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MEDIA RELEASE
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LAWPRO awarded 10th consecutive A (Excellent) financial strength rating

Toronto, ON, March 18, 2010: A leading rating agency has awarded LAWPRO its 10th consecutive financial strength rating of A (Excellent) and issuer credit rating of “a.”

LAWPRO’s favorable operating performance, adequate capitalization, consistent net investment income and access to additional capital sources held by The Law Society in its Errors and Omissions Fund are among the factors contributing to this favourable rating.

The A.M. Best Co. also revised its “outlook” for LAWPRO to negative from stable, pointing to unfavorable claims development and deterioration in the company’s combined ratio. According to LAWPRO, two developments significantly affected these results in 2009: a one-time revaluation of existing reserves by \$10.7 million to reflect the anticipated impact of the implementation of a harmonized sales tax in Ontario, effective July 1, 2010; and a significant decrease in the discount rate, resulting in a \$7 million increase in claims liabilities.

Also contributing to the company’s net loss is a decision to transfer management of its surplus portfolio to new investment managers mid year; that move required that it realize a loss in its investment portfolio of about \$9 million. By year end, that portfolio posted an increase in unrealized gains of \$13.7 million, which contributed to comprehensive income of \$7.2 million for 2009.

Going forward, A.M. Best expressed concern with the possible continued deterioration in LAWPRO’s loss ratios as well as frequency and severity trends.

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