

For the Board Meeting of: 5/13/2021

Executive Summary

Another month, another lockdown which seems to be the same story for the past few months. The Underwriting department has continued to operate as normal with very few team members coming into the office. The effects of this 3rd lockdown has been more apparent on the team. Lockdown fatigue and the team members' children needing to do online learning is taking its toll. On the bright side, I'm happy to say that most of the team members are willing to take the Covid vaccine and on last count, more than half the team has had their first shot (including me!). The light is at the end of this LONG tunnel when most of us will be vaccinated.

Update on my Department

There has been much change in the last quarter in the department with staffing changes and planning for the upcoming year. With the departure of one team member and the upcoming maternity leave of Lindsay in late summer/early fall, we needed to make sure that service and production levels on the team remain stable. As a result, we will be doing a small reshuffle of the department which will allow additional learning and experience for our Admin staff to help them with their continued growth. The addition of Kay and very recently, Katherine Nemeth to the admin team has given the great balance and team dynamic to prepare HTM for future growth ahead. We will also be looking for a contract position in the short-term to fill the gap of the maternity leave. The hope is this contract person can train and learn with the intention that we can secure full-time employment when the contract expires if all works out. In terms of servicing, we did see a small blip in service with the departure of team member but has since been caught up with very little outstanding new business, renewals and endorsements.



A little bit about our newest hire: Katherine Nemeth started with the Underwriting department on May 3rd as an Underwriting Admin. She recently graduated from the Business Insurance program at Seneca College (in which I was her professor for 3 courses!) and is well on her way to obtaining her CIP designation with 2 CIPs completed.

Update on Major Goal(s)

Cognition+ Implementation

Farm implementation is full steam ahead with HTM going live on May 10th. Kudos to the underwriters for on-going testing and Barb and Donna for setting down a formal testing protocol so that we can "stress-test" the system. The commercial team has been

provided their access IDs to the Alpha-test system and in-office training will begin May 12th. Commercial will go through the same test/training/model office push for the next weeks with a projective “go live” by the end of June. After a two year process, I am proud to say that the Cognition+ implementation in the underwriting department will be done by July!

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.

Emerging or Future Issues

I cannot say that this is an emerging issue but it is definitely an on-going issue that seems to rear its head every time there's a lockdown. What I'm talking about is the debate of auto premium refunds for insureds. With the current lockdown, some insurance companies (including some mutuals deciding on their own!) are implementing their next phase of premium refunds on auto. This will definitely come back into issue for the mutual member companies in the next few weeks. Here are just some example of insurers that have provided relief:

Company	COVID Relief Measure – 3rd Lockdown
Aviva	May 1 st on New Business, June 15 th on Renewals – 15% rate reduction for Aviva and 20% for Traders. This is in addition to the 5% rate reduction offered in Aug 2020.
Economical	Feb 22 nd – June 30 th on New Business, August 31 st on renewals – average overall decrease of 5%
Gore Mutual	April 15 th on New Business, July 1 st on renewals – 8% base rate decrease on auto on top of existing 5% decrease already in place

Company	COVID Relief Measure – 3 rd Lockdown
Intact	March 18 th – May 31 st – Relief equivalent to one month of auto premium by answering one question regarding driving habits. The premium will be e-transferred or mailed as a cheque
Travelers	March 2021 – Re-implementing "Stay-at-home" auto credit program with a 25% credit on one month's premium and an overall rate decrease of 3% on all personal auto policies, with low KMs seeing up to a 10% rate decrease
Pafco/Pembridge	Second "Stay at Home Payment" for all customers who have active auto policies as of July 6 th , 2020 will qualify to receive a one-time payment of approximately 25% of their monthly auto premium. Automatically sent as a cheque.

Underwriting Results

Underwriting results for the month showed controlled growth at 4.8% which is a slight decrease from the 5.8% growth in March. Premium growth on month to month basis continues to show a positive trend which is currently sitting at 3.4% YTD. The auto 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	908,724	911,904	(3,180)	(0.3%)	989,815	(81,091)	(8.2%)
Commercial	528,333	491,357	36,976	7.5%	547,904	(19,571)	(3.6%)
Farm	741,404	682,245	59,159	8.7%	1,020,045	(278,641)	(27.3%)
Residential	1,015,683	963,631	52,052	5.4%	700,207	315,476	45.1%
Total	3,194,144	3,049,137	145,007	4.8%	3,257,971	(63,827)	(2.0%)

New policy count also continues with positive trending at 198 policies being the high point in 2021 thus far with February and March new policy counts at 119 and 147 respectively. One of reasons for this increase in new policy count is the fact that we were behind in our new business issuance in the last month due to a team member departure so we were playing catch up in the month of April. Inversely, our cancellations are also trending higher due to Covid which resulted in a net new policy count of 26 for the month of April.

New Policy Count - (for the Month)

By Policy Class

Policy Class	Current	Prior	Change #	Change %
Auto	60	83	(23)	(27.7%)
Commercial	25	23	2	8.7%
Farm	21	11	10	90.9%
Residential	92	91	1	1.1%
Total	198	208	(10)	(4.8%)

Premiums from new business for April was at the same level as April 2020. The key point to this number is the fact that we wrote more PIF last year to achieve the same amount of premium which basically shows our nominal rate increases in property, farm and commercial are making an impact in increasing our average premium per policy. One big bonus we have this year as compared to last year is the fact that we have a full farm underwriting team which is showing strong growth in farm production not only for the month of April, but more previous months of 2021 as well (9.3% in February and 5.2% in March).

New Policy Premiums - (for the Month)

By Policy Class

Policy Class	Current	Prior	Change \$	Change %
Auto	79,804	132,790	(52,986)	(39.9%)
Commercial	88,490	72,007	16,483	22.9%
Farm	73,352	39,827	33,525	84.2%
Residential	124,347	121,554	2,793	2.3%
Total	365,993	366,178	(185)	(0.1%)

Respectfully Submitted,



“We act with heart.”

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