



12/10/2020

Board Meeting

Minutes of January 14, 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

Barb Dinnage, Ashley Kamphorst
ACTING 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 9:08 a.m.

He welcomed all the attendees to another virtual board meeting. He pointed out that it appears we will be having virtual meetings for several more months. Condolences to Richard in the passing of his father-in-law.

He asked if there was any conflict of interest. There was none.

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.

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

Carried

The following items formed the consent agenda:

- Minutes of the December board meeting
- Management Reports

Van noted a few changes to the December minutes. These will be amended.

A few comments/questions arose from management reports. Van was wondering how many cancellations were received on the agent portfolios. It was noted that no new policies had been written during the month of December. Retention tends to be high. Van also asked about Cameron’s book. Alec indicted Cameron is doing quite well.

Discussion on the guidelines around the use of advertising funds. It was asked, if it was mandatory to co-brand advertising. Yes it is, the concept is a co-branding with the brokers/agents. It was pointed out that unused funds do not carry from one year to another.

Van mentioned he was surprised that the virtual inspections were suspended at this time. Alec pointed out the current stay at home order. Alec also mentioned that a couple of other mutuals were looking at the technology we are using and considering adopting as well. Alec will get a number on how many virtual inspections had been completed in the time frame we had the program running.

MOTION: *“To accept the consent agenda items as distributed”*

Carried

President's Report

Alec provided an update on the pandemic. As of date of this meeting, the provincial government had gone back into a lockdown. This results in little impact to us at this time. Most staff are working from home. The staff that were coming into the building has been cut back again. We continue to have COVID questionnaires completed by all staff entering the building. Temperatures are taken as staff enter the building. We have a mask wearing policy when moving in the building. We are in a good position with technology and phones for staff.

Alec went through the financial reports up until November 30, 2020.

The highlights are:

Overall growth is 8.3% and GPW \$34,000,000

2019 had exceptional growth

We experienced a storm in November and a fire loss on December 31st

Claims incurred for month of \$1,306,195

In 2020 we incurred more claims than in 2019, however the claims cost was down.

Loss Ratio by line: Auto 50%, Farm 80%, Residential 40% and commercial 30% as of November 30, 2020.

Alec outlined the Balance Sheet, it is showing a large number under cash. Alec and Donna have transferred \$4,000,000 to investments and also sent a cheque owing to Farm Re for \$1,000,000.

Alec went over Income Statements. There was a 11.9% growth in net underwriting revenue from last year. Service charges are up this year. Claims expenses are down 12.8% from last year. There was an underwriting gain of \$1,600,370 compared to a loss of \$2,358,858 for the prior period.

Alec reviewed the income forecast. Premium volume is estimated to be up 8.3% from 2019. Underwriting profit projected at \$1,800,000 compared to a loss of \$205,028 in 2019. Net profit for 2020 estimated \$3,750,000 compared to \$2,306,205 in 2019. Surplus estimated to be \$36,900,000 compared to \$33,159,811.

Van pointed out that we are sitting 1 – 1 GWP to surplus. We are currently in line with our plan and able to accept growth.

Bill asked when we last made a profit on residential business. He wondered if rates need to be increased? Alec responded with yes rates need to be increased 15 – 20%. This isn't an across the board rate increase. Increases need to apply to risks that are currently not getting enough premium. In regards to last time residential line was profitable it would be 4 years ago.

MOTION: *"To accept the financial report as distributed"*

Carried

Refund from Surplus

Alec lead the discussion on considering a refund from surplus. He outlined other companies that have done a refund. Alec also went over the summary of the management team meeting and that they recommended to not at this time do a refund. He did advise the board that the management team did feel that at this time we should give back to the community in charitable ways and that we should try to manage rate increases over the coming year.

Alec reviewed by line the loss ratios for the past 5 years. He gave an estimated profit over all lines of \$1,800,000 for the year end 2020.

Alec advised that there is a company that would handle the administration of the cheques, an accompanying letter, mailing and reconciling of the cheques. The cost is about \$3 per cheque issued.

Motion:

To accept managements recommendation to not go ahead with a refund.

Moved: Van

Seconded: Nancy

Discussion:

John was in favour of increased charitable donations and advertising to let the community know of our support locally.

Bob expressed that cheques even in small amounts make a positive impression on policyholders. He feels that a policy should be in place for a refund to be discussed annually.

Bill feels that even a small amount will be appreciated. He also pointed out that other mutuals do have a policy in place to review a refund from surplus annually.

Nancy wondered if we could reduce premium on an insured next renewal invoice in order to reduce the cost of processing a refund. Alec responded that the cheque process maybe less challenging than amending invoices.

Richard wondered how a cheque would be received by policyholder. He pointed out that most policyholders know the broker and not the company they are insured with. He feels that although he understands the view point of other board members that a charitable donation may be a better idea.

Dave feels that recognizing policyholders would be good. He pointed out this may be more effective for agent driven companies and we are more broker driven. The gesture of a refund in these tough times would be a good idea.

Bruce felt torn on the idea. At this time, he supports the suggestion of the management team. He agrees to do more charitable donations. Bruce feels it is important that when increasing charitable donations we need to let our policyholders know what we have supported.

Van feels that based on the underwriting results over the past 5 years and the extra expense to Farm Re that we should not do a refund at this time.

Allan does agree with others that support the policyholders getting a refund. He does feel that policyholders will be upset with rate increases.

Recorded vote on motion:

Van	Yes	Dave	No
Bruce	Yes	Bill	No
Richard	Yes	Bob	No
John	Yes	Nancy	Yes
Allan	Yes		

Carried

Governance Documents Review

Alec did an annual review of governance documents with the board.

- 1) Leadership Covenant – No changes
- 2) Convention Policy – No changes
- 3) Directors Education Requirements – No changes

- 4) Harassment Policy - Pg 3 review if this should be Treasurer that appoints Harassment Office. Possibly this should be HR firm. Suggest having Heather from Kirwin group review.
- 5) Director's full package – updated contact information for directors. Service standards and staff flow chart need to be updated.
- 6) G.E.M. Policy – Section PRO 2.2.5 expand language, clarity needed, should exit interviews be added (onboarding and offboarding)
 Section PRO 2.2.3 & 2.2.5 should be linked together. Consider putting everything with financial obligations into one category. Alec will look at this.
 Section Pro 2.4.13 look at wording suggests “Protect against”
 Section Pro 2.5.4 Compliance calendar update annually, suggest we add a letter from auditors in this section.
 Section SEL 2.1 Alec updatd
 Section EXP 3.2.3 Add goes to executive, if anything out of ordinary goes to full board.
 This was recommended by Kirwin group

These documents are to be reviewed annually.

Annual Meeting Process

Alec went over that with current health guidelines we will not be able to have an in person Annual General Meeting. We will hold the meeting virtually. Alec has put together a charter document on the Virtual AGM and the staff involved in the set up of this first ever Virtual AGM for HTM Insurance. It was discussed that we still require 12 for a quorum. Alec discussed that there will be some technical items to take care of. We will need to advertise and get RSVP's from policyholders. We need a method for counting votes from participants in the meeting. We want to be sure that people have a voice in the meeting if they want to ask questions. Alec will provide content of the AGM to the board at the February meeting. Richard suggested that a full dry run of the meeting be done. We want to keep the meeting to covering the business necessary and not have it go to long when virtual.

Motion:

To approve a virtual annual meeting for 2021

Carried

Nominating Committee

Nancy lead this topic. She reviewed the minutes of the 2 recent meetings of the nominating committee. Nancy outlined that the committee had reviewed both the introductory and full package for new directors. That a timeline was established by the committee to follow over this next several months to appoint new directors. Also, she pointed out that the committee went over the skills matrix. The committee discussed not eliminating any potential new board member as a candidate.

Motion:

Appointed board members must have a policy in force at the time of the first election at the following AGM and maintain a policy in force throughout their time on the Board.

Moved: Nancy

Seconded: Van

Discussion:

Bob questioned that if this motion were to go through is there enough time to bring it forward for this year's AGM as a by-law change may be necessary. The timeline would be to have the current board put changes forward at February board meeting and then when we publish the agenda for the AGM the by law would have to be published and voted on at the meeting. The board also has the power to change a b- law during the year. Is this type of change something that should be moved forward for changes at the meeting next year? Van feels that the current by law stating that you must be a policyholder for 3 years in good standing is fine. If this was changed, he doesn't feel it should be reduced substantially. It was asked, if this meant that a board member could be on the board for a year before they get a policy. The intention was if appointed in October that a policy would be in force prior to the following March annual meeting when the board member would stand for election. The intention of the motion is too not eliminate any candidates. The by-laws need to be checked to confirm if it still reads 3 years or is now 1 year.

Carried

The next steps for the nominating committee is to receive names of candidates by the February 11th board meeting.

Bob asked the committee if the age requirement was discussed by the committee? The committee focused on diversity of the candidates. Age, gender, cultural etc. as well as the skills matrix.

Van asked the retiring directors if they felt that they should put forward candidates from their geographic areas. Bob and Bruce both responded that they feel they serve all policyholders regardless of the area they are located in.

It was mentioned that Van, Bill and Dave require an interview as they are all up for election this term. Nancy asked for a couple of board members to join her in this process as all this year's directors up for election are on the nominating committee. Allan will assist Nancy with this.

Alec will check with other mutuals for a template to develop interview questions that they use when attracting new board members.

Other Business

CRC questionnaires have been sent out. Board members are too complete and return signed copy. During this time when we are not seeing everyone in person, an accompanying email will be accepted as a signature.

The Conduct Review Committee have a meeting on January 21. A list of cheques over \$25,000 will be put together (other than claims cheques) to be reviewed. Staff and director claims will be reviewed.

Board Fraud Protocol – a letter will be received from the actuary for the year-end results. The board will approve this. The board reviewed the Fraud Protocol and no changes were noted.

Motion:

To approve the Board Fraud Protocol and confirm fraud protocol question #8 would be NO.

Moved: Bob

Seconded: Nancy

Recorded vote:

Van	Agrees	Dave	Agrees
Bruce	Agrees	Bill	Agrees
Richard	Agrees	Bob	Agrees
John	Agrees	Nancy	Agrees
Allan	Agrees		

Pandemic documents have been updated and posted

Audit committee meeting February 5, if year-end financials are not available the back-up date will be February 11. Brian Kehoe will attend.

Quarterly Standards Reports need to be sent to board.

Adjournment of the meeting

The meeting adjourned at 12:46 pm. An in-camera session followed.

MOTION: *“To declare the meeting adjourned”*

Carried

Date

Allan Sheppard, Chair

Barbara Dinnage, Secretary