

President's Report

For the Board Meeting of: 1/14/2021

Executive Summary

December was not a roller coaster but more like a cliff hanger and at the very end of what was a very good month, one of our policyholders had a house fire. It looks like December may result in a small underwriting profit. Still, a number of yearend calculations, mainly IBNR adjustments and CPC will impact the underwriting profit, either positively or negatively. Premiums written will land somewhere in the \$30,200,000 to \$30,300,000 (8.2% growth) with a gross loss ratio of 50%, not including internal adjusting, IBNRs and facility. Loss ratios on Commercial (22.5%), Auto and Farm (both @ 40.8%) lead towards our profitability. While we haven't received the official investment reports, I'm told that our portfolio was profitable for December.

Action Items

You would have noticed Barb was the one who reached out with the Conduct Review Meeting information. We have started on the January compliance calendar. Ashley did her first set of minutes for the December board meeting.

Steve, Donna and I met with Heather from Kirwin and Associates to discuss our HR program for 2021. This meeting was to get initial thoughts for the year. Some of the ideas we discussed were; an HR calendar, performance review training, update of pay equity program and staff awareness of what we are trying to accomplish.

Other

The board asked for a little intro on new staff:

 Bullock, Tara	Tara joined HTM as a Farm Underwriter in November 2020. Tara was raised on her parent's dairy farm and now lives and assists on a 4 th generation dairy farm in Peterborough County. Over the past 6 years, she has been a farm insurance broker with one of our broker partners. Tara has a B.A. in Sociology from McMaster University.
 Colquhoun, Ryan	Ryan joined HTM as Systems Support Technician in October 2020. Prior to HTM, he worked in a similar role at the YMCA Northumberland since 2014. Ryan lives in Cobourg, and will be starting to take CIP courses in 2021.
 Farrell-Lang, Kay	Kay joined the Underwriting department as Underwriter Administration in January 2021. She has been working at State Farm/Desjardins in Cobourg since 1996. Kay is RIBO licensed and has completed her CIP designation. Kay lives on a hobby farm and has two horses.

 <p>Hind, Jade</p>	<p>Jade joined HTM as Underwriter Administration in September 2020. She has since been promoted to Renewal Analyst in January 2021. Previously, Jade worked at one of our broker partners since 2019. Jade is RIBO licensed and completed her CAIB 1 course and will be actively pursuing her CIP.</p>
 <p>Turk, Kelley</p>	<p>Kelley joined HTM as Underwriter Administration in July 2020. Prior to HTM, Kelley has worked in sales at St. Anne's Spa and as a Case Specialist at Canadian Fertility Consulting. She completed her Business Administration diploma at Gates College and is looking forward to starting her CIP courses.</p>

Department Update

I have met, one on one, at least once with each of my managers since the last board meeting to do our yearend performance reviews. Christine was promoted from Business Development Lead to Business Development Manager considering her duties now include responsibility for agents. Barb has been made "Compliance Officer" and Warren and I will share her time over the coming years. Barb will be part of our management meetings and I look forward to her contribution.

Current / Emerging Issues

Annual meeting for 2021 ...

"Hi Alec, there is no extension on the time frame, they must be completed before March 31. As a result, based on my understanding of current restrictions, and the likelihood that, even if lifted, restrictions could be re-imposed anytime I would think a virtual event is the only real practical choice, given the notice and planning required to hold an AGM."

John Taylor

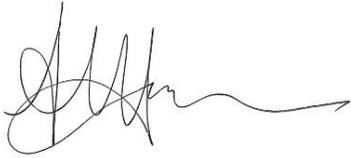
While this may sound like an easy thing to accomplish given the number of virtual events we hosted, an annual meeting of policyholders is much more complex. Confirming participants are valid and ensuring voting is done correctly in this virtual process with potentially 50+ people are just a couple of the challenges we will face. I am putting together a team to handle this event. I have created a charter for a virtual meeting project and put together a team to handle this.

FSRA is increasing reporting requirements on mutuals to provide a forecast for our income statement (our budget takes care of that), plus our balance sheet (we don't forecast this), plus MCT (we don't forecast this), plus our Business plan and Strategic plan. We have one plan that incorporates elements of both. They want updates on a quarterly basis. For an organization (mutual system) that hasn't had a bankruptcy in anyone's lifetime, this additional reporting duty is simply a regulatory burden and does nothing to protect the consumer.

Other

I am meeting with Barb now and starting to review a lot of the processes I take in January to have her administer them. For example in January, Conduct Review Committee questionnaires and meeting has to take place. We went through the agenda and she is following up with Allan & Dave for their input before posting it to the secure area. Not only will it be a check that we are meeting compliance, but we are also creating the CEO's "to do" list along the way. This will be beneficial for succession or absence of the CEO for other reasons.

Respectively Submitted

A handwritten signature in black ink, appearing to be "Allan", with a long horizontal flourish extending to the right.