



5/13/2021

Board Meeting

Minutes of May 13, 2021

ATENDING DIRECTORS:

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

ATENDING STAFF:

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

REGRETS:

None

GUESTS:

None

Barbara Dinnage
RECORDING SECRETARY

MISSION

“To protect your 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

Chair, Dave Rutherford, brought the virtual board meeting to order at 9:03am.

He welcomed all the attendees. Dave commented that the financials looked good when some other mutuals in the western part of the province are not doing as well. Dave and Nancy attended the Chairman’s roundtable and they will report on that later in the meeting. Dave also gave a shout out to Nurses on this National Nurses Week.

Dave asked if there was any conflict of interest this month. Bruce declared a conflict based on his claims being presented to the board.

The mission and vision statements were read.

Other Business: Benefits of moving board meeting to 3rd Thursday of the month was added.

MOTION: *“to approve the agenda as distributed.”*

Moved: Allan Sheppard

Seconded: Richard Barrett

Carried.

Consent Agenda Documents

Alec outlined the consent agenda documents.

The following items formed the consent agenda:

- Minutes of the previous board meeting
- FRC Report
- OMIA Report
- Collectivfide Report
- Management reports

Correction to prior minutes was identified to change Directors titles for chair and vice chairs. Clarification to the paragraph on discussion of Directors' Fees and 2 hour zoom meetings.

It was suggested that Alec would put together a remuneration summary sheet to clarify Directors' fees for the next meeting.

It was commented that the board survey that was reviewed at the April meeting shows each director has a different need/want for information. We need to be sure we are giving the most appropriate information to all directors. The management reports being given in today's meeting will have a new format and a survey will be done again after the meeting. The OMIA report indicated that the survey they sent out on their Virtual AGM was only answered by 80 of 300 attendees. Dave also updated that OMIA is seeing more attendees to the education sessions they are offering.

Strategic planning meeting is set for August 26 & 27 and a facilitator has been booked. A decision will need to be made in June if this will be an in person or virtual meeting.

A request for an update on the Pearson purchase was made. A meeting will take place once the lockdown was lifted. It was discussed that there was a previous suggestion that a board committee be put together to assist with the Pearson process.

MOTION: *"to accept the consent agenda items as distributed."*

Moved: Van Darling

Seconded: Nancy Brown

Carried.

Committee Members

The board committees will remain the same at this time. These will be looked at later in the year when we bring two new directors onto the board. It was suggested that more than one committee should not have the same directors on it. This will be taken into consideration when the new committees are developed.

Refund from Surplus

A refund is something that occurs at year end. A policy needs to be developed to reflect what the board wants for the company and policyholders. It was suggested that this should be part of the strategic planning session when we are setting goals for the next 5 years for the company.

If we were deciding on a refund currently, these would be some of the factors to consider:

- Our underwriting profit is not consistent.
- Currently, claims are low.
- Consider staffing needs within the company.
- We need to maintain a strong financial position.

- We should consider GWP to surplus.
- Possibly upcoming rate increases as a factor.
- We need to be concerned with our financial history.

Consider putting together points and possibly a trigger to suggest when the board would consider a refund. It might be beneficial to form a committee to meet prior to planning session. This will allow everyone to be prepared prior to planning meeting. It was pointed out that once you start the refund process there could be a policyholder expectation that it become annual. Consideration should be given to the tax implications and the timing of deciding on a refund prior to yearend. Also, factors to consider is how long a client has been a policyholder, number of policies in force at time of refund and the premium collected on each policy. Alec will explore with accountants on timing of decision and year end.

Break 10:00 a.m.

Management Presentations

Alec introduced the new style and how managers extract information to use in reports.

The first portion of the managers' presentation was a look back at the first quarter. In the Compliance area Barb reported on the first virtual AGM, the Board Governance Policy updates, the nominating committee meetings and the Market Conduct report. We reviewed the Market Conduct Report and took a look at the types of information we collect and report to FSRA. Warren looked back at the volume of meetings he attended, new staff, education achievements of Underwriting staff, the Cognition + implementations and the Auto Rate Filing transition of Company 789. Growth is at a normal level, however cancellations are up. This is due to less use of vehicles and business closing during the pandemic. Our overall loss ratio is excellent at 12.8%. Warren was asked about building evaluators accuracy due to increased costs of building material. Bryce will outline this in his presentation. It is anticipated that inflation will increase for most insurers. Warren was asked on the progress of Company 789. This was moving quickly when launched and now due to feedback from member companies the process has slowed in order to gather information from frequently asked questions. It is expected there will be a presentation in June. Steve, looking back, commented on the new staff in the claims department and the HR project launch. Steve indicated that claims count was down this year. We have had good fortune this year on both frequency and severity. Christine looked back on broker meetings, agents' education, the Applied Systems Rating Tool, Facility market for agents, the Consumer Portal Project, and Agent Education successes. Christine reviewed the top and bottom 5 brokers for policy counts, she reviewed the loss ratios for the top 10 brokers/agents. Bryce looked back on the on again off again inspections and expanding the virtual inspections. Bryce reviewed the cost of lumber and gave a summary of information from E2Value and the Douglas Cost Guide. Donna looked back on the Cognition+ preparations, staff training, the Central Repository and completed One on One's. Donna gave the Financial Report. She highlighted the growth in surplus. Currently,

the net profit is \$3,436,416. We are extremely close to budget for revenues and general expenses.

MOTION: To approve the financial report to April 30th

Moved: Van Darling

Seconded: Bob Burley

Carried

Management reports continued looking ahead to action items for 2021. Bryce felt that the inspectors will be resuming virtual inspections soon. The virtual program will expand to include farm and commercial. The department will be addressing the backlog of inspections. Bryce is looking ahead to a new inspection system in partnership with Farm Re. Bryce is continuing work on the company cross training program. Christine is looking forward to the Consumer Portal project continued testing and launch. Research has started for a sales website. The Pearson purchase meetings are taking place in May. Also, Cognition+ access for agents is being looked at. Steve is looking ahead to the training and development of new staff in the claims department. Steve is working toward advancements to the HR Project. Warren is looking ahead to the final line of business in underwriting being implemented in Cognition+. There will be a small department shuffle in preparation for an upcoming maternity leave. Warren is preparing training videos for staff use. Warren is also enrolled in an accounting course over the month of June. Barb is looking ahead to the final stage of implementation of Cognition+ in underwriting. Also, the next compliance item due is the Accessibility Report to the Ontario Government. The continued work on making the compliance calendar a more robust document will take place over the coming year. Donna is looking ahead to preparation of the Commercial line in Cognition+. Work continues on the Central Repository project. A review of the phone system has taken place.

Claims

Bruce left the meeting while Steve presented the claims.

Steve outlined 2 claims that Bruce had. First one June 15, 2020 – 2010 Dodge backed in truck with sprayer and boom. Collision amount \$5,492.53. Steve asked for approval up to the \$5,500 to pay the loss and expenses. The second loss for Bruce occurred January 18, 2021 – backed into 2010 Dodge with combine. Damage was to rear driver's side door. Collision amount \$5,235.74. Steve asked for approval up to \$5,250 to pay the loss and expenses.

Motion: To approve payment of the June 15, 2020 claim up to \$5,500.

Moved: Allan Sheppard

Seconded: John Kernaghan

Carried

Motion: to approve payment of January 5, 2021 claim up to \$5,250

Moved: Allan Sheppard

Seconded: John Kernaghan

Carried

Other Business

Conventions 2021: The NAMIC convention, to be held September 2021 in Nashville, was discussed. It was felt possibly the border could still be closed. It was decided that we should not attend this year. It was also suggested the Bruce and Bob be invited to attend the March 2022 OMIA convention in Toronto as part of their retirement. CAMIC has decided to cancel the convention in 2021. The OMIA P & M's convention is still in talks. We are waiting to hear if it will be virtual or possibly in person with limited attendance.

Moving Board Meeting Day: Discussion on moving the regular board meeting to the third Thursday of the month took place. The benefits to this would be to have complete financial information available. This will also allow enough time to have the managers attend on the month immediately after the end of each quarter. The board was open to the idea of moving the board meeting day. This will be discussed at the June Board Meeting. Dave will check the schedule for the OMIA board meetings to confirm if there are any conflicts. He will let the board members know the schedule prior to the next board meeting.

Chairman's Roundtable: Dave and Nancy attended the virtual Chairman's roundtable. Dave highlighted that a new Highway Traffic Act is expected to be released and that this will come with some tighter restrictions. The new IFRS accounting procedures are estimated to be released for January of 2023. Environmental Social Governance (ESG) was a larger topic. Nancy reported that there will be a matrix that represents financial accountability of the companies. On environmental issues how we address our carbon footprint. This includes the types of investment practices we adopt as well as operational practices. Social aspects include Diversity, Inclusion and Equity. Under governance policies, procedures and practices. Dave reported that the Director Certification Program is being reviewed on the next steps to develop another level of education.

Farm Re Appointed Director: There is a position available on the Farm Re board for an appointed director. Alec would like to consider putting his name forward. Alec asked that the board consider the time commitment he would need and let him know how they feel about this at the next meeting.

Adjournment

MOTION: *“to declare the meeting adjourned.”*

Moved: Nancy Brown

The meeting was adjourned at 1:18 p.m. An in-camera session followed.

Date

Dave Rutherford, Chair

Barbara Dinnage, Secretary