

For the Board Meeting of: 5/13/2021

Executive Summary

Low new claims volume and limited severity combined with positive results on prior year claims to produce excellent results in the Month.

Update on my Department

On April 19, we welcomed Melody Johnston to the Claims Team. She is tremendously eager to learn and we have done our best to meet her interest and energy. She has spent time with each of us, becoming familiar with the IBS claims and policy management system, our property policy forms, and property adjusting processes. We are very happy to have her on Team.

Update on Major Goal(s)

I am finalizing my draft Project Charter for the HR Plan, which will document our progress to date, communicate our goals, map the underlying action items, and establish the required resources and schedule for completion.

My other key responsibility concerns knowledge transfer, ahead of any eventual succession. While that timeline is open, an early start is beneficial. With the recent change in department staffing, I've had to re-think my approach, and on the property claims side, will lean more towards written material; compiling a reference library of sorts.

Emerging or Future Issues

There are no pressing issues or others of urgency apparent on the horizon. Our time for transition to Cognition is coming, but we are preparing for that eventuality.

Late this year or early next, we will take stock of our department capabilities and any staffing needs to plan into 2022.

Otherwise, from a Management Team perspective, we may want review our suite of Residential and Farm Policy forms for any necessary revision, and to evaluate their currency to other market offerings.

Claim Results

As noted above, new claim volume was low, with just 37 booked through April. While count is comparable to the same month in 2020, we are well below the allocation in the budget.

Gross Claims (for the Month)

Claims Count by Policy Class

Policy Class	Current	Prior	Change #	Change %	Budget	Off Budget #	Off Budget %
Auto	13	13	0	0.0%	28	(15)	(53.6%)
Commercial	1	2	(1)	(50.0%)	4	(3)	(75.0%)
Farm	9	7	2	28.6%	34	(25)	(73.5%)
Residential	13	15	(2)	(13.3%)	13	0	0.0%
Total	36	37	(1)	(2.7%)	79	(43)	(54.4%)

There was limited severity in the new claims - the largest being a DCPD /AB auto with reserves of \$100,300. These factors combined with positive activity on pending files to produce a Gross Claims Incurred of just \$400,903. This amount is almost \$1.3 M below budget, which builds further cushion against adverse future losses.

Gross Claims (for the Month)

Claims Incurred by Policy Class

Policy Class	Current	Prior	Change #	Change %	Budget	Off Budget \$	Off Budget %
Auto	155,328	121,563	33,765	27.8%	218,661	(63,333)	(29.0%)
Commercial	(175,193)	35,020	(210,214)	(600.3%)	120,617	(295,810)	(245.2%)
Farm	98,378	63,482	34,896	55.0%	1,011,165	(912,787)	(90.3%)
Residential	322,390	668,079	(345,688)	(51.7%)	324,555	(2,165)	(0.7%)
Total	400,903	888,145	(487,241)	(54.9%)	1,674,998	(1,274,095)	(76.1%)

Breaking down April's GCI between current and prior year claims, we see the favorable, if modest, effects of prior year claims on April's results. Underlying the \$60,524 net benefit is both positive development and offsetting IBNR in the period.

Positive development on prior year claims in April included \$166,607 recovered in subrogation of a 2018 commercial property fire. While offsetting costs, for prior year claims incurred but newly reported in the month, include \$50,000 for a November 27, 2020 personal liability claim, and \$44,103 for 6 November 2020 (CAT) wind claims – most related to seasonal and farm risks.

Gross Claims Incurred (for the Month)

By Class showing the effect of Claims Activity for prior years

Policy Class	2021 Claims Incurred	2020 & Prior Incurred	Total Incurred	% Impact of Prior Year Claims
Auto	212,117	(56,789)	155,328	26.8%
Commercial	0	(175,193)	(175,193)	0.0%
Farm	92,971	5,407	98,378	5.8%
Residential	156,339	166,052	322,390	106.2%
Totals	461,427	(60,524)	400,903	13.1%

Respectfully Submitted,

Steve O'Connell

“We treat our customers like family.”

We look out for the best interests of our customers in the same way we do with our families. We want only the best for them. When you are with us, you're with family.