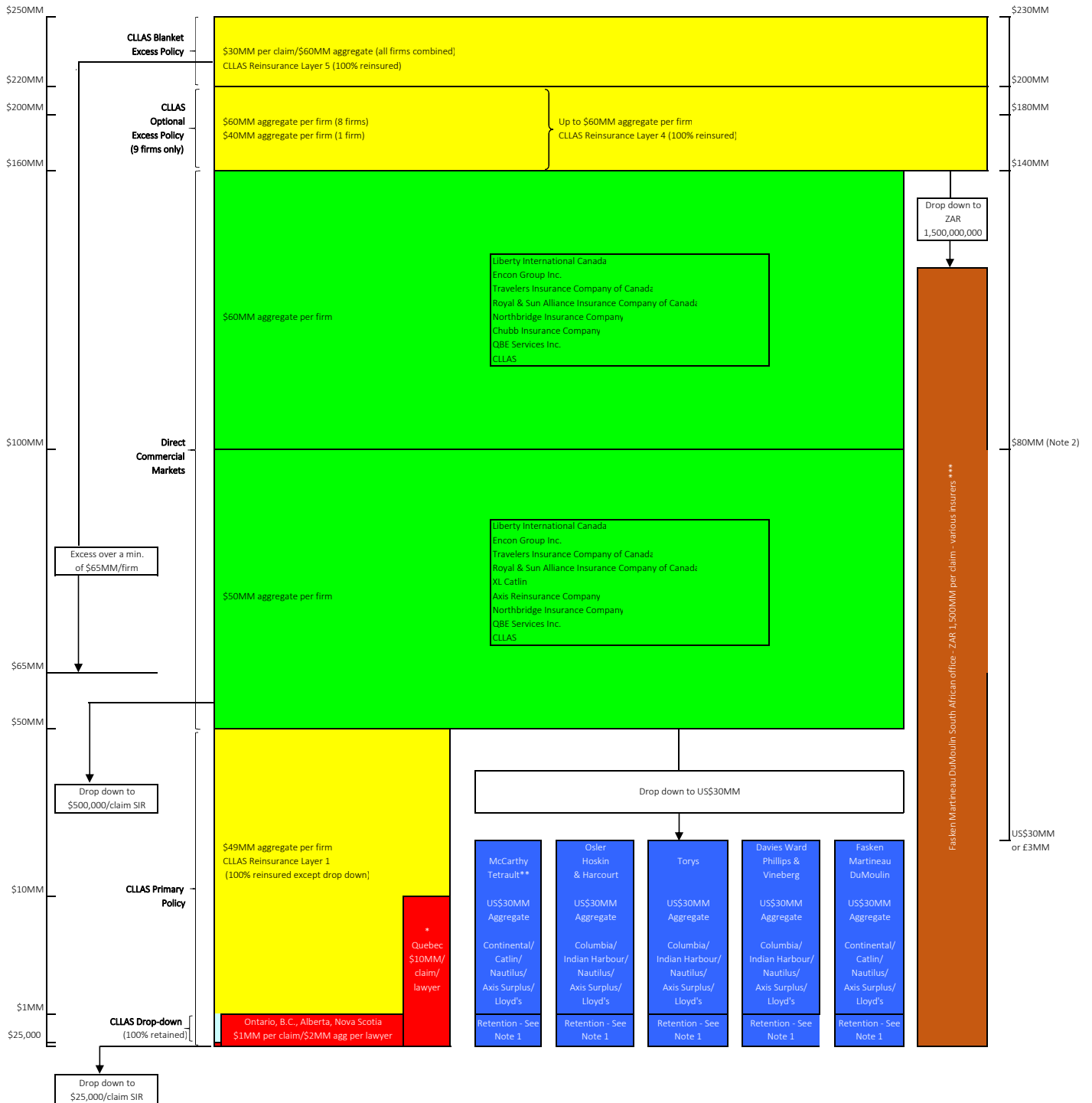


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CLLAS has served its members well for over 30 years and there is no reason why it cannot continue to do so for many years to come. CLLAS is a unique organization that is able to take advantage of market conditions through group buying power and strategic risk retention. Its solid reinsurance relationships, excellent risk management and personal claims management approach make CLLAS the envy of the legal community.

Encl.  
Ad-Bd\_1708\_Final Report to Board re 2017/18 Reins Placement

**CLLAS LIMIT STRUCTURE**  
**JULY 1, 2017 - JULY 1, 2018**

**Canadian Exposures****Foreign Exposures**

Note: All limits are expressed in Canadian currency unless otherwise specified.

\* The CLLAS Primary Policy is excess of \$10MM/claim/lawyer in Quebec.

\*\* The policy runs from September 30 to September 30.

\*\*\* The policies run from February 1 to February 1.

Note 1: Retentions based on locations of the risk as follows:

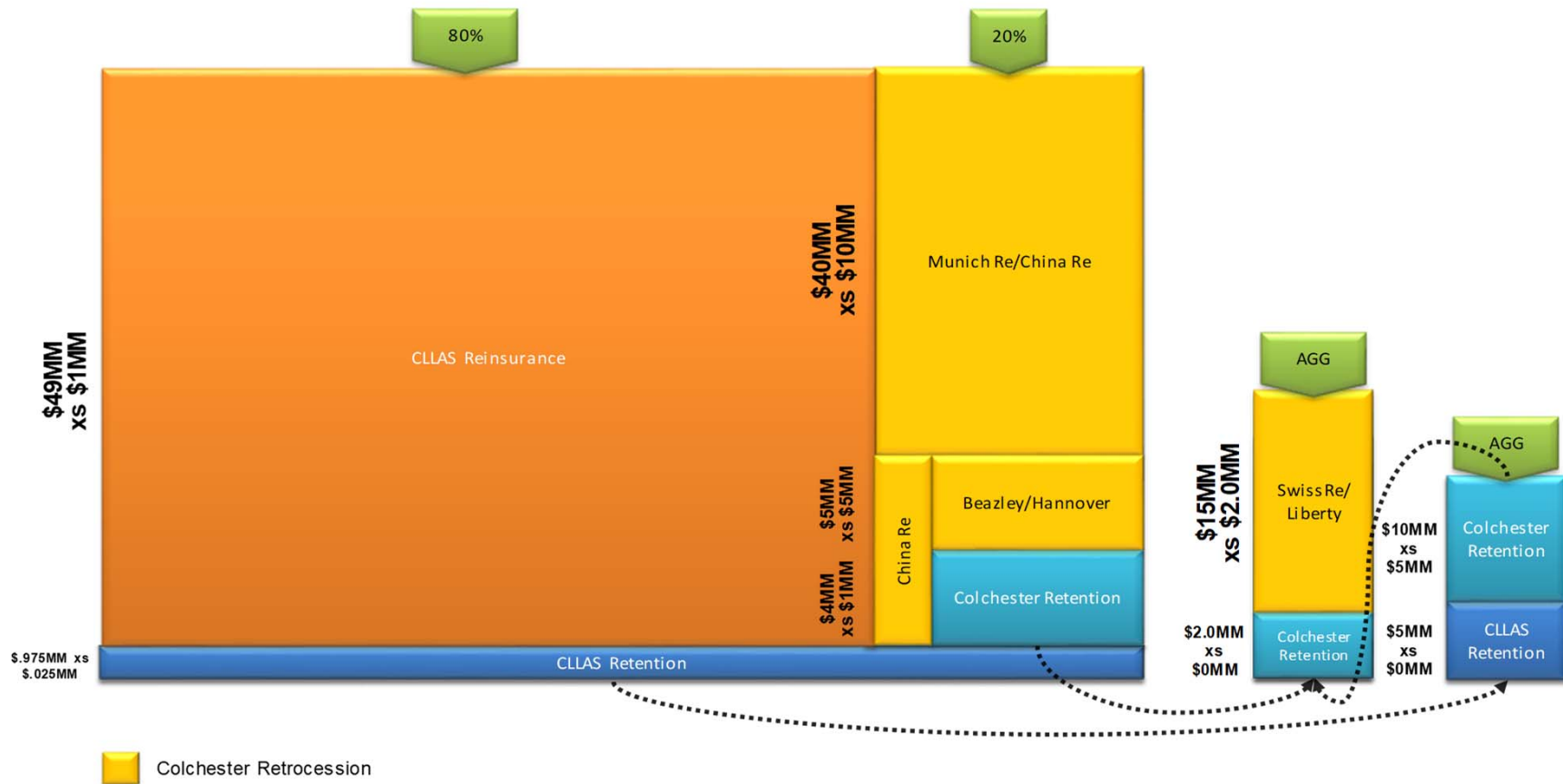
U.S. - US\$100,000 (US\$50,000 for McCarthy Tetrault); U.K. - US\$75,000 for McCarthy Tetrault, US\$350,000 for Fasken; elsewhere in the world - US\$50,000  
 Patent & Trademark work for McCarthy Tetrault only - US\$50,000 worldwide

Note 2: Assume underlying limit of US\$30MM equivalent to \$30MM.

# CLLAS/Colchester

Reinsurance and Retrocession Structure Overview (2017-2018)

EXHIBIT B



CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY (CLLAS)				2017-2018 REINSURANCE CASH FLOW/PAYMENT SCHEDULE - INFORMATION AS AT JULY 1, 2017 \1																														EXHIBIT C
		LAYER 1 \$49MM XS \$1MM		LAYER 2 UP TO \$50MM XS \$50MM				LAYER 3 \$60MM XS \$100MM		LAYER 4 UP TO \$60MM XS \$160MM										LAYER 5 \$30/60MM XS MIN \$65MM														
REINSURERS		SHARE	PREMIUM	SHARE	PREMIUM	SHARE	PREMIUM	SHARE	PREMIUM	SHARE	PREMIUM	SHARE	PREMIUM	SHARE	PREMIUM	SHARE	PREMIUM	SHARE	PREMIUM	SHARE	PREMIUM	SHARE	PREMIUM	DUE JUL 15, 2017 \2	DUE SEP 1, 2017 \3	DUE DEC 1, 2017 \3	DUE JAN 1, 2018 \4	DUE JUN 1, 2018 \3	GRAND TOTAL					
TOTAL PROPORTIONAL		100.00%	\$4,180,502	5	5.00%	\$1,071	5.00%	\$54,477	5.00%	\$48,444	100.00%	\$0	100.00%	\$0	100.00%	\$0	100.00%	\$73,311	100.00%	\$0	100.00%	\$419,891	100.00%	\$265,269						\$5,042,965				
CLLAS PROPORTIONAL RETENTION		0.00%	\$0		0.00%	\$0	0.00%	\$0	0.00%	\$0	0.00%	\$0	0.00%	\$0	0.00%	\$0	0.00%	\$0	0.00%	\$0	0.00%	\$0	0.00%	\$0						\$0				
PROPORTIONAL REINSURERS																																		
Lloyd's		58.53%	\$2,991,873		0.00%	\$0	0.00%	\$0	0.00%	\$0	32.50%	\$0	32.50%	\$0	32.50%	\$0	32.50%	\$23,827	32.50%	\$0	32.50%	\$136,466	55.00%	\$145,898		\$824,516	\$824,516	\$824,516	\$824,516	\$3,298,064				
Acappella 2014											7.36%	\$0	7.36%	\$0	7.36%	\$0	7.36%	\$5,396	7.36%	\$0	7.36%	\$30,904	5.99%	\$15,890										
Amlin - AML 2001		9.71%	\$496,345																															
Antares - AUL 1274		6.63%	\$338,905																															
Argo - AMA 1200		20.00%	\$1,022,338																															
Beazley - AFB 623/2623																																		
Brit - BRT 2987											1.67%	\$0	1.67%	\$0	1.67%	\$0	1.67%	\$1,224	1.67%	\$0	1.67%	\$7,012	3.98%	\$10,558										
Catlin - SJC 1003/2003																																		
Endurance - ENH 5151											3.13%	\$0	3.13%	\$0	3.13%	\$0	3.13%	\$2,295	3.13%	\$0	3.13%	\$13,143	23.00%	\$61,012										
Faraday - FDY 435											2.89%	\$0	2.89%	\$0	2.89%	\$0	2.89%	\$2,119	2.89%	\$0	2.89%	\$12,135	3.36%	\$8,913										
Hamilton - HAM 3334		2.71%	\$138,527								1.99%	\$0	1.99%	\$0	1.99%	\$0	1.99%	\$1,459	1.99%	\$0	1.99%	\$8,356	4.01%	\$10,637										
Markel - MKL 3000											6.69%	\$0	6.69%	\$0	6.69%	\$0	6.69%	\$4,905	6.69%	\$0	6.69%	\$28,091	1.86%	\$4,934										
Pembroke - PEM 4000											3.03%	\$0	3.03%	\$0	3.03%	\$0	3.03%	\$2,221	3.03%	\$0	3.03%	\$12,723	5.83%	\$15,465										
Pioneer - PPI 9969		13.47%	\$688,545								5.74%	\$0	5.74%	\$0	5.74%	\$0	5.74%	\$4,208	5.74%	\$0	5.74%	\$24,102	3.61%	\$9,576										
AmTrust 1206		6.01%	\$307,213																															
Vibe 5678																																		
London Companies		6.47%	\$330,726		0.00%	\$0	0.00%	\$0	0.00%	\$0	0.00%	\$0	0.00%	\$0	0.00%	\$0	0.00%	\$0	0.00%	\$0	0.00%	\$0	0.00%	\$0	\$165,363	\$0	\$0	\$165,363	\$0	\$330,726				
Allianz Global Risks		6.47%	\$330,726																					\$165,363			\$165,363		\$330,726					
Total London Market		65.00%	\$3,322,599		0.00%	\$0	0.00%	\$0	0.00%	\$0	32.50%	\$0	32.50%	\$0	32.50%	\$0	32.50%	\$23,827	32.50%	\$0	32.50%	\$136,466	55.00%	\$145,898	\$165,363	\$824,516	\$824,516	\$989,879	\$824,516	\$3,628,790				
Payable to Miller																									\$0	\$824,516	\$824,516	\$824,516	\$824,516	\$3,298,064				
Canadian Companies		35.00%	\$857,904		5.00%	\$1,071	5.00%	\$54,477	5.00%	\$48,444	67.50%	\$0	67.50%	\$0	67.50%	\$0	67.50%	\$49,485	67.50%	\$0	67.50%	\$283,426	45.00%	\$119,371	\$707,089			\$707,089		\$1,414,178				
Allied World (not Can. Lic.)											7.00%	\$0	7.00%	\$0	7.00%	\$0	7.00%	\$5,132	7.00%	\$0	7.00%	\$29,392	6.00%	\$15,916	\$25,220		\$25,220	\$50,440						
AXIS Re		5.00%	\$255,585								5.00%	\$0	5.00%	\$0	5.00%	\$0	5.00%	\$3,666	5.00%	\$0	5.00%	\$20,995			\$140,123		\$140,123	\$280,246						
Colchester (not Can. Lic.) \5		20.00%	\$91,150								7.50%	\$0	7.50%	\$0	7.50%	\$0	7.50%	\$5,498	7.50%	\$0	7.50%	\$31,492			\$64,070		\$64,070	\$128,140						
Continental Casualty Company, Canadian Branch		10.00%	\$511,169																						\$255,585		\$255,585	\$511,169						
HDI Global SE Canada Branch											10.00%	\$0	10.00%	\$0	10.00%	\$0	10.00%	\$7,331	10.00%	\$0	10.00%	\$41,989	4.00%	\$10,611	\$29,966		\$29,966	\$59,931						
Royal & Sun Alliance Insurance Co. of Canada											8.00%	\$0	8.00%	\$0	8.00%	\$0	8.00%	\$5,865	8.00%	\$0	8.00%	\$33,591			\$19,728		\$19,728	\$39,456						
Westport Insurance Corporation					5.00%	\$1,071	5.00%	\$54,477	5.00%	\$48,444	30.00%	\$0	30.00%	\$0	30.00%	\$0	30.00%	\$21,993	30.00%	\$0	30.00%	\$125,967	35.00%	\$92,844	\$172,398		\$172,398	\$344,796						
TOTAL PROPORTIONAL REINSURERS		100.00%	\$4,180,503		5.00%	\$1,071	5.00%	\$54,477	5.00%	\$48,444	100.00%	\$0	100.00%	\$0	100.00%	\$0	100.00%	\$73,312	100.00%	\$0	100.00%	\$419,892	100.00%	\$265,269	\$872,452	\$824,516	\$824,516	\$1,696,968	\$824,516	\$5,042,968				
AGGREGATE STOP-LOSS REINSURERS																																		
Colchester																									\$40,829			\$40,829		\$81,658				
TOTAL REINSURANCE COST																									\$913,281	\$824,516	\$824,516	\$1,737,797	\$824,516	\$5,124,626				
PROPORTIONAL REINSURANCE		All Other	Colchester Rates																											AGGREGATE				
Rate per Lawyer		\$1,592.00	\$142.00		\$212.00		\$307.00		\$273.00		\$38.00		\$66.00		\$86.00		\$105.00		\$124.00		\$143.00		\$71.00							\$22.80				
Rate per Quebec Lawyer		\$710.00	\$63.00		n/a		n/a		n/a		n/a		n/a		n/a		n/a		n/a		n/a		n/a							n/a				
Total # Lawyers other than Quebec at 6/15/17		2891.5	2891.5		101		3549		3549		0		0		0		692		0		2922		3715						2,891.5					
Total # Quebec Lawyers at 6/15/17		669.0	669.0		0		0		0		0		0		0		0		0		0		0						669.0					
Total # Lawyers practising foreign law at 6/15/17		0	0.0		0		0		0		0		0		0		0		0		0		0						0					
Total # NLC at Lawyer Rate at 6/15/17 \6		8	8.0		0		0		0		0		0		0		1		0		7		8						8					
Rate per P&T Agent \7		\$398.00	\$36.00		n/a		n/a		n/a		\$10.00		\$17.00		\$22.00		\$26.00		\$31.00		\$36.00		\$18.00						\$5.70					
Total # P&T Agents at 6/15/17		35	35.0		0		0		0		0		0		0		16		0		19		35						35					
Total # NLC at P&T Rate at 6/15/17		17	17.0		0		0		0		0		0		0		5		0		10		17						17					
NLC = Non-lawyer Consultant NOTES: \1 This is an information document, not an accounting ledger. \2 Semi-annual instalment for Canadian Companies. \3 Quarterly instalment for Miller. Fund should be sent to Miller, through ARS as Miller's broker, with about 2 weeks lead time. \4 Semi-annual instalment for Canadian Companies and quarterly instalment for Miller. Fund should be sent to Miller, through ARS as Miller's broker, with about 2 weeks lead time. \5 Colchester applied significant premium credits for 2017/2018 and therefore uses the separate rates shown for Layer 1 (Total Proportional for Colchester: \$455,748, all others: \$5,111,690) \6 The rate for NLC in all provinces is the same as the rate for lawyers in provinces other than Quebec. \7 Applicable in all provinces.																																		

COLCHESTER REINSURANCE LTD.		2017-2018 REINSURANCE CASH FLOW/PAYMENT SCHEDULE - INFORMATION AS AT JULY 1, 2017 \1													Exhibit D
		LAYER 1		LAYER 2		LAYER 3		AGGREGATE							
		\$9MM XS \$1MM		\$5MM XS \$5MM		\$40MM XS \$10MM		\$15MM XS \$2.0MM							
REINSURERS		SHARE	PREMIUM	SHARE	PREMIUM	SHARE	PREMIUM	SHARE	PREMIUM	DUE JUL.15, 2015	DUE SEP. 1, 2015	DUE OCT. 1, 2015	DUE JAN.1, 2016	DUE APR. 1, 2016	GRAND TOTAL
TOTAL PROPORTIONAL		100.00%	\$2,912,500	100.00%	\$873,750	100.00%	\$2,858,063	100.00%	\$206,550						\$6,850,863
CLLAS PROPORTIONAL RETENTION		80.00%	\$2,330,000	80.00%	\$699,000	80.00%	\$2,286,450	0.00%	\$0						\$5,315,450
COLCHESTER PROPORTIONAL RETENTION		17.50%	\$509,688	0.00%	\$0	0.00%	\$0	0.00%	\$0						\$509,688
OTHER REINSURANCE		0.00%	\$0	2.50%	\$21,844	0.00%	\$0	0.00%	\$0						\$21,844
PROPORTIONAL REINSURERS															
Lloyd's		2.50%	\$72,813	8.50%	\$74,269	5.00%	\$142,903	20.00%	\$41,310		\$82,824	\$82,824	\$82,824	\$82,824	\$331,295
AFB 623 / 2623				8.50%	\$74,269						\$18,567	\$18,567	\$18,567	\$18,567	\$74,269
LIB4472								20.00%	\$41,310		\$10,328	\$10,328	\$10,328	\$10,328	\$41,310
ChinaRe2088		2.50%	\$72,813			5.00%	\$142,903				\$53,929	\$53,929	\$53,929	\$53,929	\$215,716
London Companies		0.00%	\$0	9.00%	\$78,638	15.00%	\$428,709	80.00%	\$165,240		\$168,147	\$168,147	\$168,147	\$168,147	\$672,587
Hannover Re				9.00%	\$78,638						\$19,660	\$19,660	\$19,660	\$19,660	\$78,638
Munich Re - UK Branch						15.00%	\$428,709				\$107,177	\$107,177	\$107,177	\$107,177	\$428,709
Swiss Re International SE								80.00%	\$165,240		\$41,310	\$41,310	\$41,310	\$41,310	\$165,240
Total London Market		2.50%	\$72,813	17.50%	\$152,906	20.00%	\$571,613	100.00%	\$206,550		\$250,971	\$250,971	\$250,971	\$250,971	\$1,003,882
Payable to Miller											\$250,971	\$250,971	\$250,971	\$250,971	\$1,003,882
Canadian Companies		0.00%	\$0	0.00%	\$0	0.00%	\$0	0.00%	\$0	\$0	\$0	\$0	\$0	\$0	\$0
None															
TOTAL PROPORTIONAL REINSURERS		2.50%	\$72,813	17.50%	\$152,906	20.00%	\$571,613	100.00%	\$206,550	\$0	\$250,971	\$250,971	\$250,971	\$250,971	\$1,003,882
PROPORTIONAL REINSURANCE															
Rate per Lawyer		\$1,000.00		\$300.00		\$798.00		\$57.67							
Rate per Quebec Lawyer		\$0.00		\$0.00		\$798.00		\$57.67							
Total # Lawyers other than Quebec at 6/15/17		2891.5		2891.5		2891.5		2891.5							
Total # Quebec Lawyers at 6/15/17		669.0		669.0		669.0		669.0							
Total # Lawyers practising foreign law at 6/15/17		0		0		0		0							
Total # NLC at Lawyer Rate at 6/15/17		8		8		8		8							
Rate per P&T Agent		\$250.00		\$75.00		\$200.00		\$14.42							
Total # P&T Agents at 6/15/17		35		35		35		35							
Total # NLC at P&T Rate at 6/15/17		17		17		17		17							
NLC = Non-lawyer Consultant															
NOTE: \1 This is an information document, not an accounting ledger.															

## Aggregate Stop-loss Reinsurance Structure (Historical)

		<u>JULY 1, 2011-2012</u>		<u>JULY 1, 2012-2013</u>		<u>JULY 1, 2013-2014</u>		<u>JULY 1, 2014-2015 - JULY 1, 2016-2017</u>		<u>JULY 1, 2017-2018</u>			
		Below \$1MM (Drop-down)		Excess of \$1MM		Below \$1MM (Drop-down)		Excess of \$1MM		Below \$1MM (Drop-down)		Excess of \$1MM	
Per Claim Retention:													
CLLAS		\$13,225,000		\$975,000	\$0	\$975,000	\$0	\$975,000	\$0	\$975,000	\$0		
Colchester		\$1,000,000		\$0	\$4,150,000	\$0	\$1,700,000	\$0	\$800,000	\$0	\$700,000		

