

For the Board Meeting of: 6/10/2021

Executive Summary

May was another lockdown month but the light is definitely shining brighter at the end of the Covid tunnel! I'm happy to report that over 85% of my Underwriting team has now been vaccinated! As much as "working from home" was an attractive perk during this pandemic, I can honestly say that for most of my team members, including me, WFH is not it's boasted it to be. Many of the team members on the team are looking forward to coming back into the office which will probably make the "return to office" message a lot easier to give. What I'm definitely predicting is a "hybrid" work environment in the near future that will see most of us in the office with the flexibility to work at home periodically. Service has not faltered during the pandemic so productivity has not been affected in any adverse way. May has been a busy month in the department and June will be even busier for me!

Update on my Department

May flew by so quickly as the department had a very busy month! The 3rd leg of Cognition+ implementation was complete for the Farm product. As with any implementation, there has been a few system glitches but overall, it went as smoothly as it could have gone. Thank you to Barb, Donna and the Farm team for all their input prior to implementation to make it smooth transition. More on Cognition+ in my writeup below. During the month, we also had two new hires in the department with Katherine Nemeth starting May 3rd and Nicholas Ainsworth on May 31st. Katherine has been an instant "fit" into the HTM family and I see a bright future ahead of her at HTM. As for Nicholas, he joined on an 18-month contract with us and after spending a couple days with him, also looks to be a great fit in the team. Once Katherine and Nicholas are up to speed in the department, we will be doing a minor shuffle to transition Lindsay into her maternity leave in August. Servicing of brokers has been up to date without much backlog in the queue. The well-oiled machine is continuing and will continue to work well together as all the pieces in the team are fitting in nicely.



Our newest hire: Nicholas Ainsworth joined us May 31st on a 18-month contract as Underwriter Administration to fill in the gap for Lindsay's upcoming Maternity Leave. Nicholas graduated from Durham College majoring in Sport Business Administration and was previously working at Cameco Fuel Services. Previously, you might have bumped into him shopping for sports equipment at Sommerville's Sporting Goods as he was working in Customer

Service. Nicholas is active in the local community where he volunteers and assists with youth hockey programs.

Update on Major Goal(s)

Cognition+ Implementation

Cognition+ Farm deployment occurred on May 8th with GO LIVE on May 10th. The deployment went through smoothly over the weekend with all the major parts of the program working seamlessly. Just as the Farm product launched, the Commercial product followed close behind with training starting May 10th. Lori, Tiffany and I have been in the boardroom training and testing as a group for the past 4 weeks as the deployment of Commercial is schedule to be on June 19th with GO LIVE on June 21st, which is the shortest time from Alpha testing, Model office testing to deployment in a little more than a month's time. To put that into perspective, our first product, Automobile took 8 weeks with the Cognition team on site for many of those weeks and me being new to HTM. Property took 9+ months with the delay due to Covid, lockdown inefficiencies, and online only support from the Cognition team. Farm took 6+ months including the Christmas vacation break and Covid. Commercial will take **5 weeks** including a delay in the beginning from the Cognition team to provide us with access! We've come a long way through this 2-year journey and I'm proud to be part of this these successful deployments. We've also put HTM on the Mutual map as we have lead for most of the way for the Mutual community!

Training Videos for Staff

With Cognition+ implementation being at the forefront, this goal has taken a backseat for the time being. I have created two training videos thus far with the goal of training 10 for the year. This goal will pick up steam after July when Cognition+ implementation is complete.

Continuous Education

For 3 weeks in June, I will be enrolled in a "Fundamentals of Accounting" course with the CIAA (Canadian Insurance Accountants Association). This course will be three weeks in length and consists of 3 final exams (one at the end of each week). Needless to say, June will be quite a balancing act for me with this course, my job responsibilities in the department and my work with the AFRC @ OMIA. I am also teaching a CIP course for the Insurance Institute and for Seneca College.

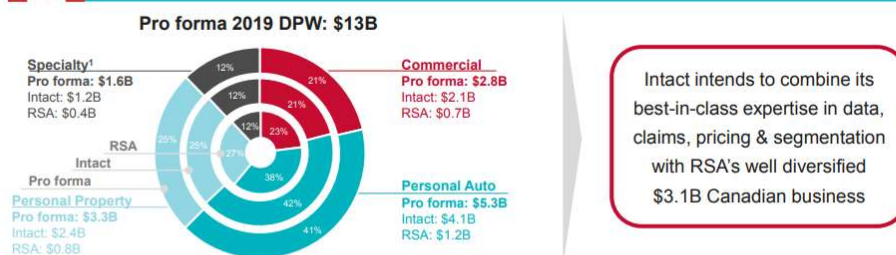
Emerging or Future Issues

The biggest news in the Canadian insurance industry is the acquisition of RSA by Intact Financial Corporation. It's personally bittersweet for me as I started my insurance career at RSA and have spent most of my time in my career at Intact. RSA always has a special place in my heart for giving me a change to start my career and back then and for many years previous to that, was known as one of the insurance powerhouses in the world. The Canadian insurance marketplace, even with this acquisition is still very much fragmented and the government's competition bureau has stated that Intact has not reached the market share in which they will have a negative impact on the industry yet. With this purchase, Intact will control approximately 22% of the market share in Canada with the competition bureau saying that the limit will probably be in the 30% range. It will be interesting to see what further acquisitions will happen in the Canadian insurance marketplace, especially with Economical holding their last approval vote with its members for demutualization.

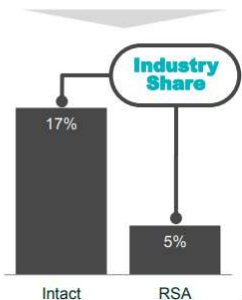
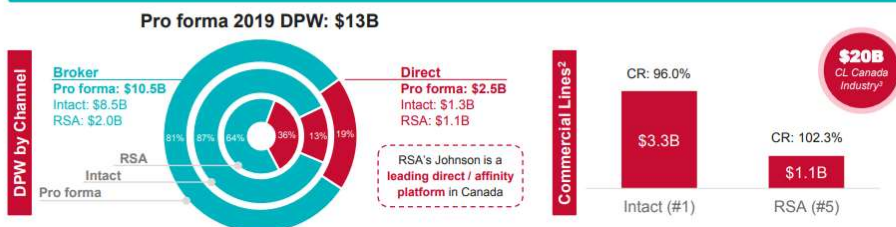
1 Expands our Leadership Position in Canada



Bolsters our Leading Platform in the Competitive Canadian P&C Industry



Pro forma Highlights



Source: Intact and RSA filings, MSA Research Inc. ¹RSA Specialty as defined primarily includes lines presented on page 5. ²DPW including commercial and specialty lines. CR is combined ratio for full year 2019. ³As measured in DPW.

Underwriting Results

Underwriting results for the month showed nominal growth at 2.8% which is a decrease from the 4.8% growth in April. Premium growth on month to month basis decreased a bit at 3.28% YTD. It's important to note that 3 out of the 4 lines of business are showing

increased growth of an average of 6.86% with just the Automobile line showing a substantial decrease at -8.5%. The automobile line continues to be stagnant in 2021 which seems to be the trend of many mutual companies in 2021 with reduced usage and distance travelled of vehicles due to the Covid lockdown.

Premiums Written - (for the Month)

By Policy Class with Budget Comparison

Policy Class	Current	Prior	Change #	Change %	Budget	Off Budget \$	Off Budget %
Auto	813,610	887,699	-74,089	(8.3%)	939,461	-125,851	(13.4%)
Commercial	448,494	423,103	25,391	6.0%	458,628	-10,134	(2.2%)
Farm	780,671	725,969	54,702	7.5%	766,154	14,517	1.9%
Residential	1,314,638	1,227,957	86,681	7.1%	1,309,566	5,072	0.4%
Total	3,357,413	3,264,728	92,685	2.8%	3,473,809	-116,396	(3.4%)

New policy count tailed off from a high of 198 in April to 181 policies in May. May of 2020 showed that we wrote 5 policies more. As the usage of automobiles increase as we come out of the lockdown, you will see both premium and PIF counts for automobile increase over time.

New Policy Count - (for the Month)

By Policy Class

Policy Class	Current	Prior	Change #	Change %
Auto	38	66	(28)	(42.4%)
Commercial	27	14	13	92.9%
Farm	17	15	2	13.3%
Residential	99	91	8	8.8%
Total	181	186	(5)	(2.7%)

Premiums from new business for May was less than the same time as May 2020. Again, the one line that is showing premium decrease is Automobile with us writing close to 50% less than last year. Overall, our new business numbers are very comparable to what we did in 2020 writing just over \$13,000 less premium.

New Policy Premiums - (for the Month)

By Policy Class

Policy Class	Current	Prior	Change \$	Change %
Auto	50,999	95,506	(44,507)	(46.6%)
Commercial	61,044	40,965	20,079	49.0%
Farm	34,252	33,408	844	2.5%
Residential	123,414	113,456	9,958	8.8%
Total	269,709	283,335	(13,626)	(4.8%)

Respectfully Submitted,

A handwritten signature in black ink, appearing to read "W. [unclear]".

“We act with heart.”

We care about what you care about. We are thoughtful and considerate of your needs and well-being.