



ADVISORY BOARD MEETING

<u>Board Member</u>	<u>Alternate</u>	<u>Board Member</u>	<u>Alternate</u>
David Morritt	Lyndon Barnes	Donald Milner	S. Bruce Blain
Robert Love	Kate Menear	Gordon Goodman	John Birch
Mike Swartz	Paul Wilson	Ken Crofoot	Eugene Cipparone
Julia Holland	James C. Tory	Melanie Koszegi	Natasha MacParland
William Scott	David E. Woollcombe	Margaret McNee	Christopher Garrach

Tuesday, June 23, 2020 at 8:45 a.m.
Goodmans LLP
34th Floor, Bay Adelaide Centre, West Tower
333 Bay Street
Toronto, Ontario

ZOOM login information: Advisory Board of CLLAS

To join meeting using a computer:

<https://zoom.us/j/768487678?pwd=bCtpQ1ExNTcvOWU1K25xRWdPcFJPdz09>

Meeting ID: 768-487-678

Meeting Password: 555944

To join meeting by phone:

One tap mobile

+16475580588,,768487678# Canada

+16473744685,,768487678# Canada

Meeting Password: 555944

AGENDA

	<u>Responsibility</u>	<u>Est. Time</u>	<u>Tab</u>
1. Constitution of Meeting	Ken Crofoot		
2. Appointment of Secretary	Ken Crofoot		
3. Approval of the Minutes of February 25, 2020 Meeting	Ken Crofoot	5 mins	3.1

Proposed Resolution: To approve the minutes.



	<u>Responsibility</u>	<u>Est. Time</u>	<u>Tab</u>
4. Business Arising Out of the Minutes	Ken Crofoot		
5. Comments of the Chair	Ken Crofoot	5 mins	
6. Pro-Form Insurance Services – Excess Insurance Renewal	Bob Wilson	15 mins	To Follow
7. Reinsurance Renewal	Ryan Durrell	45 mins	
7.1 Status of Reinsurance Renewal			7.1
7.2 Surplus Position and Impact on 2020/21 Premium			
7.3 Update on Associate Firm Initiative			
<i>Proposed Resolution: To approve the 2020/21 rates, including premium credit as appropriate</i>			
8. Report of the General Manager’s Office	Patrick Mahoney	15 mins	
8.1 Management Financial Statements – March 31, 2020			8.1
8.2 CLLAS 2020 Business Plan			8.2
9. Committee Reports		20 mins	
9.1 Audit Committee	Gordon Goodman		
9.2 Claims Committee	Bill Scott		9.2
9.3 Risk Management Committee	Julia Holland		
9.4 Policy Committee	Donald Milner		
10. Other Business			
10.1 Quarterly Report of the Investment Manager	Patrick Mahoney	5 mins	10.1
10.2 Updated Committee Membership	Ken Crofoot	5 mins	10.2
11. Next Meeting – September 22, 2020 at 8:30 a.m.			

Anticipated Adjournment Time: 10:45 a.m.

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

Minutes of a Meeting of the Advisory Board

8:30 a.m.
Goodmans LLP
34th Floor, Bay Adelaide Centre, West Tower
333 Bay Street
Toronto, Ontario

Tuesday, February 25, 2020

Present:

Ken Crofoot (Chair)	Goodmans LLP
Melanie Koszegi (via phone)	Davies Ward Phillips & Vineberg LLP
Robert Love	Borden Ladner Gervais LLP
Gordon Goodman	Cassels Brock & Blackwell LLP
Donald Milner (via phone)	Fasken Martineau DuMoulin LLP
Bill Scott	McCarthy Tétrault LLP
Margaret McNee	McMillan LLP
David Morritt	Osler, Hoskin & Harcourt LLP
Julia Holland	Torys LLP
Patrick Mahoney	Office of the General Manager, CLLAS
Norma Ibbetson	Office of the General Manager, CLLAS
Ryan Durrell	Axxima

Absent:

Mike Swartz	WeirFoulds LLP
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1. Constitution of Meeting

The Chair brought the meeting to order.

2. Appointment of Secretary

Norma Ibbetson acted as Secretary.

3. Approval of Minutes of the December 10, 2019 Meeting of the Advisory Board

It was moved by Margaret McNee and seconded by Julie Holland that the minutes of the December 10, 2019 meeting of the Advisory Board be approved, as amended. The motion was carried unanimously.

4. Business Arising Out of the Minutes

All business arising out of the minutes will be dealt with elsewhere in the agenda.

5. **Comments of the Chair**

Mark Popple and Graeme Lynch, from BWI, CLLAS' London brokerage, were in Toronto last month to have preliminary discussions about the reinsurance renewal. Renewal meetings will take place May 20 to 22, 2020 in London. Julia Holland will be attending along with the Chair. The Chair reported that all indications are that the Lloyd's market is continuing to harden and that there will be upwards pressure on rates for the up-coming renewal.

6. **Market Update and Reinsurance Renewal Planning**

Ryan Durrell updated the Board with respect to renewal planning.

Cyber Update

There was a claim under the cyber program in 2019 involving the redirection of funds via social engineering fraud. The firm has appropriate procedures in place for confirming instructions, but the process was not strictly followed. There were recoveries from several sources of insurance, including under the CLLAS cyber program, the law society program and CLLAS.

Mr. Durrell reported that CLLAS is once again working on the war and terrorism exclusion, this time specifically focusing on the war exclusion in light of the recent conflict in Iran which spurred some cyber attack activity. It could be argued that these attacks were acts of undeclared war, which leads to coverage questions under the exclusion. It will be difficult to get movement on this issue, but efforts are being made.

The Cyber page on the CLLAS website has been updated with the program's panel providers for credit monitoring, forensics, etc. as well as the notification contact information which is now NTL, i.e. Network Test Labs.

Associate Firm Update

We are in active discussion with two Toronto-based firms. As the market for lawyers' professional liability insurance continues to harden, we may see increased interest in the program.

Reinsurance Renewal

We are preparing for another difficult renewal as the market continues to be difficult. Lloyd's has mandated rate increases for professional liability, and we are getting reports of 10% increases for "clean" business, i.e. no losses. In particular, the largest excess program in BC was recently renewed with 10% rate increases across the board. Domestic markets are slightly more relaxed, but most are mandating rate increases as well. Chubb, for example, has applied a minimum 5% increase on all primary business.

With that in mind, Mr. Durrell encouraged the firms to return the completed renewal applications as soon as possible so that we can prepare the submission and finalize our renewal strategy. Although there are a couple of concerning files, CLLAS losses have thus far been relatively benign in 2019/2020, which should help us obtain renewal terms in a more orderly fashion than last year when final lead terms were only received at the very last minute.

We did recently get positive news about the Vibe Syndicate which had announced it was closing. The team from Vibe that handled the CLLAS account has been moved to Argenta Syndicate, which is backed by Hannover Re. We understand they continue to have a similar appetite for business. This should be helpful as Vibe was a significant supporter of the primary CLLAS layer of \$49MM xs \$1MM.

A few firms inquire about additional limits. Unless the Board advised otherwise, we are looking address this with a second umbrella layer of, say, \$50,000,000 which will sit on top of the current umbrella layer. There is no guarantee that this layer can be secured in the current environment but if it is, the pricing should be reasonable. There was Board consensus to explore this.

7. Report of the General Manager's Office

Financial Statements for the Period Ending December 31, 2019

Patrick Mahoney reported that CLLAS finished 2019 with a surplus position of just over \$13.6 million versus \$12.3 million at December 31, 2018. CLLAS experienced an underwriting gain for the year of \$827,000 with a total comprehensive gain, after taking into account investment income of \$1.3 million. That is a good year for CLLAS. Favourable net claims development, lower operating expenses and a stronger investment return all contributed to the positive result.

The Budget Variance shows that expenses for the year finished under budget by approximately \$115,000. A more detailed discussion of the variance will take place under a subsequent agenda item.

CLLAS' risk metrics are included in the report. CLLAS comfortably exceeds the regulatory AMRGF requirement. CLLAS' MCT ratio at December 31, 2019 was 712%, well above CLLAS' internal target of 210%. Most of CLLAS' risk metrics are within its risk limits as shown on Exhibit V. The main item of note was the level of concentration of one reinsurer, which resulted not from an increase in that reinsurer's participation but a decrease in the overall level of CLLAS liabilities resulting from closing older claims (from a period prior to that reinsurer's participation). This is a discussion that takes place each year at the Audit Committee meetings and is the only item of note on the risk metrics. The risk metrics exhibit has been restructured to reflect the feedback obtained during the ORSA process. Some of the metrics will be review for the first time over the course of 2020.

Presentation of the Actuary to the Audit Committee

CLLAS' actuary, Julie-Linda Laforce, presented the results of the 2019 valuation to the Audit Committee at a meeting held on February 13, 2020. The actuary's presentation was included in the Board material as an information item and the full valuation report will be posted to the website. The presentation highlights among other things, the change in gross ultimate losses over the past 12

months. Another slide to take note of concerns premium liabilities. CLLAS' deferred policy acquisition expenses (DPAC) must be written down if the actuary concludes that the premiums yet to be earned on the balance of the current policy year are not sufficient to sustain the expected losses for that period. This in fact was the case at the end of 2019 and there was small a write-down.

2020 Operating Budget

Mr. Mahoney presented the proposed operating budget for 2020. The budget letter addresses expenses incurred in 2019 and the budget being proposed for 2020. We continue to budget conservatively as reflected by finishing 2019 under budget by \$115,000. Of note for the Audit fees is that a peer review of the 2020 actuarial valuation is required, and this cost has been included in the budget.

The Risk Management/Loss Prevention line item has been set to include a 50% reimbursement to firms of the risk management audits being done in 2020. To the extent the Board approves the budget, this reimbursement will be approved. There was separate discussion on this item.

Specific to the Axxima fees, the proposal is a small decrease for Axxima management fees (fixed fee) and Axxima professional fees (fee for service). Mr. Mahoney drew the Board's attention to the offset in the CLLAS budget for commissions that Axxima receives on the CLLAS Cyber and Associate Firm programs. Further, if the CLLAS Associate firm program is profitable, profit sharing amounts will be received from the insurers, and these amounts are also applied against the CLLAS budget. Details are included in the budget letter.

It was moved by Julia Holland and seconded by David Morritt that the 2020 budget be approved. The motion was carried unanimously.

Surplus Management Policy

As part of the Own Risk and Insolvency Assessment (ORSA) process, the Board reconfirmed the internal surplus target of a Minimum Capital Test (MCT) ratio of 210%. The Surplus Policy, which is unchanged as a result, is to be reviewed by the Board.

It was moved by Margaret McNee and seconded by Bill Scott that the surplus policy as presented be approved. The motion was carried unanimously.

8. Committee Reports

Report of the Audit Committee

Gordon Goodman reported on behalf of the Audit Committee.

The year-end meeting with CLLAS' auditor and actuary took place on February 13, 2020. An unqualified audit opinion was issued. Laurie Markus is the new audit partner from Deloitte. The Audit Committee had an opportunity to meet with the auditor without management. The only item of note was that the DPAC write-down was not reflected in the draft audited financials provided to the Board,

although the issue was discovered by management prior to the Audit Committee meeting. Copies of the Audit Findings Report and the Audited Financial Statements were included in the Board meeting material.

There was some discussion as to whether the Board would like to have the Actuary invited to a meeting in the upcoming year to give the Board an overview of the year in review.

It was moved by Margaret McNee and seconded by Robert Love that the Financial Statements at December 31, 2019 be adopted. The motion was carried unanimously.

The P&C1 regulatory filing will be signed and filed after today's meeting.

Report of the Claims Committee

Bill Scott reported to the Board. While there are a number of claims being monitored closely, it has been relatively quiet in the recent past. fairly quiet quarter. The Committee meets quarterly to review active files and last met in January 2020.

Report of the Risk Management Committee

Julia Holland reported to the Board. Ken Crofoot, Ryan Durrell, John Walker and Ms. Holland met to discuss and review the survey questions in advance of the re-audits to better link risk management practices and claims. The process is being changed this year so that the people who fill out the form will be chosen by Mr. Walker as opposed to the firm itself. It is anticipated the audits will commence in the Spring.

The cost of the individual audits will be approximately \$20,000 and the cost of reimbursing the firms for 50% of the cost was considered and approved in the 2020 Operating budget.

Mr. Crofoot reported to the Board that the Federation of Law Societies has come out with some new rules for client intake which has some significant implications for law firms. He encouraged Board members to bring this to the attention of their firms.

Report of the Policy Committee

No report of the Policy Committee.

9. Other Business

Quarterly Report of the Investment Manager at December 31, 2019

This is an information item for the Board.

Colchester Reinsurance Security Agreement

This is a discussion item for the Board.

Colchester's Board recently discussed how it might prudently enhance its investment return. The recommendation from Colchester's investment manager was to amend the investment policy to allow investment of a portion of the portfolio in BBB corporate bonds. The assets supporting Colchester's liabilities to CLLAS are subject to the terms of a Reinsurance Security Agreement (RSA) that gives CLLAS some control over the assets. As a result, Colchester asked CLLAS' General Manager to seek some input from the CLLAS Board before it takes any further steps.

The Board discussed the matter and asked that a brief report on the risks and rewards of investment in BBB corporate bonds be requested both from Colchester's investment manager and CLLAS', to be discussed at the June meeting.

10. Next Meeting

The next regularly scheduled meeting of the Board will be on June 23, 2020.

11. Annual Dinner

The Annual Dinner will be held Thursday, April 30, 2020 at Canoe.

There being no further business, the meeting was terminated.

Chairman

Secretary



PRIVATE AND CONFIDENTIAL

Date: June 16, 2020

To:	David Morritt	Donald Milner
	Robert Love	Gordon Goodman
	Mike Swartz	Ken Crofoot
	Julia Holland	Melanie Koszegi
	William Scott	Margaret McNee

From: Patrick Mahoney, Ryan Durrell, and Christopher Marley

Re: Report on the CLLAS Reinsurance Renewal Placement for July 1, 2020

The purpose of this report is to provide the CLLAS Board with information on the reinsurance placement for the policy year commencing July 1, 2020.

CLLAS Renewal Objectives

The CLLAS renewal objectives for the period July 1, 2020/2021 are as follows:

- Obtaining the best renewal terms possible given current (re)insurance market conditions;
- Attract new markets;
- Maintain and enhance existing reinsurer relationships; and
- Continue to evaluate ability to distribute surplus to members through premium credits.

CLLAS Renewal Negotiations

We are presently entering the fourth year of the current five-year underwriting period.

Last year we faced a hardening reinsurance market, and fought hard to hold on to the excellent rates achieved during the protracted soft insurance market. The hardening was partially driven by a forced market contraction mandated by Lloyd's, which resulted in increased rates and reduced capacity. At the outset of 2020 we were seeing a continuation of that mandate, which has now influenced some, but not all, of the domestic markets. Beginning in March, the adoption of COVID-19 counter measures added an additional complication, causing market capacity to further retreat due to fears of economic disruption and, for some markets, deep investment and underwriting losses.

On the positive side, CLLAS' loss development and emergence over the past 12 months have been relatively benign. Although, some markets are not quick to forget the \$29.6 million in incurred losses reported last year.

As a result of COVID-19, Ken Crofoot, Julia Holland, Patrick Mahoney, Ryan Durrell and Christopher Marley recorded a presentation for underwriters in lieu of the annual in-person trip to London, and followed up the video with meetings with key/lead markets in the reinsurance program. While not an ideal alternative to the in-person meetings, the video



was effective in communicating out intended messaging. Bretton Woods International Ltd. (“BWI”) fielded a series of follow up questions and reported that the video was well received, with underwriters impressed by the team’s ability to adapt quickly. Julia and Ken’s sections, which contained a significant focus on risk management and updates on how their respective firms were coping with COVID-19’s effects on business, deftly addressed most of the concerns raised by underwriters.

In the meetings with key/lead markets, we observed a mixed reaction. In one instance, the meeting seemed to be a formality, while others were marked by hard questions around the firms’ risk management during work from home measures and pointed requests for commentary around firm revenues, client selection, and staffing. All of those concerns were handily volleyed back by Julia and Ken, who each relied on their individual firm’s experiences to respond point for point.

With respect to the renewal terms, our proposal sought to get ahead of the increases we knew were going to be required by underwriters as a result of well-publicised and strictly enforced rate and capacity restrictions imposed by Lloyd’s. Further, it is now almost a universal requirement for underwriters to get sign-off by their actuaries before committing to renewal terms.

Based on CLLAS’ internal actuarial rating work, which is used to assess CLLAS’ cost for retained risk, current reinsurance rates are approximately 50% of the discounted expected loss costs. Underwriters may be in a position to be more aggressive with their actuarial analysis due to their ability to spread risk across multiple markets and lines of business, but the gulf between the rates and expected loss costs is wide enough that we cannot reasonably expect to achieve a flat renewal.

Our renewal submission proposed reinsurance rate increases by layer as follows:

CLLAS Primary (\$49MM xs \$1MM):	+12.5%
CLLAS Optional Excess (\$10MM-\$60MM xs \$160MM):	+7.5%
CLLAS Umbrella (\$30MM xs min\$65MM):	+5.0%

As of the date of this memo, we have had some support for these terms, but lead markets, which drive the layer pricing on behalf of the following markets, are pushing hard for larger increases on both the CLLAS Primary and CLLAS Optional Excess layers. We continue to work with the Primary layer’s lead Syndicate, Argo, who is still reviewing with their actuaries to come to a landing place on renewal terms. Presently, their actuaries are of the view that a rate increase well in excess of 12.5% is necessary to achieve long-term profitability. We are working to hold an increase to a level as close to proposed as possible.

On the CLLAS Optional Excess layer, the lead (Brit Syndicate) and the key supporting market (Swiss Re) are both independently pressing for 20% rate increases, which, based on pricing per million of limit is not out of line with the layer costs immediately above and below. For example, the cost per million of limit in the layer below are approximately \$6.20, whereas the proposed rate per million of limit in the CLLAS Optional Excess are just \$2.69.

CLLAS Umbrella pricing appears to be garnering support from the markets.

New this year, we have proposed a new Optional Excess Umbrella layer, which would provide access to an additional \$50MM in limits for firms wishing to extend their total limits to \$300,000,000. We have thus far received some initial support at the proposed rate. This placement is still a work in progress.



An up-to-date report on the renewal will be provided at the Board meeting.

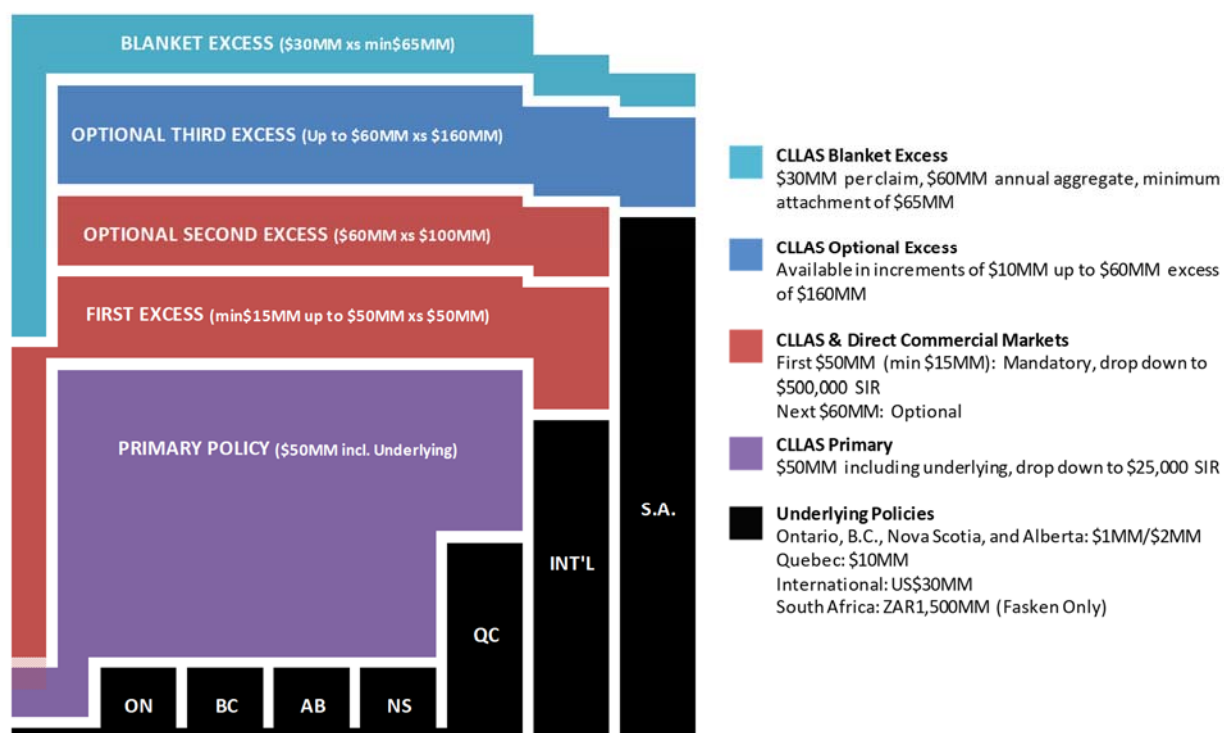
CLLAS Insurance Structure

CLLAS currently offers a \$50,000,000 primary policy, of which it retains only the drop-down exposure between \$25,000 and \$1,000,000 where underlying policies do not respond.

Beginning in 2017/2018, CLLAS began participating in the direct commercial market layers between \$50,000,000 and \$160,000,000. CLLAS provides 5% of those layers, and fully reinsures this exposure.

Above the commercial market layers are CLLAS' optional excess and blanket excess layers, which provide up to \$60,000,000 optionally before the blanket excess layer, which provides \$30,000,000 per claim with a \$60,000,000 aggregate. Again, these layers are fully reinsured.

Presently, the CLLAS insurance structure offers limits of up to \$250,000,000, as follows:



The current policies and limits issued by CLLAS are described in more detail below:

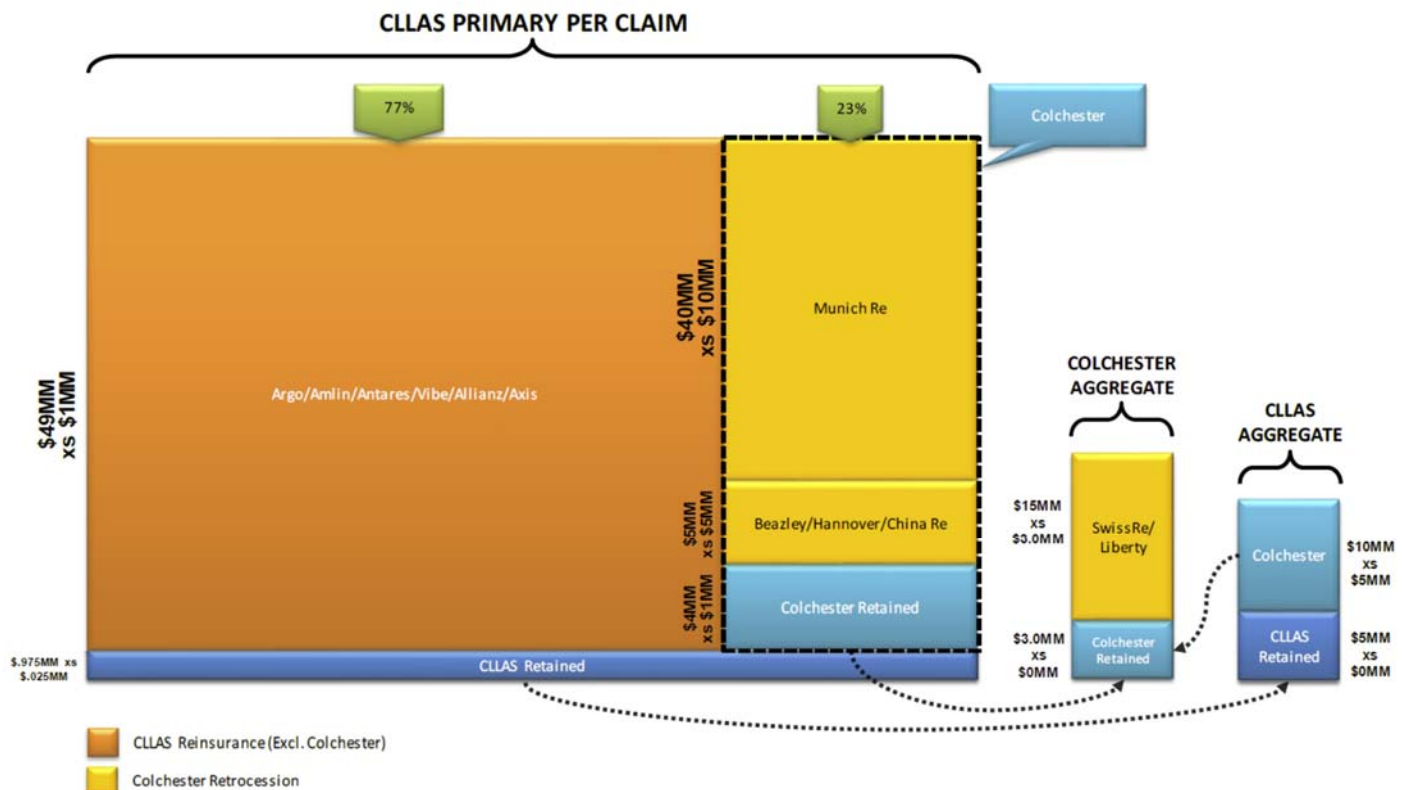
1. CLLAS Primary Policy of \$50M – A Primary Policy of \$50,000,000 each and every claim and in the annual aggregate, including costs, charges and expenses, inclusive of the minimum mandatory coverage provided by the applicable law society professional liability insurance program or by the professional liability insurance program of the governing body of a self-regulatory profession other than law and/or other applicable

insurance and/or \$25,000 per claim self-insured retention. The rate for lawyers in Quebec is lower in this layer because of the higher underlying limit provided by Barreau du Quebec.

2. CLLAS First Excess Policy of Up to \$50M Excess of \$50M – CLLAS has a 5% participation on the First Excess Policy of up to \$50M excess of the CLLAS Primary \$50M and/or other specific underlying insurance arranged by certain CLLAS member firms for their offices in the U.S. and/or other international locations.
3. CLLAS Optional Second Excess Policy of Up to \$60M Excess of \$100M – CLLAS has a 5% participation on the Second Excess Policy of up to \$60M excess of \$100M. This policy follows the CLLAS First Excess Policy.
4. CLLAS Optional Third Excess Policy of Up to \$60M excess of \$160M – This is an existing layer issued 100% by CLLAS of up to \$60M excess of \$160M. This policy follows the First Excess and Optional Second Excess Policies.
5. CLLAS Blanket Excess Policy of \$30M per claim/\$60M aggregate – This policy is shared by all CLLAS member firms. This policy follows the CLLAS First Excess Policy (\$15M excess of \$50M must be purchased at a minimum) and also follows the Optional Second and Third Excess Policies, where purchased.

CLLAS Reinsurance Structure

The proposed reinsurance structure for the primary policy is unchanged from the expiring structure and it is depicted below:





The reinsurance program is described in more detail below:

- a) Primary Policy Reinsurance: \$49MM excess of \$1MM – 100% reinsured.
 - 77% of this layer will be proportionally reinsured with Lloyd's and other reinsurers.
 - 23% will be reinsured with Colchester. Colchester's involvement will then be layered and retroceded to various markets. A portion of Colchester's participation which is not transferred to other markets will be retained by Colchester. Colchester also purchases stop-loss cover to manage its retained exposure.
 - CLLAS will retain the entire drop-down exposure below \$1M.
 - Note: The 77%/23% split referred to above may change as this year's placement is finalized.
- b) First Excess Policy Reinsurance: Up to \$50MM excess of \$50MM – The 5% participation by CLLAS will be fully reinsured.
- c) Second Excess Policy Reinsurance: Up to \$60MM Excess of \$100MM – The 5% participation by CLLAS will be fully reinsured.
- d) Optional Excess Policy Reinsurance: Up to \$60MM excess of \$160MM – 100% reinsured.
- e) Umbrella Policy Reinsurance: \$30MM/\$60MM excess of \$65MM (minimum) – 100% reinsured.
- f) Optional Excess Umbrella Reinsurance: \$50MM/\$100MM excess of \$250MM (minimum) – 100% reinsured.
- g) Aggregate Stop-Loss Reinsurance: CLLAS aggregate protection of \$10MM excess of \$5MM in aggregate losses – 100% reinsured by Colchester.
- h) Loss Portfolio Transfer Reinsurance: Claims reserves and IBNR as at June 30, 2012 – 100% reinsured by Colchester.

Reinsurance Security

New markets are being approached for the renewal this year. All markets are vetted to ensure they meet CLLAS' reinsurance security requirements.

CLLAS performs a robust analysis of reinsurance security each fall which is reviewed by the Audit Committee, which provides management with direction for the renewal. No special direction was provided for the current renewal.

Premium Reductions Through CLLAS Surplus Contributions

As will be discussed in more detail at the Board meeting, CLLAS' surplus remains sufficient to continue to provide a reduction consistent with last year.



Proposed CLLAS Structure and Rates – July 1, 2020/2021

No substantive changes to the CLLAS insurance or reinsurance structures are being proposed outside of the addition of the new Optional Excess Umbrella layer.

Our suggested rate increases of 12.5% on the primary layer, 7.5% on the optional excess, and 5.0% on the umbrella layers are being met with mixed reactions. We have some support for these terms, but the lead markets, which drive the layer pricing on behalf of the following markets, are pushing for larger increases on the primary and optional excess layers.

The overall increase in the per-lawyer rate for the CLLAS firms is very dependent on the pricing of the primary layer which, as mentioned, is not available at the time of writing. This is a challenging renewal, but we are actively managing the level of increase that firms will experience. At this time, the rate increase looks like it will be less than 20% overall.

We can report that, based on market intelligence gathered on other firms and programs, we are experiencing challenges and rate increases consistent with the marketplace. Reduced limits, increased retentions and rate increases are common experiences across the insurance market at the moment.

Proposed Policy Wording Changes at Renewal

CLLAS does not expect to amend any of the policy wordings for the coming year.

Conclusions

As indicated in this memo from last year, member firms should be prepared for a more rational market in the years ahead. This comment was made before a global pandemic seriously stressed worldwide insurance markets. The “rational market” has become a true hard market, at least during the current uncertain times. We continue to work hard to hold on to the exceptional risk transfer pricing achieved (relative to expected loss costs) over the past nine-plus years. It is possible to foresee a time when, as pricing moves closer to actuarially determined expected loss costs, CLLAS will again respond by retaining a meaningful share of the risk, as it has in the past.

While this preliminary report should provide firms with an update on ongoing renewal negotiations, a more definitive report, including lead reinsurance terms and conditions, will be provided at the upcoming Board meeting.



MEMORANDUM

DATE: May 27, 2020
 TO: CLLAS Advisory Board
 FROM: Patrick Mahoney
 COPY:
 RE: March 31, 2020 Financial Management Report

CLLAS' financial management report for the quarter ended March 31, 2020 is attached. Included are the following exhibits:

Exhibit I:	Statement of Financial Position
Exhibit II:	Statement of Comprehensive Income
Exhibit III:	Statement of Changes in Equity
Exhibit IV:	Budget Variance Analysis
Exhibit V:	Summary of Risk Metrics
Exhibit VI:	Alberta Maintenance of Reserve and Guarantee Fund

Financial Results

As shown on Exhibit II, CLLAS experienced an underwriting loss of \$80,000 for the quarter, with the total comprehensive gain (after taking into account realized and unrealized gains/losses on the investment portfolio) of \$141,000.

As shown on Exhibit I, CLLAS' surplus at March 31, 2020 stood at just over \$13.7 million.

The Budget Variance (Exhibit IV) shows that expenses were about \$143,000, or 23%, under budget for the quarter. Axxima fees are under budget for the first quarter but will likely normalize over the course of the second quarter given reinsurance renewal activities. Premium taxes were also well below budget due to an accounting requirement which forced the recognition of part of the 2020 premium tax expense in 2019 (i.e. a timing issue). The risk management line is also under budget as the risk management audits have been put on hold for the time being.

Risk Metrics

Exhibit V presents the results of various "risk metrics" monitored by CLLAS based on what have been identified through the ORSA process as its material risks. The Exhibit shows the year-end results for 2018 and 2019, and the first quarter result for 2020 against risk targets and risk limits.



Most of the metrics at March 31, 2020 are within CLLAS' risk targets. The items of note are discussed below.

Line 9: As has been discussed as part of CLLAS' Reinsurance Security Report, a couple of CLLAS reinsurers have A- ratings with AM Best and/or S&P.

Line 10: Again as noted as part of CLLAS' Reinsurance Security Report, the Argo Syndicate (Lloyds) reinsures 19.6% of CLLAS' total liabilities. This is an increase from the previous year's number of 12.7% and exceeds CLLAS' risk limit. The increase is not due to an increase in Argo's participation and in fact the dollar value of CLLAS' liabilities with Argo has reduced from \$12.6 million to \$11.6 million. The reason for the increase in percentage terms is the overall reduction in CLLAS' total liabilities due to the closing of some significant claims over the past year. Still, this is a situation that bears monitoring and appropriate moves to continue diversifying CLLAS' reinsurance support should be made when market conditions permit.

Please contact me if you have any questions with respect to the statements or the risk metrics.

Sincerely,

Patrick Mahoney, General Manager

Exhibit I

CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY
STATEMENT OF FINANCIAL POSITION
March 31, 2020

	As at March 31, 2020	As at March 31, 2019
ASSETS		
Cash	3,382,114	3,919,746
Short term investments	12,403,712	7,164,792
Bonds	6,121,481	6,022,810
Interest income due and accrued	43,787	43,462
Premium receivable	0	0
Other receivable	0	0
Prepaid expenses	113,777	91,452
Deferred policy acquisition costs	13,183	53,291
Unearned reinsurance premium ceded	1,813,263	1,375,569
Reinsurance recoverable	386,958	3,622,979
Provision for unpaid claims and adjustment expenses recoverable from reinsurers	60,811,000	55,740,000
	<u>85,089,275</u>	<u>78,034,100</u>
LIABILITIES		
Accounts payable & accrued charges	181,930	74,418
Premium taxes payable	0	0
Unearned premium	2,309,407	1,842,584
Due to reinsurers	1,055,977	967,587
Provision for unpaid claims and adjustment expenses	67,780,000	62,467,000
Premium deficiency liability	0	0
	<u>71,327,314</u>	<u>65,351,589</u>
SUBSCRIBERS' EQUITY		
Surplus	13,598,814	12,607,304
Accumulated Other Comprehensive Income (Loss)	163,146	75,207
	<u>13,761,960</u>	<u>12,682,511</u>
	<u>85,089,275</u>	<u>78,034,100</u>

Exhibit II

CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY
STATEMENT OF COMPREHENSIVE INCOME
For the Period Ending March 31, 2020

	Current Year		Prior Year	
	Quarter March 31, 2020	Year to Date March 31, 2020	Quarter March 31, 2019	Year to Date March 31, 2019
Written Premium	0	0	0	0
Gross Written Premiums	0	0	0	0
Less: Reinsurance Ceded	0	0	0	0
Net Written Premiums	0	0	0	0
Change in Unearned Premiums	496,144	496,144	461,883	461,883
Earned Premiums	496,144	496,144	461,883	461,883
Claims Paid	9,639	9,639	488,729	488,729
Change in IBNR	94,000	94,000	(216,000)	(216,000)
Change in Case Reserve	(9,000)	(9,000)	(546,000)	(546,000)
Premium Deficiency Expense	0	0	0	0
Incurred Claims	94,639	94,639	(273,271)	(273,271)
Management and operating expenses	396,125	396,125	468,645	468,645
Reinsurance fees	71,875	71,875	69,750	69,750
Premium taxes	13,183	13,183	53,291	53,291
Total Operating Expenses	481,183	481,183	591,686	591,686
Underwriting Gain (Loss)	(79,678)	(79,678)	143,468	143,468
Investment Income	105,329	105,329	96,091	96,091
Income on Claim Related Matters	0	0	0	0
Interest Income on Premium Tax	0	0	0	0
NET GAIN/(LOSS)	<u>25,651</u>	<u>25,651</u>	<u>239,559</u>	<u>239,559</u>
Other comprehensive income (loss)				
Unrealized gains (losses) on available for sale financial assets arising during the year	115,716	115,716	109,797	109,797
Recognition of realized (gain) loss included in income	-	-	-	-
Other comprehensive income (loss) for the year	<u>115,716</u>	<u>115,716</u>	<u>109,797</u>	<u>109,797</u>
Total comprehensive income (loss)	<u>141,367</u>	<u>141,367</u>	<u>349,356</u>	<u>349,356</u>

Exhibit III

CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY
STATEMENT OF CHANGES IN EQUITY
March 31, 2020

	Minimum Surplus	Additional Surplus	Unrealized gains and losses on AFS financial assets	Total Equity
Balance, beginning of year	50,000	13,523,163	47,430	13,620,593
Prior year adjustment		-		-
Comprehensive income (loss) for the year				
Net gain (loss) for the year		25,651		25,651
Other comprehensive income (loss)				
Change in unrealized gain on available-for-sale assets			115,716	115,716
Recognition of realized (gain) loss on available-for-sale assets			-	-
Total comprehensive income (loss) for the year		25,651	115,716	141,367
Distribution of premium surplus		-		-
Balance at March 31, 2020	50,000	13,548,814	163,146	13,761,960

Exhibit IV

CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY
STATEMENT OF OPERATIONS AND SURPLUS - VARIANCE ANALYSIS
FOR THE PERIOD ENDED March 31, 2020

	Annual Budget	Year to Date Budget %	Year to Date Budget \$	Year to Date Actual \$	Fav/(Unfav) Variance \$
MANAGEMENT SERVICES* (See Note 1)	396,000	25%	99,000	89,183	9,817
PROFESSIONAL SERVICES					
Actuarial Services	75,000	22%	16,500	29,948	(13,448)
Reinsurance Matters	300,000	22%	66,000	17,928	48,072
Strategic Matters	160,000	22%	35,200	24,208	10,992
Sub-Total Professional Services	535,000		117,700	72,085	45,615
GST/HST on Consulting Fees	121,030		28,171	20,965	7,206
Total Management & Professional Services * (See Note 2)	1,052,030		244,871	182,232	62,639
OTHER EXPENSES					
Audit Expenses	127,000	25%	31,750	31,750	(0)
Annual Dinner	7,500	25%	1,875	-	1,875
Premium Taxes	174,000	25%	43,500	13,183	30,318
Chairman's Honourium	150,000	100%	150,000	150,000	-
Reinsurance Expense	8,500	25%	2,125	-	2,125
D&O Insurance	20,000	25%	5,000	-	5,000
Office Expenses	25,000	25%	6,250	1,786	4,464
Claims: Borderaux (LawPro/LIF)	17,600	85%	14,900	13,965	935
Special Services	25,000	25%	6,250	-	6,250
Reinsurance Fee (BWI) (See Note 3)	287,500	25%	71,875	71,875	(0)
I.B.C Statistical Plan Fees	3,000	25%	750	183	567
Assessment Fees	3,000	25%	750	-	750
Investment counsel fees	33,000	25%	8,250	7,840	410
Investment - Custodial	19,000	25%	4,750	4,869	(119)
Risk Management/Loss Prevention (See Note 4)	110,000	25%	27,500	-	27,500
License Fee	5,000	70%	3,500	3,500	-
Insurance: Sundry	-		-	-	-
Sub-total	1,015,100		379,025	298,951	80,074
TOTAL	2,067,130		623,896	481,183	142,713

*** NOTE 1: MANAGEMENT SERVICES**

The budget of \$396,000 has been reduced from \$501,500 prior year budget as a result of slightly reduced fixed fee and an increased commissions on CLLAS associate program (including profit sharing).

*** NOTE 2: 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	22%
Second Quarter, ending June 30th	40%
Third Quarter, ending September 30th	18%
Fourth Quarter, ending December 31st	20%
	<u>100%</u>

*** NOTE 3: BWI INSURANCE FEES (Reins. Comm.)**

The annual budget is based upon the annual fee actual for the policy year 2019/2020 and no change for policy period 2020/2021 assumed.

*** NOTE 4: RISK MANAGEMENT/LOSS PREVENTION**

A significant increase from the last year budget due to Risk Management Audit to take place in 2020.

CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY
SUMMARY OF RISK METRICS
March 31, 2020

Exhibit V

Risk Category	Risk Metric	December 31, 2018	December 31, 2019	March 31, 2020	Green Zone (Meets Target)	Yellow Zone	Red Zone (Limit Exceeded)
General	(1) AMRGF - Excess of Cash and Approved Securities Over Regulatory Requirement	\$6,765,000	\$11,670,500	\$12,555,500	5,000,000 and above	\$2,500,000 to \$5,000,000	Less than \$2,500,000
	(2) MCT Ratio	521%	712%	746%	210% and above	n/a	Less than 210%
	(3) Status of Governance Policies	Up to date	Up to date	n/a	Up to date	Items outstanding	Materially behind schedule
Insurance	(4) Gross Loss Ratio	369%	42%	58%	Less than 150%	150% to 300%	Over 300%
	(5) Net Loss Ratio	-22%	-36%	14%	Less than 50%	50% to 100%	Over 100%
	(6) Risk of Systemic Loss	n/a	n/a	n/a	Nothing on horizon	Some concerns raised	Adverse experience anticipated
Premium & Strategy	(7) Actual Expenses vs. Budget	96%	95%	77%	Less than 105%	105% to 120%	Over 120%
	(8) State of the Market Outlook	n/a	n/a	n/a	Nothing on horizon	Some concerns raised	Adverse experience anticipated
Reinsurance	(9) Reinsurer Credit Rating	A- to A+	A- to A+	A- to A+	A or above	A-	B+ and below
	(10) Maximum Concentration with a Single Reinsurer excl. Colchester	12.7%	19.6%	19.6%	Less than 10%	10% to 15%	Over 15%
Operational	(11) Board Discussion of Prior Quarter Risk Metrics	Discussed corrective measures	Discussed corrective measures	Discussed corrective measures	Discussed corrective measures	Received but no discussion	Not received
	(12) Resiliency Capacity - People (e.g. redundancy, succession)	n/a	n/a	n/a	Score of 4 or 5 out of 5	Score of 3 out of 5	Score of 1 or 2 out of 5
	(13) Resiliency Capacity - Data/Systems	n/a	n/a	n/a	Score of 4 or 5 out of 5	Score of 3 out of 5	Score of 1 or 2 out of 5
	(14) Advisory Board Turnover in Last 12 Months	2	1	1	0 to 2 members	3 to 4 members	5 or more members
	(15) Key Management/Advisor Turnover in Last 36 Months	2	1	1	0 to 1 person	2 to 3 people	4 or more members
Investments	(16) Investment Manager Compliance Statement	In compliance	In compliance	In compliance	In compliance	Temporarily or slightly not in compliance	Consistently or materially not in compliance
Regulatory Compliance	(17) Regulatory Outlook Report	n/a	n/a	n/a	No significant issues noted	Issues being addressed	Significant issues outstanding

Notes

- (1) = From Exhibit 6.
(2) Based on financial statements and quarterly actuarial valuation as of March 31, 2020. Target based on ORSA analysis.
(3) Reviewed annually in December.
(4) = Gross incurred losses / gross earned premiums. Gross losses from the actuarial valuations. Premiums exclude the effect of any return of surplus.
(5) = Net incurred losses / net earned premiums. Net losses derived from the financial statements. Premiums exclude the effect of any return of surplus.
(6) To be reviewed annually starting in 2020.
(7) = Actual expenses / budget expenses. From the financial statements.
(8) To be reviewed annually starting in 2020.
(9) Based on A.M. Best. information from report on reinsurance security (October 23, 2019).
(10) Based on claim liabilities exposure. Lloyds syndicates are assessed separately. 2019 information from report on reinsurance security (October 23, 2019).
(11) Reviewed quarterly.
(12) To be reviewed annually starting in 2020.
(13) To be reviewed annually starting in 2020.
(14) Reviewed annually as of December 31.
(15) Senior Management/Key Advisor Turnover in Last 36 Months – Includes principal attorney, general manager, accountant, auditor, actuary, reinsurance broker and excess insurance broker.
(16) Reviewed quarterly.
(17) To be reviewed annually starting in 2020.

Exhibit VI

CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY
For the Period Ending March 31, 2020

ALBERTA MAINTENANCE OF RESERVE AND GUARANTEE FUNDS
 (Section 99 and 100)

	Current Year to Date 03/31/2020 (in \$000's)	Prior Year End 03/31/2019 (in \$000's)
<u>Reserve Fund</u>		
Premiums collected or credited having one year or less to run	(1) 9,288	7,391
Less: Amount paid to licensed reinsurers	(2) 7,233	5,465
Premiums collected with more than one year to run, less expired portion	(3) -	-
Less: Amount paid to reinsurers on premiums on line 3, less expired portion.	(4) -	-
Subtotal (lines 1, minus line 2, plus line 3, minus line 4)	(5) 2,055	1,926
Reserve Fund Required (50% of Line 5)	(6) 1,028	963
<u>Guarantee Fund</u>		
Total Liabilities	(7) 71,327	65,352
Less: Unearned Premiums	(8) 2,309	1,843
Less: Recoverable from licensed reinsurers	(9) 60,744	55,659
Plus: Statutory Margin	(10) 50	50
Guarantee Fund Required (Line 7 minus Lines 8 and 9 plus line 10)	(11) 8,324	7,900
TOTAL RESERVE & GUARANTEE FUND REQUIRED (Line 6+11)	(12) 9,352	8,863
Cash & Approved Securities	(13) 21,907	17,106
Excess of Cash & Securities over Reserve & Guarantee Fund (line 13 minus line 12)	(14) 12,556	8,243



CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY

Business Plan Projected for the
Fiscal Years Ending December 31, 2020, 2021 and 2022

Final Report
March 20, 2020



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1. Executive Summary

This report summarizes the business plan for the Canadian Lawyers Liability Assurance Society (“CLLAS”) for fiscal years 2020 to 2022. A copy of this report was submitted to the Alberta Superintendent of Insurance (“Superintendent”), the regulatory authority responsible for the supervision of CLLAS under the Alberta *Insurance Act*.

This report was prepared by Axxima Insurance Services, a division of 3303128 Canada Inc., a non-affiliated company of CLLAS providing actuarial and general management services to CLLAS.

Operations and Operating Environment

CLLAS’ core business objective is to meet the liability insurance needs of its subscribers. It provides professional liability insurance to select Canadian law firms since 1987. Professional liability claims are subject to significant volatility and are expected to trend at approximately 5% per year.

CLLAS has purchased proportional and aggregate stop loss reinsurance since its inception. In addition, CLLAS entered into a loss portfolio transfer agreement at June 30, 2012 with Colchester Reinsurance Limited, which covers all outstanding claim obligations on policies written between July 1, 1987 and June 30, 2012. These risk management initiatives have the effect of limiting CLLAS’ loss exposure.

Reinsurance rates are increasing globally due to a hardening market. Reinsurance rate increases are expected and have been reflected in the business plan projections. While CLLAS’ reinsurance rates and availability will be affected by prevailing insurance market conditions, the impact is expected to be tempered due to CLLAS’ strong long-term relationships with its reinsurers.

Summary of Financial Projections for Fiscal Year 2020

The underwriting income and investment income for fiscal year 2020 are projected at (\$963,000) and \$369,000 respectively, for a total net income of (\$594,000). The surplus at December 31, 2020 is projected at \$13,026,000. The projections assume that the premiums reflect surplus distributions of \$700,000 per year from 2020 to 2022, consistent with the surplus distribution in the 2019/2020 premium rates.

CLLAS is expected to meet the Alberta Maintenance of Reserves and Guarantee (“AMRGF”) Funds requirement with an excess margin of \$9,928,000 at December 31, 2020. The Minimum Capital Test (“MCT”) ratio at December 31, 2020 is projected at 626%, a decrease over the MCT ratio of 712% at December 31, 2019. The MCT ratio is expected to remain comfortably above CLLAS’ internal target and regulatory expectations of 210%.



This business plan report is organized as follows:

- Section 2: Overview of CLLAS Operations
- Section 3: Operating Environment
- Section 4: Short-Term Opportunities and Threats
- Section 5: Short-Term Priorities and Initiatives
- Section 6: Financial Performance Measures
- Section 7: Financial Condition Measures and Regulatory Solvency Requirements
- Section 8: Financial Projections

Any questions regarding this report should be addressed to Mr. Patrick Mahoney:

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 Canadian Lawyers Liability Assurance Society
 36 Toronto Street, Suite 510
 Toronto, ON M5C 2C5
 Phone: 416.408.5293
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2. Overview of CLLAS Operations

CLLAS' core business objective is to meet the professional liability insurance needs of its subscribers.

Insurance Operations

CLLAS was formed on December 22, 1986 under the Reciprocal Insurance Exchange Agreement for Select Canadian Law Firms. CLLAS started its insurance underwriting operations in June 1987 and was regulated by the Financial Services Commission of Ontario. Effective July 1, 2012, CLLAS' lead regulator was changed from Ontario to Alberta. CLLAS is licensed in Alberta, British Columbia, Ontario and Nova Scotia.

The insurance provided by CLLAS to each of the firms is on a claims-made-and-reported basis

In the fiscal year ending December 31, 2019, CLLAS issued 20 insurance policies to 10 Canadian law firms. CLLAS also has participants on a subscription basis on a number of insurance policies issued to these 10 firms. CLLAS provides a combined maximum limit of liability insurance per occurrence of \$145,475,000 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 maximum limit provided by CLLAS on a per-claim basis is provided as follows:



- A \$50,000,000 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 lawyers;
- A limit of \$10,000,000 to \$60,000,000 in excess of \$160,000,000 of the professional liability limit purchased by any firm;
- A 5% participation in the \$30,000,000 in excess of \$50,000,000 layer purchased by any firm;
- A 5% participation in the \$110,000,000 in excess of \$50,000,000 layer purchased by any firm; and
- A \$30,000,000 umbrella limit provided on the overall exposure of all subscribers.

Reinsurance

To provide such coverage limits, CLLAS purchases proportional reinsurance coverage from registered and unregistered insurance companies to reduce its net maximum loss exposure for any one loss occurrence to \$975,000. The reinsurance for the maximum occurrence limit provided by CLLAS is purchased on a proportional basis. CLLAS retains no exposure on the layers above \$1,000,000.

In addition, for its treaty underwriting year from July 1, 2019 to June 30, 2020, CLLAS purchased an annual stop-loss coverage that provides \$10,000,000 of coverage in excess of \$5,000,000. Annual stop-loss coverage limiting CLLAS' overall annual net retained losses in any one treaty year was also purchased in prior treaty years.

On June 30, 2012, Colchester Reinsurance Ltd. ("Colchester") purchased CLLAS' loss portfolio of net outstanding claims obligations on policies written between July 1, 1987 and June 30, 2012. CLLAS' remaining net claim liabilities attributable to the business written prior to June 30, 2012 are provisions for unallocated loss adjustment expenses.

CLLAS and Colchester have implemented a Reinsurance Security Agreement whereby all the assets supporting Colchester's claim liabilities are held in trust in a custodial account in favour of CLLAS.

Operational Results for Fiscal Year 2019

In 2019, CLLAS generated written premium volumes of \$9,288,000 and \$1,995,000 on gross and net of reinsurance bases respectively. \$7,293,000 of written premium volume was ceded to proportional and aggregate stop loss reinsurers.

CLLAS' net income was \$1,205,000 and its net subscribers' equity inclusive of accumulated other comprehensive income was \$13,621,000 at December 31, 2019.

At December 31, 2019, CLLAS held \$22,163,000 in invested assets comprised of cash and fixed-income securities. CLLAS' main liability was its net provision for unpaid claims in the amount of \$6,884,000.



3. Operating Environment

Professional liability losses are subject to significant volatility surrounding the timing, frequency and severity of claims, especially in insured layers excess of \$1,000,000. Claims frequency is expected to remain stable but individual claims are expected to trend up faster than inflation at a rate of approximately 5% per year.

CLLAS is not aware of any legal or regulatory changes or any precedents set in case law that would impact existing or future claims. Management is carefully monitoring the COVID 19 pandemic. At the time of this report, the impact of the pandemic on CLLAS cannot be predicted with any accuracy. As of the date of this report, the subscribers' work-at-home protocols appear to be working well. Having said that, it is certainly possible, for example, that there could be an increase in claims against lawyers for missing limitations or deadlines. Given the government mandated court closings and isolation requirements, we anticipate that the courts will be lenient in granting relief.

Reinsurance

Reinsurance costs tend to be cyclical, with high prices and tighter underwriting restrictions following years with poor underwriting results. CLLAS has developed strong relationships with its reinsurers and reinsurance rates have been low in recent years.

Reinsurance rates are increasing globally due to a hardening market. Reinsurance rate increases are expected and have been reflected in the business plan projections. While CLLAS' reinsurance rates and availability will be affected by prevailing insurance market conditions, the impact is expected to be tempered due to CLLAS' strong long-term relationships with its reinsurers.

Regulatory Environment

IFRS 17 is expected to become effective January 1, 2023. IFRS 17 will introduce major changes in the presentation of financial statements of insurance companies. Given that this business plan extends to December 31, 2022, all projections are based on current accounting standards.

4. Short-Term Opportunities and Threats

Given the loss portfolio transfer at June 30, 2012 and the low net claim retention since July 1, 2012, CLLAS' net exposure is mainly for unallocated loss adjustment expenses. The main threat for CLLAS would be a reinsurer's default on unpaid claims. However, this threat is not considered significant given that CLLAS' reinsurance partners are in sound financial condition and the vast majority of reinsurance is recoverable from reinsurers registered in Canada or secured via a reinsurance security agreement.



5. Short-Term Priorities and Initiatives

During 2020, CLLAS will focus on the following initiatives in addition to the management of its usual insurance operations:

1. Actively monitor and assess the impact of the COVID 19 pandemic;
2. Development of a budget and business plan for fiscal year 2020;
3. Refinement of the recently implemented cyber insurance group purchase program;
4. Determination of expected loss costs and premium rates for the policy year starting July 1, 2020;
5. Negotiation of reinsurance contracts and costs for the policy year starting July 1, 2020;
6. Periodic review of reinsurance concentration and risk;
7. Quarterly valuation of policy liabilities; and
8. ORSA interim update.

6. Financial Performance Measures

CLLAS monitors its net income on a quarterly basis, with a focus on the following key elements of financial performance:

- **Claims development:** All open case files are reviewed quarterly and case reserve estimates are adjusted accordingly. The provision for Incurred but not Reported (“IBNR”) claims is reviewed quarterly by CLLAS’ Appointed Actuary. Claims development is compared against the actuary’s prior estimates (i.e. estimates from prior actuarial valuations and estimates of expected loss costs underlying premium rates);
- **Expenses:** Expenses are tracked by category (e.g., financial services, claims administration, actuarial services, reinsurance services, audit services, etc.) and compared quarterly against the expense budget; and
- **Investment income:** Investment returns are compared against benchmarks established per the investment policy.

The quarterly financial statements also report on regulatory solvency indicators as well as key risk metrics intended to monitor risks related to insurance, investments, liquidity and strategy.

Quarterly financial statements are provided to the Advisory Board.

7. Financial Condition Measures and Regulatory Solvency Requirements

In accordance with its surplus policy, the level of surplus CLLAS maintains is set such that the reciprocal balances the probability of retroassessment with the efficiency of operating with as little capital as is prudent and appropriate. CLLAS regularly monitors using the following regulatory solvency measures:



a. Alberta Maintenance of Reserve and Guarantee Funds (“AMRGF”)

This solvency requirement is determined based on premium volume and liabilities net of registered reinsurance. The Superintendent has confirmed that reinsurance with Colchester is considered to be registered as Colchester’s obligations to CLLAS are secured via a reinsurance security agreement.

CLLAS must maintain cash and securities in excess of the regulatory requirement to avoid a retroassessment of its members. At December 31, 2019, CLLAS met this requirement with an excess margin of \$11,670,500.

The AMRGF is shown in Exhibit 3.

b. Minimum Capital Test (“MCT”)

The Superintendent requires reciprocals to make annual regulatory filings including the MCT. The MCT is a solvency test which has historically applied to incorporated insurance entities. The Superintendent is increasingly looking to apply the MCT standard to reciprocals but has indicated that it has discretion in the application of solvency requirements for reciprocals.

The MCT ratio is calculated as follows:

$$\text{MCT Ratio} = \frac{\text{Capital Available}}{\text{Minimum Capital Required}}$$

The Capital Available is generally equal to the entity’s surplus excluding recoverables from unregistered reinsurers not covered by deposits in Canada or letters of credit. Reinsurance recoverable from Colchester is covered by deposits in Canada per a reinsurance security agreement, and therefore is an asset used in the calculation of the Capital Available.

The Minimum Capital Required is a function of the entity’s risk profile. The Minimum Capital Required accounts for risks such as the deterioration of asset values, adverse development on unpaid claims or credit risk related to unregistered reinsurance and operational risk.

At December 31, 2019, CLLAS’s MCT ratio was 712%. CLLAS’ internal target MCT ratio is 210%.

The MCT is shown in Exhibit 4.

8. Financial Projections

The expected financial performance over fiscal years 2020 to 2022 is presented in Exhibits 1 to 4 as follows:



Exhibit 1: Proforma Statement of Financial Position

Exhibit 2: Proforma Statement of Income

Exhibit 3: Proforma AMRGF Requirement

Exhibit 4: Proforma Minimum Capital Test

These projections are based on a starting financial position at December 31, 2019 and were completed in accordance with the directives of the Superintendent issued for the completion of the 2019 P&C-1 Annual Return filed by CLLAS. We present below details of the analysis for the 2020 projection. Similar assumptions were taken to project the results for 2021 and 2022.

Data

To develop the expected financial performance, we relied on the following information developed by CLLAS at December 31, 2019:

- The 2019 P&C-1 Annual Return and AMRGF worksheet filed by CLLAS with the Alberta Superintendent of Insurance;
- The 2019 Auditor's Report issued by Deloitte LLP;
- The Report on the Valuation of the Policy Liabilities as at December 31, 2019 issued by Ms. Julie-Linda Laforce, the Appointed Actuary for CLLAS; and
- The operating expense budget for 2020 approved by the Advisory Board.

Projection of Premiums

Net premiums written in 2020 are expected to be \$2,051,000, up from \$1,995,000 in 2019. Renewal premiums were assumed to increase based on a trend of 4.75% in retained loss costs and inflation of 2% on operating expenses. In addition, net premiums reflect an annual surplus distribution of \$700,000, in line with the surplus distribution reflected in the 2019/2020 rates. Reinsurance costs were assumed to increase by 12.5%.



Projection of Investment Income

The expected investment income for 2020 is \$369,000 (\$378,000 in 2019). The yield-to-maturity on invested assets at December 31, 2019 was 2.13% gross of investment management expenses and the investment yield gross of investment management expenses was projected at 2.13% for 2020.

Projection of Claims

Claims were projected before and after taking into account reinsurance. These projections assume, to a large extent, that the reinsurance structure in effect at December 31, 2019 is maintained on renewal. Gross and net incurred losses for 2020 were projected in two steps:

a. Settlement of claim liabilities incurred on or prior to December 31, 2019

Paid claims during 2020 and undiscounted claim liabilities at December 31, 2020 were projected based on the Appointed Actuary's estimates at December 31, 2019 and CLLAS' historical claims settlement patterns. There is no expected gain or loss relative to the actuary's ultimate estimates at December 31, 2019.

In accordance with accepted actuarial practice in Canada, undiscounted claim liabilities were then discounted and a provision for adverse deviation ("PfAD") was added. The assumptions used in the December 31, 2019 actuarial valuation were used. PfADs are assumed to be gradually released as losses are paid.

On a gross of reinsurance basis, CLLAS' expected payments in 2020 are \$8,622,000 and the claim liabilities on a discounted basis including PfAD at December 31, 2020 are expected to be \$57,212,000.

On a net of reinsurance basis, CLLAS' expected payments in 2020 are \$174,000 and the claim liabilities on a discounted basis including PfAD at December 31, 2020 are expected to be \$5,794,000.

b. Projected claims incurred after December 31, 2019 on policies in-force at December 31, 2019 and on policies expected to be renewed on July 1, 2020 under the new 2020/2021 policy year

Ultimate gross and net incurred claims for those policies were estimated based on the projected loss cost per layer estimated by the Appointed Actuary at December 31, 2019 with a 4.75% loss severity trend. These loss costs were then applied to the estimated in-force lawyers at December 31, 2019, since no growth at renewal was assumed for the underlying number of insured lawyers.



On a gross of reinsurance basis, CLLAS' expected payments in 2020 are \$551,000 and the claim liabilities on a discounted basis including PfAD at December 31, 2020 are expected to be \$16,235,000.

On a net of reinsurance basis, CLLAS' expected payments in 2020 are \$16,000 and the claim liabilities on a discounted basis including PfAD at December 31, 2020 are expected to be \$1,703,000.

Total Claims

Total net claim liabilities at December 31, 2020 were estimated at \$7,497,000, which represents an increase of \$614,000 over the December 31, 2019 net claim liabilities of \$6,884,000. Net paid losses were projected at \$190,000 during 2020.

Incurred claims for fiscal year 2020 are estimated at \$503,000 as the sum of net paid claims in the year and the change in net claim liabilities.

The net results of this analysis can be summarized as follows:

Summary of Outstanding Claim Liabilities Projections for December 31, 2020

Net Amounts	Occurrences on or prior to Dec. 31, 2019	Occurrences after Dec. 31, 2019	Total
(1) Net Payments during 2020	\$ 174,000	\$ 16,000	\$ 190,000
(2) Net Claim Liabilities at December 31, 2020 *	5,794,000	1,703,000	7,497,000
(3) Net Claim Liabilities at December 31, 2019 *	6,884,000	n/a	6,884,000
(4) Net Incurred Claims in 2020 [(1) + (2) – (3)]	\$ (916,000)	\$ 1,719,000	\$ 803,000

* Liabilities on a discounted basis including PfAD.

Projection of Operating Expenses

Operating expenses are projected at \$1,606,000 for general management fees, \$288,000 for reinsurance fees and \$283,000 for premium taxes. Premium taxes vary by province and are expected to average 2.9% of direct written premiums. A portion of premium taxes is deferred in order for the expense to be recognized as the premium is earned. At December 31, 2020, the deferred policy acquisition cost asset is estimated at \$149,000.



Summary of Results

Based on the foregoing assumptions, the underwriting income and investment income for fiscal year 2020 are projected at (\$963,000) and \$369,000 respectively, for a total net negative income of (\$594,000) as shown in Exhibit 2. The surplus at December 31, 2020 is projected at \$13,026,000 as shown in Exhibit 1.

CLLAS is expected to meet the AMRGF requirement with an excess margin of \$9,928,000 at December 31, 2020, as shown in Exhibit 3.

CLLAS' MCT ratio at December 31, 2020 is projected at 626%, a decrease over the MCT ratio of 712% at December 31, 2019, as shown in Exhibit 4. The MCT ratio is expected to remain above CLLAS' internal target of 210%.

Exhibit 1
Canadian Lawyers Liability Assurance Society

Proforma Statement of Financial Position

	2019 Actual	2020 Projected	2021 Projected	2022 Projected
Assets				
Cash	\$ 3,784,745	\$ 5,000,000	\$ 5,000,000	\$ 5,000,000
Investments				
Short Term	12,342,761	9,989,000	10,074,000	10,158,000
Long Term	6,015,184	6,660,000	6,716,000	6,772,000
Interest Income Due and Accrued	20,531	0	0	0
Premiums Receivable	1,254,203	1,846,000	2,048,000	2,273,000
Unearned Reinsurance Premium Ceded	3,626,526	4,102,000	4,615,000	5,192,000
Prepaid Expenses	144,413	144,000	144,000	144,000
Deferred Policy Acquisition Costs	26,365	149,000	165,000	184,000
Reinsurance and Other Claims Receivable	351,056	800,000	800,000	800,000
Other Receivable	0	0	0	0
Provision for Unpaid Claims and Adjustment Expenses Recoverable from Reinsurers	59,504,000	65,949,000	72,138,000	78,049,000
Total Assets	87,069,785	94,639,000	101,700,000	108,572,000
Liabilities				
Provision for Unpaid Claims and Adjustment Expenses	66,388,000	73,446,000	80,247,000	86,737,000
Premium Deficiency Liability	0	0	0	0
Unearned Premium	4,618,813	5,128,000	5,688,000	6,314,000
Due to Reinsurers	2,111,955	2,650,000	2,981,000	3,354,000
Accounts Payable & Accrued Charges	268,892	348,000	360,000	371,000
Premium Taxes Payable	61,532	41,000	46,000	51,000
Total Liabilities	73,449,192	81,613,000	89,322,000	96,827,000
Subscribers' Equity				
Retained Earnings	13,573,163	12,979,000	12,331,000	11,698,000
Accumulated Other Comprehensive Income (Loss)	47,430	47,000	47,000	47,000
Total Subscribers' Equity	13,620,593	13,026,000	12,378,000	11,745,000
Total Liabilities and Subscribers' Equity	87,069,785	94,639,000	101,700,000	108,572,000

Exhibit 2
Canadian Lawyers Liability Assurance Society

Proforma Statement of Income

	2019 Actual	2020 Projected	2021 Projected	2022 Projected
Premiums				
Gross Written Premiums	\$ 9,288,383	\$ 10,256,000	\$ 11,375,000	\$ 12,628,000
Less: Reinsurance Ceded	7,292,904	8,205,000	9,230,000	10,384,000
Net Written Premiums	1,995,479	2,051,000	2,145,000	2,244,000
Change in Net Unearned Premiums	(63,389)	(34,000)	(47,000)	(49,000)
Net Earned Premiums	1,932,090	2,017,000	2,098,000	2,195,000
Incurred Claims				
Net Claims Paid	(353,063)	190,000	239,000	284,000
Change in Net Reserves	(605,000)	613,000	612,000	579,000
Premium Deficiency Expense	0	0	0	0
Net Incurred Claims	(958,063)	803,000	851,000	863,000
Operating Expenses				
Management and Operating Expenses *	1,431,238	1,606,000	1,638,000	1,671,000
Reinsurance Fees	283,250	288,000	294,000	300,000
Premium Taxes	348,485	283,000	315,000	349,000
Total Operating Expenses	2,062,973	2,177,000	2,247,000	2,320,000
Underwriting Gain (Loss)	827,181	(963,000)	(1,000,000)	(988,000)
Investment Income	378,237	369,000	352,000	355,000
Other Income	0	0	0	0
Comprehensive Income (Loss) for the year	1,205,418	(594,000)	(648,000)	(633,000)
Retained Earnings, Beginning of Period	12,367,745	13,573,000	12,979,000	12,331,000
Distribution in Year	0	0	0	0
Retained Earnings, End of Period	13,573,163	12,979,000	12,331,000	11,698,000

* Includes investment management fees

Exhibit 3
Canadian Lawyers Liability Assurance Society

Proforma Alberta Maintenance of Reserve and Guarantee Fund Requirement

	2019 Actual	2020 Projected	2021 Projected	2022 Projected
Reserve Fund				
(1) Premiums Collected or Credited Having One Year or Less to Run	9,288,000	10,256,000	11,375,000	12,628,000
(2) Less: Amount Paid to Licensed Reinsurers	7,233,000	8,138,000	9,154,000	10,299,000
(3) Premiums Collected With More Than One Year to Run, Less Expired Portion	0	0	0	0
(4) Less: Amount Paid to Reinsurers on Premiums on Line 3, Less Expired Portion	0	0	0	0
(5) Subtotal [(1) - (2) + (3) - (4)]	2,055,000	2,118,000	2,221,000	2,329,000
(6) Reserve Fund Required [50% x (5)]	1,027,500	1,059,000	1,110,500	1,164,500
Guarantee Fund				
(7) Total Liabilities	73,449,000	81,613,000	89,322,000	96,827,000
(8) Less: Unearned Premiums	4,619,000	5,128,000	5,688,000	6,314,000
(9) Less: Recoverable from Licensed Reinsurers *	59,435,000	65,873,000	72,054,000	77,958,000
(10) Plus: Statutory Margin	50,000	50,000	50,000	50,000
(11) Guarantee Fund Required [(7) - (8) - (9) + (10)]	9,445,000	10,662,000	11,630,000	12,605,000
(12) Total Reserve and Guarantee Fund Required [(6) + (11)]	10,472,500	11,721,000	12,740,500	13,769,500
(13) Cash & Approved Securities	22,143,000	21,649,000	21,790,000	21,930,000
(14) Excess of Cash & Securities over Reserve & Guarantee Fund [(13) - (12)]	11,670,500	9,928,000	9,049,500	8,160,500

* Includes unpaid claims recoverable secured under the reinsurance security agreement with Colchester.

Exhibit 4
Canadian Lawyers Liability Assurance Society

Proforma Minimum Capital Test

	2019 Actual	2020 Projected	2021 Projected	2022 Projected
Capital Available				
Total Equity	13,621,000	13,026,000	12,378,000	11,745,000
Less: Deductions from Capital Available	99,000	110,000	120,000	131,000
(1) Capital Available	13,522,000	12,916,000	12,258,000	11,614,000
Capital Required				
Insurance Risk				
Premium Liabilities	180,000	185,000	193,000	202,000
Unpaid Claims	915,000	985,000	1,057,000	1,124,000
Catastrophes	0	0	0	0
Margin Required for Reinsurance Ceded to Unregistered Insurers	15,000	17,000	21,000	28,000
Subtotal	1,110,000	1,187,000	1,271,000	1,354,000
Market Risk				
Interest Rate Risk	159,000	169,000	204,000	237,000
Foreign Exchange Risk	0	0	0	0
Equity Risk	0	0	0	0
Real Estate Risk	0	0	0	0
Other Market Risk Exposures	0	0	0	0
Subtotal	159,000	169,000	204,000	237,000
Credit Risk				
Counterparty Default Risk for Balance Sheet Assets	1,159,000	1,281,000	1,397,000	1,510,000
Counterparty Default Risk for Off-Balance Sheet Exposures	0	0	0	0
Counterparty Default Risk for Unregistered Reinsurance Collateral and SIRs	112,000	124,000	136,000	148,000
Subtotal	1,271,000	1,405,000	1,533,000	1,658,000
Operational Risk	641,000	696,000	771,000	852,000
Diversification Credit	(334,000)	(362,000)	(393,000)	(422,000)
(2) Total Capital Required at 150% MCT	2,847,000	3,095,000	3,386,000	3,679,000
(3) Total Capital Required at 100% MCT [= (2) / 1.5]	1,898,000	2,063,000	2,257,000	2,453,000
(5) MCT Ratio [= (1) / (3)]	712.4%	626.1%	543.1%	473.5%

Axxima

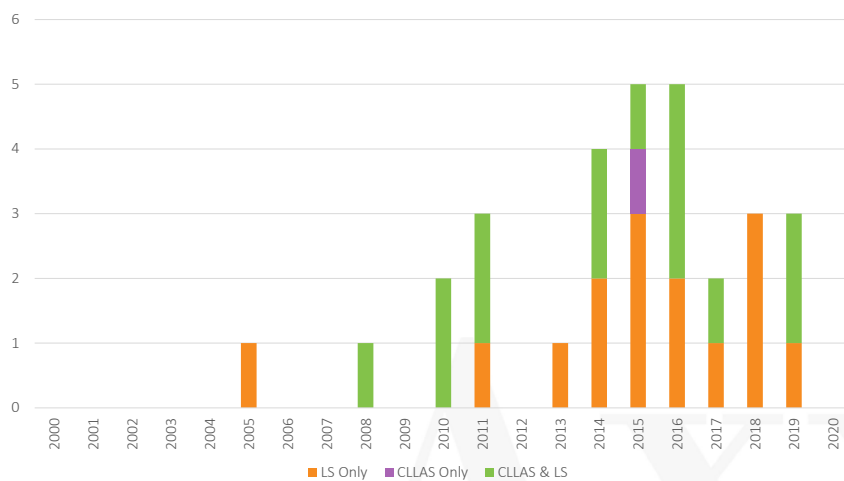
Actuaries & Insurance Management Advisors

CLLAS

Open Large Loss Claims Summary
As at March 31, 2020

0

Open Large Loss Claims Number of Claims by Insurer



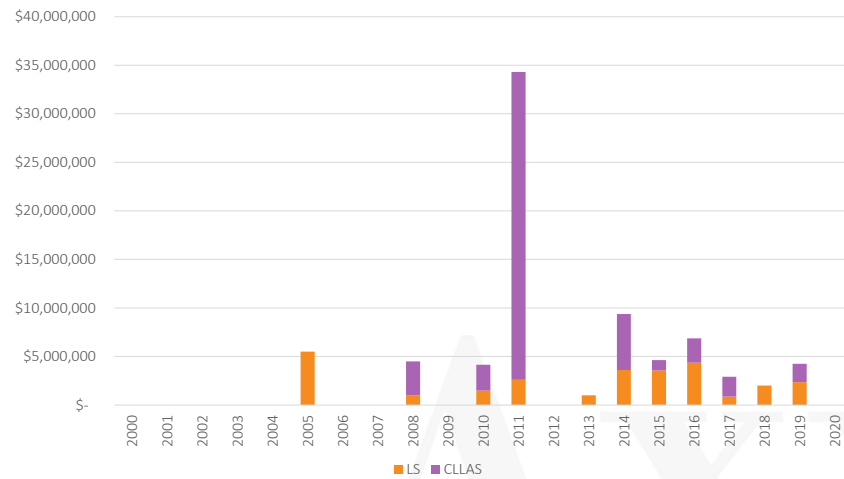
Axxima

Open Large Loss Claim Summary

March 31, 2020 | 1

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Open Large Loss Claims Incurred Amounts by Insurer



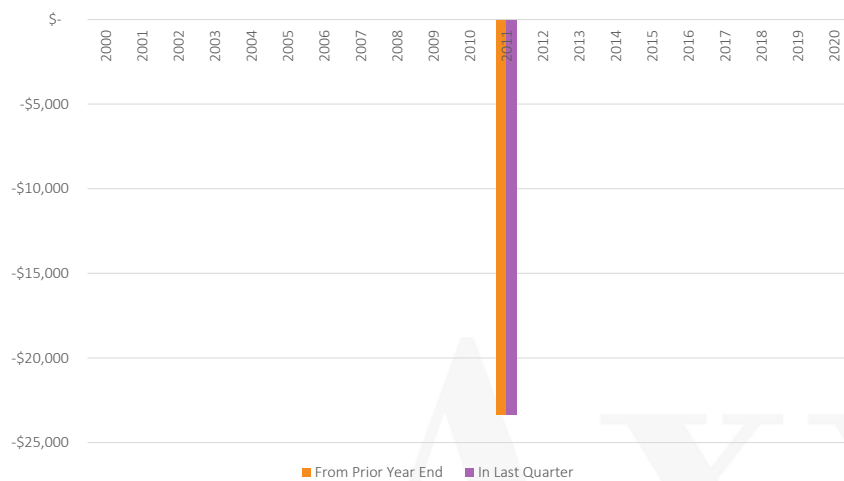
Axxima

Open Large Loss Claim Summary

March 31, 2020 | 2

2

Open Large Loss Claims Change in Incurred Amounts (CLLAS)



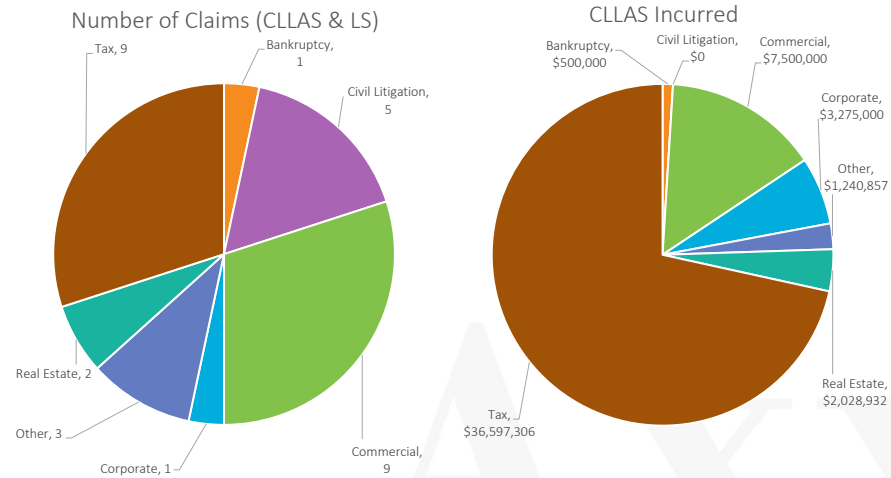
Axxima

Open Large Loss Claim Summary

March 31, 2020 | 3

3

Open Large Loss Claims By Area of Law



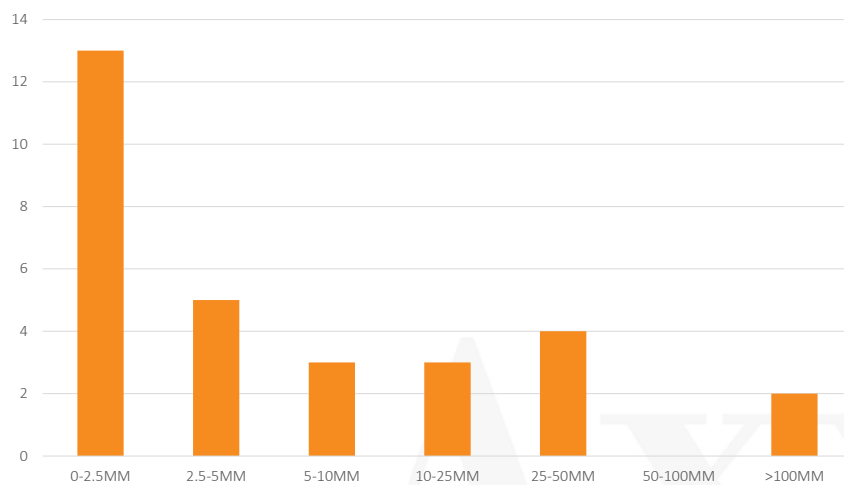
Axxima

Open Large Loss Claim Summary

March 31, 2020 | 4

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Open Large Loss Claims Number of Claims by Best Estimate of Worst Case



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Open Large Loss Claim Summary

March 31, 2020 | 5

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Open Large Loss Claims

Claim Count Movement in Quarter

Policy Year	Law Society Only	CLLAS Only	CLLAS & Law Society
2000	0	0	0
2001	0	0	0
2002	0	0	0
2003	0	0	0
2004	0	0	0
2005	0	0	0
2006	0	0	0
2007	0	0	0
2008	0	0	0
2009	0	0	0
2010	0	0	0
2011	0	0	0
2012	0	0	0
2013	0	0	0
2014	0	0	0
2015	0	0	0
2016	0	0	0
2017	0	0	0
2018	0	0	0
2019	0	0	0

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Open Large Loss Claim Summary

March 31, 2020 | 6

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Notes

Slide 1

- Illustrates the number of open claims by insurer.
- LS Only: Large (\$500,000+) Law Society (“LS”) claims which have not yet developed into CLLAS (\$1,000,000+) claims
- CLLAS Only: Claims which are typically drop-down claims where the Law Society does not respond
- CLLAS & LS: Claims where amounts have been incurred by both the Law Society and CLLAS

Slide 2

- Illustrates the aggregate incurred amounts (paid + reserved) by policy year
- Identifies the quantum yet to be crystalized and highlights extraordinary years

Slide 3

- Illustrates movements in paid (always positive, except in cases of recovery) and reserved amounts
- Positive values highlight strengthening of reserves, or adverse claim development. Negative values highlight reduced reserves or better than expected outcomes

Axxima

Open Large Loss Claim Summary

March 31, 2020 | 7

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Notes (Cont'd)

Slide 4

- Illustrates the split between areas of law for the number of open claims and the incurred amounts (paid + reserved)
- Highlights the law areas of claims being actively managed

Slide 5

- Based on counsel's best estimate of the worst case outcome of each open claim
- Highlights the potential claim sized being actively managed

Slide 6

- Illustrates the emergence or closure (including reduction of incurred value below the large loss monitoring threshold of \$500,000) of claims over the previous quarter
- Note: Claims may move between Law Society Only, CLLAS & Law Society, and CLLAS Only

CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY**COMMENTARY FOR THE QUARTER ENDING MARCH 31, 2020****Review of Market Yields**

After drifting lower during the first two months of the quarter, government bond yields across all maturities collapsed to record low levels during the first half of March before bouncing in a volatile sideways trading range over the balance of the quarter. The most significant drop occurred at the short end of the curve, where the yield on 3-month Treasury Bills fell 145 basis points in response to rapid rate cuts by the Bank of Canada, which totalled 150 basis points. Meanwhile, 5-year Canada yields fell 108 basis points and the 10-year yield declined 99 basis points.

As a result of these shifts, the yield curve moved significantly lower and the upward slope became considerably steeper. At the end of March, the yield advantage of 10-year issues over 3-month T-bills had increased to 50 basis points compared to just 4 basis points at the end of December.

	Jan. 01/95	Sep. 30/19	Dec. 31/19	Mar. 31/20
3-month Treasury Bills	6.80%	1.65%	1.66%	0.21%
5-year Canadas	8.99%	1.40%	1.68%	0.60%
10-year Canadas	9.09%	1.37%	1.70%	0.71%

During the first quarter, activity in the Short Term Investment Fund involved the roll-over of money market securities.

Over the quarter, the market value of the Long Term Investment Fund increased \$111,303 which represents a capital increase of 1.9%.

At March 31, 2020, the average term to maturity of the Long Term Investment Fund was 3.8 years and the duration was 3.6 years.

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

<i>Distribution at March 31, 2020</i>	<i>Valuation</i>	<i>%</i>
Short Term Investment Fund	\$12,437,860	67.0%
Long Term Investment Fund	\$6,126,012	33.0%
TOTAL COMBINED VALUATION	\$18,563,872	100.0%

CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY

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

- 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 Term and Long Term Investment Funds
Listed and Valued Separately as at March 31, 2020
- Security Purchases and Sales
- Cash Reconciliations
- External Individual Credit Rating Report

LONG TERM INVESTMENT FUND**TIME-WEIGHTED RATES OF TOTAL RETURN
FOR PERIODS ENDING MARCH 31, 2020**

	3 Years*	2 Years*	1 Year	Last 3 months
<i>Long Term Investment Fund – Gross of Fees</i>	<i>2.77%</i>	<i>4.25%</i>	<i>4.15%</i>	<i>2.50%</i>
<i>Long Term Investment Fund – Net of Fees</i>	<i>2.48%</i>	<i>3.96%</i>	<i>3.86%</i>	<i>2.42%</i>
Benchmark Portfolio **	2.64%	4.20%	4.04%	2.43%

*Annualized

** The Benchmark Portfolio is based on the sum of the following total return indices:

60% Canada Short Bond Index

40% Canada Mid Bond Index

SHORT TERM INVESTMENT FUND**TIME-WEIGHTED RATES OF TOTAL RETURN
FOR PERIODS ENDING MARCH 31, 2020**

	Since Inception Oct. 01/08 *	3 Years*	2 Years *	1 Year	Last 3 Months
<i>Short Term Investment Fund – Gross of Fees</i>	<i>0.93%</i>	<i>1.41%</i>	<i>1.66%</i>	<i>1.75%</i>	<i>0.47%</i>
<i>Short Term Investment Fund – Net of Fees</i>	<i>0.81%</i>	<i>1.28%</i>	<i>1.53%</i>	<i>1.61%</i>	<i>0.44%</i>
Benchmark Portfolio **	0.88%	1.32%	1.59%	1.75%	0.46%

* Annualized

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

LONG TERM INVESTMENT FUND**DISTRIBUTION OF SECURITIES BY CREDIT RISK**
(Based on Market Values)

	Dec. 17/13	Jun. 30/19	Sep. 30/19	Dec. 31/19	Mar. 31/20
Bonds, Treasury Bills & Cash Less than 1 year term	100.0%	12.4%	9.1%	9.2%	9.0%
Canadas Greater than 1 year term		24.5%	24.6%	24.5%	25.0%
Provincials Greater than 1 year term		38.4%	38.4%	38.3%	38.5%
Corporates Greater than 1 year term		24.7%	27.9%	28.0%	27.5%
TOTAL PORTFOLIO	100.0%	100.0%	100.0%	100.0%	100.0%

LONG TERM INVESTMENT FUND**DISTRIBUTION OF SECURITIES BY MATURITY**
(Based on Market Values)

	Jun. 30/19	Sep. 30/19	Dec. 31/19	Mar. 31/20
Under 1 year	12.4%	9.1%	9.2%	9.0%
1 - 3 years	25.2%	25.1%	28.6%	31.0%
3 - 5 years	22.2%	26.5%	23.2%	20.6%
5 - 7 years	26.5%	25.6%	28.8%	28.9%
7 - 10 years	13.6%	13.7%	10.2%	10.5%
TOTAL	100.0%	100.0%	100.0%	100.0%
Average Maturity (yrs)	4.33	4.31	4.05	3.83
Average Duration (yrs)	4.02	3.99	3.76	3.56

SHORT TERM INVESTMENT FUND

	Jun. 30/19	Sep. 30/19	Dec. 31/19	Mar. 31/20
Short Term Average Duration (yrs)	0.10	0.12	0.11	0.08

COMPLIANCE WITH INVESTMENT POLICY STATEMENT

AT MARCH 31, 2020

	Investment Limits	Investment Funds	Compliance
<i>Short Term Investment Fund</i>			
Maximum Term of Any Issue	1 year	0.2 years	Yes
Minimum Percentage of Total Fund (Short & Long)	40% of Total	67.0%	Yes
Minimum Canada & Provincial Percentage	50%	51.6%	Yes
Minimum Provincial Quality	A	N/A	Yes
Minimum Bank CD & BA Quality	R1 (high)	R1 (high)	Yes
<i>Long Term Investment Fund</i>			
Maximum Term of Any Issue	10 years	7.9 years	Yes
Maximum Percentage of Total Fund (Short & Long)	60% of Total	33.0%	Yes
Minimum Canada Percentage	20%	25.0%	Yes
Maximum Provincial Percentage	40%	38.5%	Yes
Minimum Canada & Provincial Percentage	60%	63.5%	Yes
Minimum Provincial Quality *	A	AA (low)	Yes
Maximum Corporate Percentage	40%	36.5%	Yes
Minimum Corporate Quality *	A	AA (low)	Yes

* At time of purchase

This will confirm that during the first quarter the Long Term Investment Fund was managed in compliance with the Investment Policy limits provided on December 3, 2013.

Similarly, during the same period the Short Term Fund remained in compliance with the Investment Policy Statement that became effective on May 5, 2012.

Martin, Lucas & Seagram Ltd.
 PERFORMANCE REPORT
 GROSS OF FEES
CLLAS – LONG TERM INVESTMENT FUND
(RBC Investor Services)
From 12-31-19 to 03-31-20

Portfolio Value on 09-30-19	6,014,709
Accrued Interest	20,531
Contributions	0
Withdrawals	-16,022
Realized Gains	0
Unrealized Gains	111,303
Interest	16,022
Dividends	0
Change in Accrued Interest	23,256
Portfolio Value on 12-31-19	6,126,012
Accrued Interest	43,787
Average Capital	6,028,408
Total Gains before Fees	150,582
IRR for 0.25 Years	2.50%

BOND MARKET COMMENTARY AND FUTURE POLICY

The longest-ever bull market for stocks, which began back in 2009, came to an abrupt end midway through the first quarter. Since then, global stock indices have recorded some of the steepest declines on record in the wake of the coronavirus pandemic. Meanwhile, there were severe disruptions in the bond market as liquidity, even among government issues, dried up in the midst of the stock market's free-fall in mid-March, while yield spreads between investment-grade issues and government bonds widened to cyclical highs. This was fuelled by credit concerns and a rush into government issues, which pushed their yields to record low levels. As a result, these traditional safe haven investments now provide little current yield.

As the epicentre of the outbreak has spread from China and much of Asia to Europe and now the U.S., the resulting supply- and demand-side shocks have rippled around the globe as more regions adopted increasingly restrictive economic and social measures to address the pandemic. Not surprisingly, global economic activity has collapsed under the wave of government-mandated economic lockdowns.

In addition to the demand- and supply-side disruptions, an unexpected oil shock further destabilized the financial markets following Russia's decision not to follow OPEC's recommendation to extend and expand limits on oil production in the face of falling demand. The failure to reach an agreement triggered an initial 30% drop in the price of oil, which had already fallen close to 30% since the year began. This had very negative implications for oil-producing regions, including Canada and the U.S., which have announced significant cuts to jobs and capital spending. Given the debt burdens in this sector, this heightened concerns that a destabilizing cycle of downgrades and defaults would add further downward pressure on the economy. With limited inventory space left, OPEC and its oil producing allies recently reached an agreement to a production cut of 9.7 million barrels per day in an effort to prop up prices. While this is the largest output cut ever agreed to, oil prices have remained under pressure and the reduction is not expected to correct the current supply/demand imbalance over the near term.

Meanwhile, more aggressive monetary and fiscal policies are being adopted worldwide to cushion the economic fallout from the outbreak. Last month, both the Bank of Canada and the U.S. central bank made several emergency rate cuts, which lowered their benchmark rates 150 basis points to practically zero and launched new rounds of quantitative easing. While these initial moves had only a transitory impact on investor confidence, early this month the U.S. Federal Reserve (Fed) announced another round of new programs that go far beyond what has ever been tried in the past. These latest moves are designed to add an additional \$2.3 trillion in loans over and above the open-ended asset purchases that were announced earlier. The Fed will now provide support for loans made to small business and corporations, including those that no longer have investment grade credit ratings, as well as direct loans to states and municipalities. The Fed's latest de facto backstop for much of the credit market was greeted enthusiastically by both stock and bond investors.

Similarly, the Bank of Canada initiated a suite of credit facilities and purchase programs to ease strains in financial markets. To this end, the Bank is now purchasing Government of Canada issues, Canada Mortgage Bonds, National Housing Act Mortgage Backed securities, commercial paper and Banker's Acceptance. At its latest meeting the Bank market interventions were expanded to include the purchase of provincial bonds and investment grade corporate issues. This will bring the Bank's asset purchase programs to some \$200 billion, which represent 10% of Canada's GDP.

On the fiscal front, the Canadian and U.S. governments have adopted large-scale and targeted fiscal stimulus packages, which include direct payments to support households, companies in need, and an expansion of unemployment insurance. Over the near term, these policy tools, which are designed to stimulate demand, will still be blunted by public health policies that aim to flatten the growth curve of the virus through the curtailment of economic activity. However, these monetary and fiscal measures will help underpin the economy and ease financial strains in the markets and provide a bridge until progress is made on restarting the economy.

In recent weeks, these unprecedented monetary and fiscal moves along with a slowing in the trajectory of new infections across some regions of the world have succeeded in stabilizing debt markets and resulted in a noticeable narrowing in spreads between government and investment grade corporate credits. However, the yields on non-investment grade credits have remained historically high as markets digest a wave of negative economic numbers that are much worse than during the 2008 financial crises and, in some instances, surpass those recorded during the Great Depression. The OECD estimates that developed economies will experience a peak to trough decline of 20 to 25 percent in GDP. Given the speed and size of the equity market selloff last month, it seems well recognized that the economic shock will be very deep this quarter. However, the markets' strong recovery over the past few weeks suggests that investors are now looking beyond the near-term economic fallout to what the recovery may look like once quarantine measures are relaxed. Some expect a V-shaped recovery, where a quick decline in economic activity is met by an abrupt rebound that quickly recoups the lost ground. This possibility should not be ruled out, since consumers could quickly regain their lost confidence if there is encouraging results from widespread testing or a medical breakthrough. While the best case scenario for a vaccine is likely twelve or more months away, a massive ongoing global effort for an effective treatment could bear fruit much sooner.

However, at this juncture, we believe a U-shaped recovery, where the economy gradually climbs out of a recessionary environment as regions and sectors reopen on a staggered basis, is a more likely scenario. While the origins of this economic shock are artificial, given that it was government mandated, significant economic damage has been incurred and we believe the impact on consumer behaviour will not be transitory. As a result, highly vulnerable sectors of the labour market, such as restaurants, travel, accommodation, sports and entertainment, will be slow to recover. A likely precautionary rise in the savings rate as employment begins to improve will also weigh on the rebound, as will concerns that a second wave of infections could take hold. This more sombre scenario of a U-shaped recovery is also being mirrored by the bond market. Despite the recent bounce back in stock prices, this rebound in risk appetite has not been reflected in government bond yields, which remain close to the historic lows established in March. Meanwhile, the prospects of a more dire L-shaped recovery, where a substantial economic contraction is followed by a prolonged period of stagnation, have diminished in the wake of the massive increase in both government spending and monetary policy supports.

RWB/de

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

Martin, Lucas & Seagram Ltd.

CLLAS - SHORT TERM INVESTMENT FUND
(RBC Investor Services)

Portfolio Holdings at March 31, 2020

<u>Quantity</u>	<u>Security</u>	<u>Unit Cost</u>	<u>Price</u>	<u>Market Value</u>	<u>Annual Income</u>
CASH					
	Cash Account			11,054	0
MONEY MARKET ISSUES					
1,020,000	Royal Bank BA 1.50% due April 1, 2020	99.88	100.00	1,019,988	15,282
1,305,000	Canada Treasury Bill 1.60% due April 2, 2020	99.63	100.00	1,304,978	20,803
1,205,000	CIBC BA 1.82% due April 15, 2020	99.61	99.98	1,204,800	21,845
1,315,000	Canada Treasury Bill 1.56% due April 16, 2020	99.70	99.99	1,314,884	20,453
1,285,000	Bank of Nova Scotia BA 1.37% due April 23, 2020	99.89	99.97	1,284,674	17,585
1,200,000	Toronto Dominion Bank BA 0.90% due April 27, 2020	99.93	99.97	1,199,641	10,793
1,300,000	Canada Treasury Bill 1.60% due April 30, 2020	99.69	99.98	1,299,786	20,736
1,200,000	Canada Treasury Bill 1.05% due May 14, 2020	99.80	99.97	1,199,638	12,575
1,295,000	CIBC BA 0.85% due June 4, 2020	99.82	99.93	1,294,062	10,987
1,305,000	Canada Treasury Bill 0.07% due June 11, 2020	99.98	99.95	1,304,357	913
				<u>12,426,807</u>	<u>151,973</u>
TOTAL PORTFOLIO				12,437,860	151,973

Disclosures:

1. Please note that the securities listed herein are held on your behalf by the above noted custodian. You may wish to contact them directly to determine if your account is covered by any recognized Investor Protection Plan and/or for information on how these securities are held.
2. The cost of each position shown in the account is the book cost (original cost adjusted for distributions, capital returns and re-orgs). For unit costs marked with an *, the book cost cannot be determined and the value shown is based on the closing market price on July 15, 2015.

Martin, Lucas & Seagram Ltd.
PURCHASE AND SALE
CLLAS - SHORT TERM INVESTMENT FUND
(RBC Investor Services)
From 01-01-20 To 03-31-20

Trade Date	Settle Date	Quantity	Security	Unit Price	Amount
PURCHASES					
01-02-20	01-02-20	1,020,000	Royal Bank BA 1.92% due March 3, 2020	99.68	1,016,736.00
01-08-20	01-09-20	1,305,000	Canada Treasury Bill 1.60% due April 2, 2020	99.63	1,300,211.96
01-17-20	01-20-20	1,270,000	Bank of Nova Scotia BA 1.89% due February 18, 2020	99.85	1,268,095.00
01-24-20	01-27-20	1,205,000	CIBC BA 1.82% due April 15, 2020	99.61	1,200,271.58
01-30-20	01-31-20	1,200,000	TD Bank BA 1.80% due March 30, 2020	99.71	1,196,518.80
02-05-20	02-06-20	1,315,000	Canada Treasury Bill 1.56% due April 16, 2020	99.70	1,311,077.36
02-18-20	02-19-20	1,275,000	Bank of Nova Scotia BA 1.76% due March 25, 2020	99.83	1,272,851.63
02-19-20	02-20-20	1,300,000	Canada Treasury Bill 1.60% due April 30, 2020	99.69	1,296,023.30
03-02-20	03-03-20	1,020,000	Royal Bank BA 1.50% due April 1, 2020	99.88	1,018,786.20
03-04-20	03-05-20	1,200,000	Canada Treasury Bill 1.05% due May 14, 2020	99.80	1,197,588.00
03-16-20	03-17-20	1,295,000	CIBC BA 0.85% due June 4, 2020	99.82	1,292,622.38
03-18-20	03-19-20	1,305,000	Canada Treasury Bill 0.07% due June 11, 2020	99.98	1,304,789.90
03-24-20	03-25-20	1,285,000	Bank of Nova Scotia BA 1.37% due April 23, 2020	99.89	1,283,603.21
03-27-20	03-30-20	1,200,000	Toronto Dominion Bank BA 0.90% due April 27, 2020	99.93	1,199,172.00
					17,158,347.32
SALES					
01-02-20	01-02-20	1,020,000	Royal Bank BA 1.81% due January 2, 2020	100.00	1,020,000.00
01-09-20	01-09-20	1,300,000	Canada Treasury Bill 1.630051% due January 9, 2020	100.00	1,300,000.00
01-20-20	01-20-20	1,270,000	Bank of Nova Scotia BA 1.78% due January 20, 2020	100.00	1,270,000.00
01-27-20	01-27-20	1,205,000	CIBC BA 1.789810% due January 27, 2020	100.00	1,205,000.00
01-31-20	01-31-20	1,200,000	Toronto Dominion Bank BA 1.788821% due January 31, 2020	100.00	1,200,000.00

Martin, Lucas & Seagram Ltd.
PURCHASE AND SALE
CLLAS - SHORT TERM INVESTMENT FUND
(RBC Investor Services)
From 01-01-20 To 03-31-20

Trade Date	Settle Date	Quantity	Security	Unit Price	Amount
02-06-20	02-06-20	1,300,000	Canada Treasury Bill 1.629963% due February 6, 2020	100.00	1,300,000.00
02-18-20	02-18-20	1,270,000	Bank of Nova Scotia BA 1.89% due February 18, 2020	100.00	1,270,000.00
02-20-20	02-20-20	1,300,000	Canada Treasury Bill 1.629862% due February 20, 2020	100.00	1,300,000.00
03-03-20	03-03-20	1,020,000	Royal Bank BA 1.92% due March 3, 2020	100.00	1,020,000.00
03-05-20	03-05-20	1,195,000	Canada Treasury Bill 1.62% due March 5, 2020	100.00	1,195,000.00
03-17-20	03-17-20	1,295,000	CIBC BA 1.90% due March 17, 2020	100.00	1,295,000.00
03-19-20	03-19-20	1,305,000	Canada Treasury Bill 1.65% due March 19, 2020	100.00	1,305,000.00
03-25-20	03-25-20	1,275,000	Bank of Nova Scotia BA 1.76% due March 25, 2020	100.00	1,275,000.00
03-30-20	03-30-20	1,200,000	TD Bank BA 1.80% due March 30, 2020	100.00	1,200,000.00
					17,155,000.00

Martin, Lucas & Seagram Ltd.
CASH RECONCILIATION
CLLAS - SHORT TERM INVESTMENT FUND
(RBC Investor Services)
From 12-31-19 to 03-31-20

Cash Balance at December 31, 2019		<u>10,983.16</u>
ADD: Proceeds from Sales	17,155,000.00	
Capital Contribution	0.00	
Bond Interest Credited (from Long Term Investment Fund)	16,022.25	
Trust Company Interest	<u>8.77</u>	<u>17,171,031.02</u>
LESS: Cost of Purchases	-17,158,347.32	
Q4 2019 Investment Counsel Fees - Short Term Investment Fund	-3,496.40	
Q4 2019 Investment Counsel Fees - Long Term Investment Fund	-4,247.89	
Trust Company Charges	<u>-4,868.89</u>	<u>-17,170,960.50</u>
Cash Balance at March 31, 2020		<u><u>11,053.68</u></u>

Martin, Lucas & Seagram Ltd.							
EXTERNAL INDIVIDUAL CREDIT RATING REPORT - MARCH 31, 2020							
CLLAS - SHORT TERM INVESTMENT FUND							
			Unit	Total		Market	%
Quantity	Security	Rating	Cost	Cost	Price	Value	Assets
1,285,000	Bank of Nova Scotia BA 1.37%	R-1 (high)	99.89	1,283,603	99.97	1,284,674	10.3%
	due April 23, 2020						
1,305,000	Canada Treasury Bill 1.60%	R-1 (high)	99.63	1,300,212	100.00	1,304,978	10.5%
	due April 2, 2020						
1,300,000	Canada Treasury Bill 1.60%	R-1 (high)	99.69	1,296,023	99.98	1,299,786	10.5%
	due April 30, 2020						
1,315,000	Canada Treasury Bill 1.56%	R-1 (high)	99.70	1,311,077	99.99	1,314,884	10.6%
	due April 16, 2020						
1,200,000	Canada Treasury Bill 1.05%	R-1 (high)	99.80	1,197,588	99.97	1,199,638	9.7%
	due May 14, 2020						
1,305,000	Canada Treasury Bill 0.07%	R-1 (high)	99.98	1,304,790	99.95	1,304,357	10.5%
	due June 11, 2020						
1,205,000	CIBC BA 1.82%	R-1 (high)	99.61	1,200,272	99.98	1,204,800	9.7%
	due April 15, 2020						
1,295,000	CIBC BA 0.85%	R-1 (high)	99.82	1,292,622	99.93	1,294,062	10.4%
	due June 4, 2020						
1,020,000	Royal Bank BA 1.50%	R-1 (high)	99.88	1,018,786	100.00	1,019,988	8.2%
	due April 1, 2020						
1,200,000	Toronto Dominion Bank BA 0.90%	R-1 (high)	99.93	1,199,172	99.97	1,199,641	9.7%
	due April 27, 2020						
				12,404,146		12,426,807	100%

Martin, Lucas & Seagram Ltd.

CLLAS - LONG TERM INVESTMENT FUND
(RBC Investor Services)

Portfolio Holdings at March 31, 2020

Quantity	Security	Unit Cost	Price	Market Value	Annual Income
GOVERNMENT BONDS					
250,000	Canada Housing Trust Ser 71 1.25% due June 15, 2021	96.83	100.82	252,053	3,125
200,000	Canada Housing Trust 2.4% Series 48 due December 15, 2022	100.37	104.35	208,706	4,800
200,000	Canada Housing Trust 2.35% due September 15, 2023	105.62	104.87	209,732	4,700
250,000	Canada Housing Trust 2.9% due June 15, 2024	102.64	107.69	269,235	7,250
300,000	Canada Housing Trust Ser. 70 2.25% due December 15, 2025	100.98	106.28	318,852	6,750
250,000	Canada Housing Trust No.1 2.350% due March 15, 2028	103.96	108.12	270,288	5,875
				<hr/> 1,528,865	<hr/> 32,500
PROVINCIAL BONDS					
250,000	British Columbia 3.25% due December 18, 2021	102.30	104.11	260,265	8,125
400,000	Ontario 3.15% due June 2, 2022	100.00	104.64	418,552	12,600
500,000	Ontario 2.85% due June 2, 2023	102.29	105.18	525,895	14,250
400,000	Ontario 2.60% due June 2, 2025	101.08	105.43	421,700	10,400
350,000	British Columbia 2.3% due June 18, 2026	104.40	104.11	364,371	8,050
350,000	Ontario 2.60% due June 2, 2027	97.56	105.93	370,762	9,100
				<hr/> 2,361,545	<hr/> 62,525
CORPORATE BONDS					
300,000	Bank of Montreal 2.84% due June 4, 2020	101.77	100.17	300,519	8,520
250,000	Toronto Dominion Bank Dep. Note 2.563% due June 24, 2020	104.57	100.17	250,420	6,408
200,000	Bank of Montreal 3.4% due April 23, 2021	100.65	101.48	202,968	6,800
150,000	Royal Bank 1.968% due March 2, 2022	100.05	99.73	149,597	2,952
250,000	National Bank of Canada 2.105% due March 18, 2022	102.04	100.08	250,205	5,263

Martin, Lucas & Seagram Ltd.

CLLAS - LONG TERM INVESTMENT FUND
(RBC Investor Services)

Portfolio Holdings at March 31, 2020

Quantity	Security	Unit Cost	Price	Market Value	Annual Income
150,000	Wells Fargo 3.46% due January 24, 2023	102.36	102.82	154,236	5,190
250,000	Toronto Dominion Bank Dep. Note 3.226% due July 24, 2024	102.02	103.98	259,945	8,065
250,000	CIBC Deposit Note 3.3% due May 26, 2025	100.24	105.78	264,443	8,250
200,000	Wells Fargo & Company 2.975% due May 19, 2026	102.15	99.62	199,246	5,950
200,000	Bank of Nova Scotia Dep. Notes 2.62% due December 2, 2026	99.23	102.01	204,024	5,240
				<hr/> 2,235,602	<hr/> 62,637
TOTAL PORTFOLIO				6,126,012	157,662

Disclosures:

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2. The cost of each position shown in the account is the book cost (original cost adjusted for distributions, capital returns and re-orgs). For unit costs marked with an *, the book cost cannot be determined and the value shown is based on the closing market price on July 15, 2015.

Martin, Lucas & Seagram Ltd.
PURCHASE AND SALE
CLLAS - LONG TERM INVESTMENT FUND
(RBC Investor Services)
From 01-01-20 To 03-31-20

Trade Date	Settle Date	Quantity	Security	Unit Price	Amount
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No transactions were found!

Martin, Lucas & Seagram Ltd.
CASH RECONCILIATION
CLLAS - LONG TERM INVESTMENT FUND
From 12-31-19 to 03-31-20

Cash Balance at December 31, 2019		0.00
ADD: Proceeds from Sales	0.00	
Bond Interest Credited (to Long Term Investment Fund)	16,022.25	
Transfer to Short Term Investment Fund	-16,022.25	0.00
LESS: Cost of Purchases	0.00	0.00
Cash Balance at March 31, 2020		0.00

EXTERNAL INDIVIDUAL CREDIT RATING REPORT - MARCH 31, 2020

CLLAS - LONG TERM INVESTMENT FUND

					Unit	Total		Market	Pct.
Quantity	CUSIP	Security		Rating	Cost	Cost	Price	Value	Assets
GOVERNMENT BONDS									
250,000	13509PFJ7	Canada Housing Trust Ser 71 1.25%	due June 15, 2021	AAA	96.83	242,075	100.82	252,053	4.1%
200,000	13509PDL4	Canada Housing Trust 2.4% Series 48	due December 15, 2022	AAA	100.37	200,740	104.35	208,706	3.4%
200,000	13509PDV2	Canada Housing Trust 2.35%	due September 15, 2023	AAA	105.62	211,240	104.87	209,732	3.4%
250,000	13509PEF6	Canada Housing Trust 2.9%	due June 15, 2024	AAA	102.64	256,600	107.69	269,235	4.4%
300,000	13509PFD0	Canada Housing Trust Ser. 70 2.25%	due December 15, 2025	AAA	100.98	302,940	106.28	318,852	5.2%
250,000	13509PGF4	Canada Housing Trust 2.35%	due March 15, 2028	AAA	103.96	259,900	108.12	270,288	4.4%
						1,473,495		1,528,865	25.0%
PROVINCIAL BONDS									
250,000	110709BJ0	British Columbia 3.25%	due December 18, 2021	AA (high)	102.30	255,750	104.11	260,265	4.2%
400,000	68323AAW4	Ontario 3.15%	due June 2, 2022	AA (low)	100.00	400,000	104.64	418,552	6.8%
500,000	68323ABN3	Ontario 2.85%	due June 2, 2023	AA (low)	102.29	511,430	105.18	525,895	8.6%
400,000	68323ACX0	Ontario 2.60%	due June 2, 2025	AA (low)	101.08	404,305	105.43	421,700	6.9%
350,000	68323AEE0	Ontario 2.60%	due June 2, 2027	AA (low)	97.56	341,460	104.11	364,371	5.9%
350,000	11070TAJ7	British Columbia 2.3%	due June 18, 2026	AA (high)	104.40	365,400	105.93	370,762	6.1%
						2,278,345		2,361,545	38.5%
CORPORATE BONDS									
300,000	06367VCT0	Bank of Montreal 2.84%	due June 4, 2020	AA	101.77	305,307	100.17	300,519	4.9%
200,000	06367VJN6	Bank of Montreal 3.4%	due April 23, 2021	AA	100.65	201,300	101.48	202,968	3.3%
200,000	064151QE6	Bank of Nova Scotia Dep. Note 2.62%	due December 2, 2026	AA	99.23	198,460	102.01	204,024	3.3%
250,000	13596Z3Y9	CIBC Deposit Note 3.3%	due May 26, 2025	AA	100.24	250,600	105.78	264,443	4.3%
250,000	633067C27	National Bank of Canada 2.105%	due March 18, 2022	AA (low)	102.04	255,100	100.08	250,205	4.1%
150,000	780086KD5	Royal Bank 1.968%	due Mar 2, 2022	AA (high)	100.05	150,075	99.73	149,597	2.4%
250,000	891145S47	Toronto Dominion Bank Dep. Note 2.563%	due June 24, 2020	AA (high)	104.57	261,425	100.17	250,420	4.1%
250,000	891145T79	Toronto Dominion Bank Dep. Note 3.226%	due July 24, 2024	AA (high)	102.02	255,050	103.98	259,945	4.2%
150,000	94975ZBN5	Wells Fargo & Company 3.46%	due January 24, 2023	AA (low)	102.36	153,542	102.82	154,236	2.5%
200,000	949746RX1	Wells Fargo & Company 2.975%	due May 19, 2026	AA (low)	102.15	204,300	99.62	199,246	3.3%
						2,235,159		2,235,602	36.5%
TOTAL PORTFOLIO						5,986,999		6,126,012	100.0%

Martin, Lucas & Seagram Ltd.
DATE TO DATE GAINS AND LOSSES
CLLAS - LONG TERM INVESTMENT FUND
(RBC Investor Services)
From 12-31-19 to 03-31-20

Security	12-31-19 Market Value	Additions Withdrawals	03-31-20 Market Value	03-31-20 Cost Basis	Realized Gain or Loss		Unrealized Gain or Loss	
					Cost	Market	Cost	Market
GOVERNMENT BONDS								
Canada Housing Trust Ser 71 1.25% due June 15, 2021	248,103	0	252,053	242,075	0	0	9,978	3,950
Canada Housing Trust 2.4% Series 48 due December 15, 2022	203,034	0	208,706	200,740	0	0	7,966	5,672
Canada Housing Trust 2.35% due September 15, 2023	202,944	-2,350	209,732	211,240	0	0	-1,508	6,788
Canada Housing Trust 2.9% due June 15, 2024	259,850	0	269,235	256,600	0	0	12,635	9,385
Canada Housing Trust Ser. 70 2.25% due December 15, 2025	303,759	0	318,852	302,940	0	0	15,912	15,093
Canada Housing Trust No.1 2.350% due March 15, 2028	254,748	-2,938	270,288	259,900	0	0	10,388	15,540
GOVERNMENT BONDS Total	1,472,437		1,528,865	1,473,495	0	0	55,370	56,428
PROVINCIAL BONDS								
British Columbia 3.25% due December 18, 2021	256,728	0	260,265	255,750	0	0	4,515	3,538
Ontario 3.15% due June 2, 2022	411,900	0	418,552	400,000	0	0	18,552	6,652
Ontario 2.85% due June 2, 2023	514,875	0	525,895	511,430	0	0	14,465	11,020
Ontario 2.60% due June 2, 2025	410,172	0	421,700	404,305	0	0	17,395	11,528
British Columbia 2.3% due June 18, 2026	353,966	0	364,371	365,400	0	0	-1,029	10,406
Ontario 2.60% due June 2, 2027	358,449	0	370,762	341,460	0	0	29,302	12,313
PROVINCIAL BONDS Total	2,306,089		2,361,545	2,278,345	0	0	83,200	55,456
CORPORATE BONDS								
Bank of Montreal 2.84% due June 4, 2020	301,134	0	300,519	305,307	0	0	-4,788	-615
Toronto Dominion Bank Dep. Note 2.563% due June 24, 2020	250,723	0	250,420	261,425	0	0	-11,005	-303
Bank of Montreal 3.4% due April 23, 2021	203,506	0	202,968	201,300	0	0	1,668	-538
Royal Bank 1.968% due March 2, 2022	149,480	-1,476	149,597	150,075	0	0	-479	117
National Bank of Canada 2.105% due March 18, 2022	249,850	-2,631	250,205	255,100	0	0	-4,895	355
Wells Fargo 3.46% due January 24, 2023	155,406	-2,595	154,236	153,542	0	0	695	-1,170
Toronto Dominion Bank Dep. Note 3.226% due July 24, 2024	260,268	-4,033	259,945	255,050	0	0	4,895	-324
CIBC Deposit Note 3.3% due May 26, 2025	261,963	0	264,443	250,600	0	0	13,843	2,480
Wells Fargo & Company 2.975% due May 19, 2026	201,022	0	199,246	204,300	0	0	-5,054	-1,776

Martin, Lucas & Seagram Ltd.
DATE TO DATE GAINS AND LOSSES
CLLAS - LONG TERM INVESTMENT FUND
(RBC Investor Services)
From 12-31-19 to 03-31-20

Security	12-31-19 Market Value	Additions Withdrawals	03-31-20 Market Value	03-31-20 Cost Basis	Realized Gain or Loss		Unrealized Gain or Loss	
					Cost	Market	Cost	Market
Bank of Nova Scotia Dep. Notes 2.62% due December 2, 2026	202,832	0	204,024	198,460	0	0	5,564	1,192
CORPORATE BONDS Total	2,236,183		2,235,602	2,235,159	0	0	443	-581
TOTAL PORTFOLIO	6,014,709		6,126,012	5,986,999	0	0	139,013	111,303
TOTAL DATE TO DATE GAIN OR LOSS								111,303
% CHANGE DURING PERIOD								1.85

CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY

COMMITTEES FOR 2020/21

- | | |
|-------------------------------|--|
| 1. Audit* | Gordon Goodman (Chair)
Michael Swartz
Margaret McNee |
| 2. Claims | William Scott (Chair)
David Morritt
James Tory
John Birch
Robert (Bob) Love |
| 3. Policy | Donald Milner (Chair)
Natasha MacParland
Bruce Blain |
| 4. Risk Management | Julia Holland (Chair)
David Woolcombe
Eugene Cipparone
Melanie Koszegi |

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

*** Members of ad-hoc cyber committee are Don Milner, Bill Scott

June 9, 2020