



2/11/2021

Board Meeting

Minutes of February 11, 2021

ATENDING DIRECTORS:

Allan Sheppard, Chair
Dave Rutherford, Vice-Chair
Nancy Brown, 2nd Vice-Chair
Bruce Buttar, Past Chair
Van Darling, Director
Bill Dorland, Director
Bob Burley, Director
Richard Barrett, Director
John Kernaghan, Director

ATENDING STAFF:

Alec Harmer, President
Steve O'Connell, VP Claims
Donna White, VP Finance
Warren Ting, VP Underwriting
Christine Howe, Business Development
Bryce Clarke, VP Loss Prevention

Barb Dinnage,
CORPORATE SECRETARY

MISSION

“To protect our future as if it’s our own”

VISION

“Our family striving to provide you with peace of mind by protecting your tomorrows today”

Opening of the Meeting

Allan Sheppard, Chair, brought to virtual board meeting to order at 9:00 a.m.

He welcomed all the attendees to another virtual board meeting. He commented, on the great weather we have been having this winter thus far. The financials for 2020 looked great. Allan extended thanks to all the staff for their hard work and hoped everyone was healthy physically and mentally during these trying times. He commented, on the Chinese New Year. This is the year of the Ox, which signifies hard work and honesty.

He asked if there was any conflict of interest. Possible conflicts were Bruce Buttar and Richard Barrett. No claims details were being brought before the meeting so no conflicts present.

Allan read the Mission and Vision statements, shown above.

Agenda and Consent Agenda Documents

The chair asked if there were any changes or additions to the agenda.

Refund from Surplus

OMIA board meeting items

Future of Community room – this will be tabled until next month due to full agenda

MOTION: *“To approve the agenda as distributed with the additions.”*

Carried

The following items formed the consent agenda:

- Minutes of the Previous board meeting
- OMIA – Board Report
- FM Re – Board Report
- Management Reports

Items noted were that Collectivfide purchased 3 brokerages in 2020 and are looking at 3- 4 more during 2021. The AGM notice for FMGF was mentioned.

Warren was asked if staff are more productive when they are working from home. Yes, and this certainly does depend on the each individuals circumstances. We are in the slower production months and this will increase shortly. We have kept to or improved our service levels. The energy level of staff has deteriorated as time goes on during the pandemic. Warren was also asked about the growth during the month being down. This is a typical lower month for growth and we have been in a lock down as well. Many commercial businesses have been closed and there has not been any new businesses opening. The lockdown has lead to less buying by consumers. No new car purchases, etc. We expect to see a rebound in the coming months. Warren was asked if a property rate increase was needed. Yes, we are aware that an increase is needed. Warren commented on looking at our water rates. He expects this to happen in the second quarter of the year. Also, our inspectors have been working on updated evaluators and this will help to bring premium levels up. Christine was asked about the service standards for agents. Christine indicated that she has been focusing on the quality of new business written. She has been reviewing the new applications that we received. Bryce was asked why we have not been doing virtual inspections. Bryce explained that under the current lock down the inspectors had resumed the evaluator project. They expect to start virtual inspection next week. Christine was asked if the brokers had used all of their advertising budgets. Christine had followed up with all of the brokers and encouraged them to use the budget. Also, we offered to allow them to donate to a charity if they were not going to do any advertising. A few still didn't use of the amount allotted for advertising in 2020. Christine was asked about acknowledgements received back from donations given by HTM at the end of 2020. She received 14 acknowledgements back from organizations.

MOTION: *"To accept the consent agenda items as distributed"*

Carried

Management Reports

Compliance Office – Barb Dinnage

An update was given on the development of this new position. Currently, work has been done with the team to put together for the Annual General Meeting. Barb reported looking forward to diving into the document retention project, working with Alec on our Company Complaint Reporting for FSRA and attending Committee meetings. Currently, the Notice for the AGM has been posted in newspapers and digital formats. We worked with Steve Grant on the correct wording for the by-law change in the notice. Conduct Review questionnaires have been

completed and leadership covenants have been sent out. Alec and Barb have gone through and updated the Governance Policy documents. Also, several board committee meetings have been attended.

VP Claims – Steve O’Connell

Steve gave an update on the vacant positions in claims. They are close to a final decision on an individual for the Admin position. The adjuster position should be posted shortly. The staff in that department continue to split their time between home and the office in order to follow COVID protocol. Steve reported that work had started on the HR Management Project. Steve gave an update on the yearend claims results. He highlighted by loss type and the comparison to 2019. The November CAT loss was discussed and the total number of claims and costs were presented.

VP Underwriting – Warren Ting

Warren also provided an update on staff in the office and following COVID protocol. He highlighted on the current Cognition+ project and the farm testing. Warren and the commercial department are working on introducing a 1 time discount for commercial policies in the retail category during COVID to help them offset some premium. He updated on a new admin in the department Kay Farrell-Lang. Also, he acknowledged promotions of Lindsay and Jade within the department. The underwriting department is up-to-date on processing and this includes inspection reviews. Our underwriters are continuing to attend OMIA education sessions virtually. Warren acknowledged that Tiffany Gibbs is graduating with her CIP and that Barb Dinnage has graduated the IIC certificate program for commercial insurance. This is a good example for newer staff to see education accomplishments. Warren reviewed end of year results for the underwriting department. Total policies in force and premiums written for the 2020 year end were highlighted. He went over new policy counts, cancelled policy counts and retention rates. Projects on the horizon are continuing with Cognition plus working toward the farm implementation and then following with commercial lines. Warren will be performing service and quality audits on underwriting files. Training is ongoing in the department with staff for continued development and growth. Warren advised that he is starting to create videos for help with future training. He indicated that he is working toward the changes to the water product regarding rating, limits, deductibles and risk acceptance.

Business Development Manager – Christine Howe

Christine highlighted the current COVID protocol that the agents have been following. She indicated Karen and Cameron are currently enrolled in CIP courses. Christine has started tracking quotes and cancellations from the agents. Christine is working on the Consumer Portal project currently. Yearend broker meetings look a little different this year as they are being done on

ZOOM. Feedback from the brokers has been good. Christine reviewed the marketing budgets for the brokers in 2020 and how much was used by each brokerage. Christine reviewed the 2020 year end results. She highlighted the top five performing brokers as well as the bottom five performing brokers. Christine reviewed brokers with lower loss ratios and five that had higher loss ratios. She reviewed both new policy counts and cancellations. She highlighted the agent portfolios for policies in force, premium written and claims incurred.

Break 10:15 a.m.

VP Loss Prevention – Bryce Clarke

Bryce went over that inspections are currently suspended due to Ontario lock down. The inspectors have continued to work on the evaluator reviews they have been doing. New tablets have been purchased for the inspectors. The Surface tablets they currently have lasted 5 years with heavy use. It was decided, the replacements would also be Surface's due to good results. Underwriting has now caught up on reviewing inspections. Bryce indicated from about mid October until the end of December lockdown that 185 virtual inspections were done and that 64 of those had recs. Bryce showed examples of concerns found on risks from the virtual inspection process.

VP Finance – Donna White

Donna gave a summary of her department. Andrea joined the Accounting department and that is working out very well. Everyone in the department has been busy with yearend processes and helping with the auditors. April and Jen are enrolled in courses for their accounting education. Ryan and Donna are working on plans for the website. Donna is currently working on the P&C1 for year end.

Donna moved into giving the yearend financial report to the board. She reviewed the income statement. She stated the year ended strong with GWP of \$34.3 million. She reviewed the expenses of \$11.5 million; the increase over last year was due to premium acquisition costs and profit sharing increases. Travel was down significantly due to the pandemic. Donna will work on an analysis of the Directors Fees as requested by the audit committee. The year ended with an underwriting profit of \$2.6 million. There was an increased investment income as well in 2020. Donna continued to review the Balance Sheet. The year ended with \$8.9 million of cash on hand. There has been a transfer of \$4 million to investments early in 2021. There was discussion on what is a reasonable level to the cash on hand. Donna indicated that in prior years we had run this number a little low and she felt between one and two million was reasonable. 2020 ended with a surplus of \$37.6 million. Donna pointed out the notes to the financial statements and that a new note was added in regards to COVID-19. A question was asked about the top up to the pension plan and where was that shown. This appears in Salaries and Benefits and was paid in

January. IFRS changes will be coming to accounting and OMIA has set up an advisory group to assist with the changes. A question was asked what the fees for Wilkinson will be for 2021. We do not have this number yet but should have it before the annual meeting.

Audit Committee Report – Dave Rutherford

Dave reported that the audit committee met on February 5th with Brian Kehoe and Jeanette Cyr from Wilkinson and Co. A reviewed of the financial statements and audit were completed. Minutes have been provided from this meeting. The audit committee had a meeting with Brian and Jeanette without management or staff. No concerns were noted from the auditors.

MOTION: “ To approve the audit committee report”

Carried

MOTION: “*To accept the financial report as distributed*”

Carried

Action Items

A list of action items were reviewed. These are projects that are being lead by various managers. The items were compiled as a result of the strategic planning process with the staff.

Cross Training – Bryce, Consumer Portal – Christine, Human Resources – Steve, Cognition Implementation – Warren, Compliance Calendar – Barb, Sales Website – Christine, Website and Central Repository – Donna.

Budget

Tabled until next meeting

Donations

Alec reviewed a list of the donations that HTM had for 2019 and 2020. We increased giving significantly in 2020. Total in 2019 was \$38,696 and for 2020 was \$124,137. The 2020 amount was supplemented by the \$40,000 that was received from Farm Re. Alec presented a recommendation from the management team that we strive to keep rates stable over 2021, we maintain waiving NSF fees and doing all cancellations pro-rata. Brokers have indicated that they are happy with what we are doing to help clients. Taking this into consideration we suggested increasing donations significantly to contribute to our community. It was suggested that we have a plan that would allow us to give a dollar amount to each employee and director to be able to allocate where the donation would go. The person directing the donation would have to submit a

summary of the charity and why they would be supporting it. This would then have to be approved by HTM. The organization would be confirmed to be a register charity with CRA. The employee/director would when it is safe to do so, deliver the cheque and photos would document the donation so that we could use this to make public our community contributions. The amount to be considered was \$2,000 per person.

Discussion took place on the proposal. It was asked what the amount budgeted for 2021 was for donations. It is \$70,000. It was also asked, what was the recommendation from management for the total to be. This was between \$225,000 - \$250,000 range.

This lead into a discussion on a refund to policyholders. This was an item that was added to the agenda at the beginning of the meeting. It was discussed that if we increase rates and then gave a rebate, the increase could be more than the refund would be. Bruce indicated that donations make sense. We do need to be sure we have a method of letting the community know what we have done. He didn't feel that the expense to administer the refund made sense only to then increase rates. He also pointed out that during the audit committee meeting with Wilkinson that Brian had strongly recommended against doing for 2020, but to put a process in place for 2021. Bill felt that we should have done a refund and expressed concern over who would be receiving donations. Bob indicated that broker wanted empathy to our policyholders and he didn't feel that donations did this. We need to develop a policy for a refund process. A refund separates us from other markets. Many other mutuals are doing rebates of up to 17%. The money being discussed is not our money but that of the policyholders. He didn't feel that policyholders would support the extra donations. Van agreed with comments made by Bob and indicated that he was disappointed that only 50% of the organizations that we donated to last year sent acknowledgements for the funds. Steve indicated that the larger impact to the policyholders is in forgiveness of rate. This is giving back in an indirect way. We would need to let the policyholders know that the rates were held stable to help them. Dave indicated that he thought Brian Kehoe indicated we can still do a refund. Alec pointed out the financial statements are required to be posted by Feb 13, 2021 this is 30 days prior to the annual meeting. Brian had indicated that we need evidence that discussions had taken place in regards to the refund during the year. We can do a refund in 2021 half way through the year. If this happens this would not impact taxes from 2020 but would reflect on the 2021 tax return. Dave indicated he was not comfortable with the proposal for donations and would be in favor of a refund. Alec indicated that the amount we proposed for donations was 0.6% of the premium volume. Nancy felt that based on the discussion with Brian that the door was closed for 2020. That we need to move forward with putting together a policy for when a discussion is triggered on a refund. This is the most responsible thing to do for the policyholders. Van indicated that the budget was passed. We should work toward a structured process for refunds or donations. We should consider the input received from Brian and also look at the funds that the brokers were given for marketing/donations. He felt that keeping rate increases stable would help with future growth. He feels that this discussion was driven from the success of 2020 and that these results have not been consistent over several years. Our past results need to be taken into consideration. Bill indicated refunds are noted in the by laws and this should be taken into consideration. Bob asked Donna what percentage of donations are covered under charitable receipts. Donna indicated that a large amount of donations give tax relief. Bob indicated he doesn't know how we could communicate to policyholders that we gave rate relief.

Motion:

"Directors ask management to come up with a policy/trigger for a refund to policyholders and bring back to the board for review in the April meeting. Consideration should be given to the 2020 results and a policy put in place for 2021 and future."

Moved: Bruce Buttar

Seconded: Nancy Brown

Carried

Conduct Review Committee

Dave Rutherford is the chair of this committee. Dave reported that the committee met on January 21st. Dave reviewed the agenda and no changes were noted. Minutes of the meeting have been distributed.

Motion:

“To accept the report of the Conduct review Committee for 2020”

Moved: Van Darling

Seconded: Bill Dorland

Other Business

An OMIA update was given by Bob. OMIA has put together a summary of education taken by directors. We have received this and will distribute to the board. Bob advised that Firefighter Merit Award has been awarded to Alnwick Haldimand firefighter Matt Dickinson for a rescue of an occupant from a burning vehicle he and his wife happened upon. This award is normally given at the March convention but will be given at a later date. Bob indicated that March was his last OMIA board meeting. Bob will be staying on as a pension trustee for a few months to fill in for another board member that is on a sick leave. Dave Rutherford will take over Bob’s seat on the OMIA board. Bob indicated that directors will receive a registration email for the March virtual AGM. Alec will be sending this. This year’s guest speaker will be Hugh Dudley. Bob pointed out that there are auto changes coming from the ARF committee.

Virtual AGM – Alec demonstrated what our website looks like for the Notice of Meeting for our AGM and how to register online. All directors are encouraged to go online and register. Anyone that has registered will be sent a link closer to the meeting to get in as well as a meeting package by email. There was discussion for provisions for any policyholders that don’t have internet. If this happens, they can call the office. We will record the registration information and then get back to them with a phone number that they can call in with.

T4 – These will be mailed or emailed securely over the next week.

Adjournment of the meeting

The meeting adjourned at 1:08 pm. An in-camera session followed.

MOTION: *“To declare the meeting adjourned”*

Carried

Date

Allan Sheppard, Chair

Barbara Dinnage, Secretary