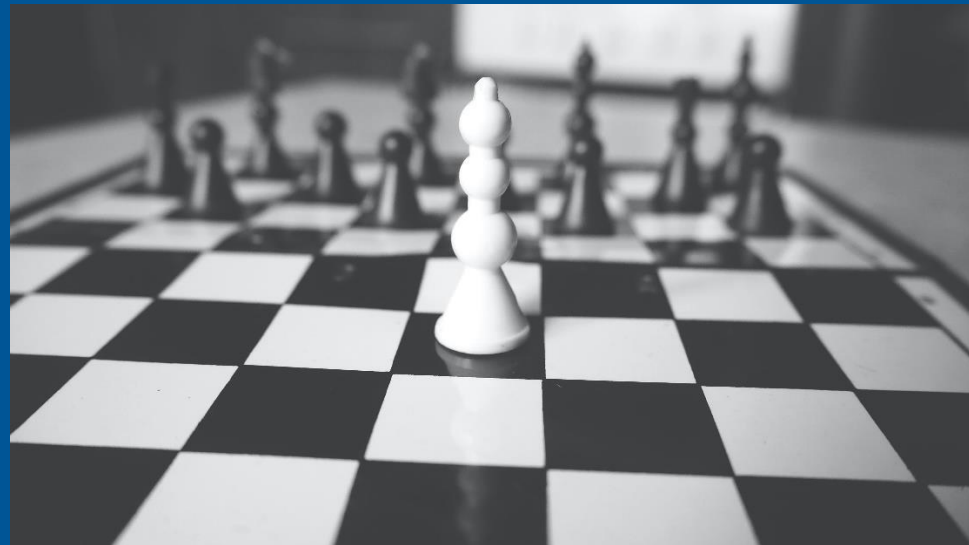


# Strategic Planning Document 2022 to 2026



# Strategic Plan

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## Focus and Direction

HTM has developed a strategic plan to help directors and management focus their efforts in a common agreed upon direction. Our plan gives directors the opportunity to monitor the success of the company and its management’s capabilities for carrying out the plan.

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## Monitor and updates

Like all plans, unforeseen events can cause disruptions or make you question a part of the current plan altogether. That is why our strategic plan will be monitored on a regular basis through board meeting reports and modified when necessary. The board and management will take time each year to focus only on strategic planning through a special one or two day meeting. This will ensure our strategic plan is reviewed, it remains relevant and is being followed by everyone.

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## S.W.O.T.

In this plan we review where we have come from, where we are now and where we want to be in three to five years’ time. We highlight our current strengths and weaknesses and develop strategies to enhance our strengths and minimize or eliminate our weaknesses. Opportunities are identified that we should try to take advantage of and threats against our company pointed out so we can prepare for them should they come to fruition.

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## Appendix

To keep the core of our planning document as clean as possible, we will refer to a number of appendices attached to the end of this document.

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# Index

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## Main Topics

- History and background
- Current status
- Future & Emerging Issues
- Mission, Vision and Values
- Long term objectives
- Environmental, Social, Governance (E.S.G.)
- People & Operations
- Strategic Themes
- SWOT Analysis
- Targets for each Strategic Theme
- Actions Items to help achieve our Strategy
- Accountability for success
- Appendices



# History

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## Our Beginnings

HTM Insurance was established in 1898 as Hamilton Township Farmers Mutual Fire Insurance Company. Like all Ontario farm mutuals, HTM was started by farmers who could not get access to affordable insurance to protect their farm operations. Mutual companies were started up for the township to offer fire protection. Policyholders would sign a premium note and be assessed for the claims made by the “community” of policyholders. Policyholders would elect directors to form the board of the company and these directors used to do all the work to operate the organization.

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## Risk Sharing

As time went on, management was hired by the board to perform the operations of the company but directors still adjusted claims. The premium note was dropped when the Guarantee Fund came into play in the late 1970’s. As risks got larger, mutuals would share policies on a subscription basis (ie 5 mutuals would each take 20% of the risk). This process was cumbersome, so the mutuals formed the Farm Mutual Reinsurance Plan Inc. A company that would take a portion of the mutuals premium and in turn provide the higher limits now required. With mutuals growing in size and expertise along with the addition of their own reinsurance company, coverages were broadened to include liability and automobile insurance. Property policies went from a basic fire policy to ones that provide all risk.

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## Systems

Operationally, HTM switched to the IBS insurance program in 2009. The system has matured since then with the addition of automation of renewals and imaging. In addition, the company has a broker inquiry product that allows our brokers and agent access to individual policy, AR and limited claims information. The company has implemented broker billed policies and provides a download with e-docs to brokers with up-to-date broker systems. An on-line quote engine has been created to give us another small step into a digital landscape. In 2020/2021 for underwriting IBS has transformed to a web based platform and renamed to Cognition+. Over the course of this plan, the entire system will be updated.

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Product and  
Strength

HTM now writes all lines of property and casualty insurance (See appendix B for premiums by line). HTM had some challenges in the very early start of the 21<sup>st</sup> century. Financially, its surplus was reduced by large losses at the same time the company was growing in premium volume. Measures have been taken and the financial results of the company have created strength and stability. The company's premium volume, which had been reduced in the remediation, has re-grown but this time, along with growth in the company's surplus (see appendix C for financial results). HTM is the 7<sup>th</sup> largest Farm Mutual in the Ontario group.

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Board  
Practice

The style of the board has gone from operationally focused to governance focused. The directors have put a lot of effort into strategy development and policy development during this period. There has been an improvement in our ERM and the creation of our ORSA policy. These are both new and need to be further developed as time proceeds in this new and complex environment.

To assist the board and management, a new position of Compliance Officer has been created to assist with policy development and risk management practices.

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Management  
Role

Management assists the board with policies and provides insight into new and emerging risks to help the board stay current with the changing insurance environment.

Management is responsible to provide the board with reports on its operations with respect to our risk management policy.

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## Current Status

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### Building

We have a new office in 2017. This building provides a positive and professional work environment. It's attractive to future employees as well and will be seen as a positive influence in our community.

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### People

HTM has a seasoned management team with a minimum experience at HTM and over 10 years in the insurance industry. Within the latter time frame of this document, we will have a number of senior retirements. People are an important theme in our strategic plan and succession is a key issue. During this plan, one director from the current board members will reach the mandatory retirement age.

We have attracted 16 new people to the company since the prior plan start in 2018 (as of July 2021). They bring with them a variety of skills, knowledge & experiences and add diversity to the company.

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### Change

The morale of the employees is positive and their outlook on change is optimistic. Any change(s) we implement will have to be fully explained to staff so they understand the reasons behind the change. Providing them with a forum for input will be important for their support and buy-in. Staff have been involved in two strategic planning sessions in 2020/2021. We will use the input into the development of this plan.

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### Processes

As we grow, internal processes need to change and become more standard, streamlined and connective. Processes in one department have developed over time independently of other departments and sometimes within a subset of the same department. More consistency in approach and understanding of the connectivity between departments needs to occur to make a more effective system. We have a staff that can handle this. We just have to make a concentrated effort to make some changes and see it through. A cross-training project is starting in 2021.

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### Financial

The company's financial results are good, but continue to be inconsistent year over year (see appendix C). Our surplus has grown and is in good shape relative to our premium volume.

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G r o w t h

Growth has improved over the last few years with a significant increase in 2019. We sometimes outpace the industry and most times, we are comparable to the average mutual growth rates. Government continues to tweak auto insurance and there is an on-going concern about the long term auto market. Growth tends to be a challenge and sophisticated rating methodologies, now in place at large companies, are still foreign to us. Finding our place in this new future will be a challenge for us but one we are up for and excited about.

Auto has moved to GLM and we are involved in a property benchmark rate investigation which may bring more sophisticated rating to our core Homeowners products.

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C l a i m s

Claims reserving practices are very good and the company has enjoyed a number of positive settlements. Outstanding reserves have dropped significantly in the last 3 years despite an increase in premium volume/policies. Our claims department has moved to five full-time people.

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L o s s  
P r e v e n t i o n

Our department now has six staff but that is still not enough based on the growth we have had over the last 10 years relative to the growth of department staff. Some new tools, such as virtual inspections will help. We need to review our program and determine the best path forward.

---

B r o k e r   R i s k

The company continues to be exposed to broker risk. One of the largest risks we face is the impact to the company should we lose one of our top two brokerages. The recovery time from a loss like that would be considerable in a low growth environment like we have now. The fear of upsetting our brokers also interferes with business decisions that could benefit our company. Brokers make decisions that benefit their brokerage and have a negative impact on our company (ie. Adding another carrier and putting more new business or some of our portfolio with them, etc.). The company needs to have more control over its own destiny and develop a better distribution model. That model could simply be more brokers so that we minimize the impact of a loss of one broker or adding another distribution channel. We know from industry stats, only 50% of the buying public choose brokers and another 25% choose agents.

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Carrying out former plans

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Overall, the strategic plan for 2018 to 2022 was carried out. The financial targets, while still only in 2021 at the time of writing this report, were hit on all levels with the exception of outperforming mutuals' average by 1%. A business development manager was hired. Rating modifications have been made to our portfolio through the plan years.

We have created a few new products to supplement our insurance program. We have not created a formal review process, but a review is currently taking place in 2021, about 2-1/2 years since the last major version. We have not completed any formal review on risks requiring a "high touch" personal approach.

We successfully purchased a long-term brokerage and turned the portfolio into an agent based one and added new brokerages to our list. We have plans for an agents' model moving forward.

On the technology front, we have updated our back office system to Cognition+ for underwriting and have lead the mutuals in this endeavour. A consumer portal is about to be launched and our system has been integrated with Cambridge for GLM rating. We did not create a mechanism for upload of new policies from our brokers. We did hire an IT individual and created our own virtual inspection system.

We have improved the succession process for our directors and that is being tested in 2021. We have had a couple key management people replaced, one externally and one internally.

Pandemic

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A new category for this document is the pandemic. We are in the early stages of the second year of a world-wide pandemic. It hit us in March of 2020 and we have adapted to it. We moved people to a hybrid environment where there's a combination of at-home and in-office work. Processes were put in place to help ensure staff safety such as PPE, barriers, limited access, cleaning & Rapid Tests.

We have been able to maintain a high level of service to our policyholders during this period.

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# Future or Emerging Issues

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## Outline

This area of the report identifies areas of the internal and external pressures that may have an influence on the company. Many ideas and comments outlined in this section are based on the available information at the time of this report. There are many assumptions made by management as we try to look forward over the time-frame of the plan. These are some critical issues for consideration.

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## Pandemic

The pandemic will follow the company through most, if not all of the plan period. Although vaccinations have come out, they are unlikely to eradicate the virus anytime soon. Whether financial considerations in some countries, pockets of under serviced areas or plain anti-vax sentiment, enough people will remain exposed allowing the virus to continue and mutate.

It is likely we will experience flare-ups in our area from time to time and we will be dealing with the health and safety of our employees, directors, business partners and policyholders.

This is putting pressure on us to find new opportunities to provide excellent “no-touch” ways to distribute and service our policyholders and business partners.

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## Climate Change

The environment in our world is changing, whether you believe it is caused by humans or a natural change in the Earth; it is happening. We have had more storm activity and more severe storm activity than before. Several events have been previously classified as 100 year events have occurred multiple times. This will have an impact on the company through conditions that cause additional losses to properties and automobiles (adverse driving conditions).

This puts a spotlight on the environment and an interest from the community in what companies can do to help protect the environment.

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Social  
Media

Social Media provides us with an opportunity to get our message out to the community. There are more and more platforms for us to choose from and they must be created and maintained to make any type of impact.

On the negative side of social media, these platforms have created a space for false and misleading information creating distrust in governments and organizations.

---

Competition

We talk about competition a lot in insurance and each year, we wonder where it is (other than traditional). One of the barriers to serious competition is regulatory. If FSRA makes it easier for new entrants to sell products (does not appear that way), we could be facing a new form of competition.

Banks have been blocked again. “InsureTech” companies have only made inroads on specialty lines of business, not really affecting us substantially. Potential competitors such as Amazon or Google could change the landscape. Potentially the automotive industry may start insuring their vehicles.

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Government  
intervention  
Preparedness

FSRA is completely focused on consumer protection and minimally on monitoring. There’s still a risk that OSFI could be our regulator, which introduces further administrative burdens on reporting, compliance and governance.

The government is continuing to look at the auto product with the hopes of making it more affordable for the driving public. The government tends to make a change and without knowing it’s full impact, requires insurers to modify rates (usually lower) to recognize the possible savings. In most cases there is a short term benefit until the holes in the new product are found and then a rapid increase in costs.

With the recent pandemic and climate change challenges, we have to wonder if our governments, at all levels will be prepared for the future. The spending in the pandemic and loss of business will put financial pressures on government. Will they be able to update old infrastructure like water/sewer which can cause insurance losses? What about our roads?

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## M e r g e r s

Look for mergers to continue in the stock companies and brokerages. Both looking for economies and to be the leader in the marketplace. We are closing in on a very few companies dominating the market. This is an opportunity for us.

In the mutual space, we expect a few mergers throughout the plan term, only in the West. On the Eastern front, only the independence of the smallest of Mutual's future is questionable.

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## U n k n o w n s

While it's hard enough to prepare for issues you know are there (or just possible), how do you prepare yourself for the unknown. When you consider the pandemic, most of us would have believed this was a very remote risk, yet it happened and we are not out of it. In addition, the change in commodity prices such as wood caused some challenges with availability and costs. It also introduced significant short-term risks for our policyholders due to inadequate limits for rebuilding a structure.

Being financially strong and nimble in adapting to change will help us tackle these new risks.

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## E c o n o m y

The pandemic is going to challenge our future (and current) economy. There have been a lot of businesses lost due to shutdowns. People's buying habits have changed in a number of areas and may not return to what was once "normal". Government bailouts have meant more debt and have artificially supported the economy. Once that bailout retreats, governments will be left with a higher debt load and businesses and people will lose some of the support from programs that were developed during the pandemic. This could create a headwind for our investment portfolio; and some of our policyholders may not having enough money to pay their premiums or maintain their property.

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# Mission, Vision & Values

Mission

To protect Your future as if it's our own.

Vision

Striving to provide You with peace of mind by protecting Your tomorrows today.

Values

Value	What the value means
“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.
“We act with heart.”	We care about what you care about. We are thoughtful and considerate of your needs and well-being.
“We make a difference in our communities.”	We are proud of the communities we are part of. We go out of our way to support them and make a lasting difference.
“We do the right thing – with integrity.”	We treat one another with respect and loyalty. We build trust in our organization by doing what we say we will.
“We strive to be remarkable.”	By continuously working to be our best, we provide great service to our clients. We focus on constant improvements and finding ways to be better.

# Long Term Objectives

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Overall

HTM Insurance has been operating for over 100 years. Our long term objective is to continue to improve the company so we can hand it over to the next generation for the next 100 years.

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Desire

HTM will strive to meet or exceed service levels and coverage levels of our competitors in the lines and types of business HTM provides to its policyholders. At the same time HTM will charge a premium that's as close to cost and as competitive as possible. All of these things have to be done while maintaining or improving the financial stability and long term viability of the company.

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How

We can only accomplish this by:

- Putting the policyholder first;
  - Having a board of directors who is dedicated, educated and focused on providing support and leadership to the company's President and Management team;
  - Having experienced, educated and professional management and staff;
  - Focusing on our core competencies by being true to our mission, vision and core values;
  - Planning for the future and monitoring those plans regularly;
  - Striving to do and be better in everything we do;
  - Working together as a team.
-

# E.S.G.

## Environmental, Social and Governance

What is  
governance?

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Governance refers to oversight mechanisms, including the processes, structures and information used for directing and overseeing the management of a company. It encompasses how directors and senior management are held accountable for their actions and for the establishment and implementation of oversight functions and processes.

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How we  
carry good  
governance  
out

Our board and management team will operate at a high level of competency with strategy, risk management and financial prudence at the forefront. The directors will be well informed by management about the operations and activities of the company will have all the tools and information they require to make good quality decisions to lead the organization. The management will be an effective team in communicating and carrying out the goals and objectives outlined in this business plan. We will strive to meet or exceed any targets, identified by the board and management, as crucial to the success of the organization.

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Training

To continue progress towards director certification and fulfillment of the education charter of directors. To develop a plan for the next director succession.

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Updates

To continually monitor all the information a director needs to continue to provide leadership to the organization. This would include a review of the characteristics of board meetings, committee meetings, education and conference attendance to help ensure we follow good governance practices.

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Environment

We will operate in ways that minimize the negative impact on our environment.

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Social

We will live up to our core values when we consider the communities in which we serve and the broader communities of Ontario and Canada.

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# People and Operations

Employees  
first

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Our mission and vision talk to providing protection and peace of mind to our policyholders. To provide that quality and level of service, we need our employees to be operating at their best. If they feel the company is treating them as number one, they will treat our policyholders (and other stakeholders) in a similar fashion.

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Opportunity  
for growth  
of our  
employees

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Management will provide the staff with opportunities for growth within their job role whenever possible. Training and educational courses will be made available for their business and personal growth. While advancement can be limited in a small company, we will make every effort to look internally when current or new positions become available. By taking the larger strategic objectives, outlined in this document, and breaking them down into smaller projects, we will create further opportunities for participation of a number of staff at all levels.

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Customer  
service

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We will strive to provide exceptional customer service to our policyholders (and other stakeholders), creating a positive lasting experience. While there are a number of benefits to insuring with (or working with) HTM, the experience they have with our people is our number one differentiator.

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Improving

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By working with our staff on small incremental improvements to our operations, we will handle our policies, claims and accounting more efficiently and enhance the customer service experience, while at the same time reducing our expense ratio.

The management will work to build a culture of continuous improvement in our organization. Every employee should consider his or her performance and the company's performance with a conscious effort to seek areas of improvement.

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D.E.I.

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We will make every effort to encompass the ideals of diversity, equity and inclusiveness in our organization.

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# Strategic Themes

What is a Strategic Theme?

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These are “buckets” we have identified where common activities take place to achieve a desired outcome and lead us to our overall strategic goals. There are six identified strategic themes.

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People / Operations

This area covers acquisition and retention, education, training, advancement as well as succession for both staff and directors. The people we have make the company what it is. How we treat them translates into how they treat the policyholders.

This category also includes all aspects of operational efficiency and productivity. We need to review our processes on a regular basis and look for areas where we can improve.

---

Growth

This category refers to growth of our Income & surplus. We have three primary income streams.

- Our main stream is selling property and casualty insurance products to our policyholders.
  - The second stream is investment income, which is made by investing our surplus cash with an investment advisor who is controlled by our investment policy.
  - The third stream is the fees we add to our policies for:
    - monthly payment plans, and
    - service charges (NSF fees).
- 

Channels

We use brokers and agents to sell our business. This is the traditional service model which promotes personal service to policyholders and is the closest to our values. No direct, on-line sales through a website or similar self-service is offered at this time.

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Technology

This category refers to the hardware and software solutions we implement to provide services, products or to improve operational efficiencies.

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Products /  
Services

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We sell mainstream home insurance, tenants, condo packages. In addition, we specialize in farm insurance and small commercial businesses, both package and custom. We round out these products with automobile insurance. In addition, we provide specialty coverages through our reinsurance arrangements, such as cyber & D&O.

We provide services to our policyholders and business partners.

Our core services to our policyholders through:

- our agents (direct) with quality insurance advice
- claim services and support in one of their most stressful times
- loss prevention services to promote risk reduction and life safety
- administrative support for payments and advice

Our Core services to our brokers through:

- policy support services by providing technical and underwriting advice
- claims support through advice
- training on all areas

E . S . G .

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Environmental, Social (what we do for our community) and Governance.

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# S.W.O.T. Analysis

## People / Operations / Enterprise wide

### People

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#### Strengths

- Depth of knowledge throughout the company
- Still small enough to adapt quickly
- Great culture appeals to new hires
- Training (ie. Kirwin Group)
- Company focuses on Education (ie. CIP, OMIA training)
- Everyone willing to help others, good teamwork
- Listen to our staff
- Our commitment to new staff and making them feel welcome
- Retention
- Facilities (Office, Gym, Staff)
- Psychological safety (ie. during the pandemic)

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#### Weaknesses

- Competitive salary, pay bands, structure
- Small company means less advancement opportunities
- Communication (affected by COVID)
- Staff retirements / succession

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#### Opportunity

- Salary review
  - Advancement
  - Further education
  - Succession plan B (Not sure what this opportunity means)
-

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## Threats

- With more options created by the pandemic (work from home) it could be much harder to find good people in the future
  - Young people not interested in insurance
  - Salaries and advancement with larger companies and now you can work from home for companies that are further away
  - Mental health and well being
    - Of our staff
    - Of our customers
    - Of our business partners
- 

## Operations

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### Strengths

- New Insurance System
  - Virtual Inspection program
  - Small enough to react quickly
  - Good claims service
  - Robust Loss Prevention Department
  - Departments working well and inter-department collaboration is good
  - Improved training
- 

### Weaknesses

- Broker education on underwriting and loss prevention processes
  - Inspection backlog and workload
  - No e-transfers (cheques only for claims)
  - No middle management in underwriting
  - Cell phone connections for work from home employees, especially in some rural areas
  - Virtual inspection tool is easy to ignore
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Opportunity

- Cross training
- Cross communication
- Broker training, virtually and in-office

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Threats

- Cyber threats
  - Pandemic interfering with our typical personal service (agents, claims and inspections in particular)
-

# Growth

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## Strengths

- Personal touch/relationships with brokers/insureds
- Internal staff communications between departments
- Balanced book of business in all lines
- Farm and Country Farm policy coverage
- Book of business retention
- Strong team members and dedicated staff
- Good reputation in the community
- Ready for the next outbreak/pandemic to operate under challenging conditions
- Excellent Loss Prevention program
- Agent channel
- Our underwriting risk selection process (what to insure and what not to)
- Claims philosophy - finding a way to pay claims
- Prepared for the next soft market with our strong relationships

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## Weaknesses

- Lack of nimbleness to pivot with competition with rating/coverage
  - Lack of insurance capacity (e.g. High Valued Homes)
  - Equity of U/W accommodations (Agent vs. Broker)
  - Aging demographics of our policyholders (need to be replaced with younger demographics)
  - We can be too lenient and accommodating to our broker requests
  - Inspection lag (we may not know what we are insuring)
  - Farm business decreasing with farms sold, downsizing
-

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## Opportunity

- Merging with smaller mutuals to build size
- Larger agent focus for HTM
- Growth Potential
  - Commercial business
  - Farm business
- Marketing to target new families moving in from the city
- Flexible, being aware of the competition
- To leverage our growing staff experience to spark new innovations in products
- Sharing economy (e.g. car sharing, UBI, recreational vehicle)
- New technology (e.g. use of AI, data analytics, market research)
- New marketing strategy in the community

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## Threats

- Lose competitiveness to direct writers
  - Negative selection of insurance risks due to pricing/coverage lag
  - Broker merger/acquisition activity could cause us to lose a brokerage
  - Too large an agent network or too much focus there might upset the broker channel
  - Lack forward thinking technology (i.e. not using AI or Predictive Analytics)
  - Outdated (or little) marketing strategy
  - Growing too quickly, decreasing u/w quality
  - Long standing clients may insure risks in areas with older infrastructure
  - Volatile economy, fluctuating markets, recession
  - Need more Commercial/Farm to balance book of business as it is growing more in personal lines
  - Competitive challenges with Homeowners as their insurance values increase and premiums increase (ie. if we are off by 10%, it's going to be 10% of a larger number)
  - Environmental threats (e.g. fire, drought, flood)
  - Newer generation is price sensitive; less company loyalty
-

# Channels

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## Strengths

- Long term relationship with brokers who have grown with HTM over the years
- Large writing territory around our office
- New broker possibilities in every geographic location
- Our distribution methods leverage customer loyalty and retention
- A variety of urban and rural brokerages for us to partner with
- We use established systems of distribution, agent and broker
- Large brokerages (with HTM) are knowledgeable of HTM and how we operate

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## Weaknesses

- Brokers using our long relationships as leverage
  - Large brokers using their size to have significant influence over our decisions
  - Large brokers having more turnover in staff reduces relationships
  - Some departments have less relationship with our brokers
  - Brokers upset we are selling direct with agents
  - Two largest brokers in saturated areas
  - The younger generation using more updated/online channels
  - Quoting tools can be inaccurate or not easy enough for brokers to use
  - Territory restrictions
  - No broker or agent portal
  - Evaluations differ between brokers and Inspectors leads to conflict
  - Major projects (technology) can lead to temporary service problems and errors
-

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## Opportunity

- Expanding our territory
- Growing our agent force
- Having an in-house agent
- Advertising and promotion of HTM and what Mutuals are all about
- Providing promotion materials to new and existing policyholders
- Targeting younger generation moving to area with family oriented events
- Education opportunity to improve broker knowledge of our products and requirements
- Add more brokers to diversify book and reduce exposure from large brokers (of HTM's book)
- Develop smaller brokers to increase premium volume
- Charity work in partnership with our distribution force
- Involving CSRs in events to build those relationships

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## Threats

- Broker visits stopped due to COVID
  - Top two or three brokers leaving HTM
  - Companies taking more advantage of technology advances
  - Reliance on technology at HTM
  - Another mutual becoming competitive in our area
  - Smaller brokers being bought by larger brokers
  - Increasing popularity of online insurance sales
  - Some brokers not supporting us
  - One of our brokers, Brokerlink/IPG is owned by Intact
  - Fear of upsetting our brokers when making decisions
-



# Technology

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## Strengths

- New Insurance System - modern look/features-tasks to keep organized
- Ability to work remotely in an effective way (seamlessly start, stop and resume at home and work)
- Systems in place to keep data safe
- Accessible to policyholders and customers the way they want (phone, email & text)
- Digital loss prevention application allows for inspectors to work in the field
- Self-service inspection application for policyholders (touch-less service)
- Ability to leverage technology to change or pivot quickly
- Leadership in the mutuals on the New Insurance System
- Addition of a specific IT position

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## Weaknesses

- New Insurance System still has some bugs such as payments and contact searches
  - Access to our system requires good internet
  - Other departments not as well versed on New Insurance System as underwriting
  - Communication hardware / software needs to be improved
  - Excel quoting system can have issues (both programmed and user)
  - Ability to contact broker or insured during pandemic???
-

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## Opportunity

- Fillable forms for use by agents (& others)
- Change to better software for certain tools (like PDFs)
- Communicate with policyholders on policy-specific features to improve service & relationship
- New loss control software for 2022
- Access to server / customer information for agents
- “Push notifications” to our policyholders to improve service (ie. renewal notice)
- Broker upload of new business and endorsements
- Training videos (and training?)
- Going paperless in all areas (leverage the new consumer portal)
- Expand and improve quoting tools for brokers, agents and policyholders
- Direct payment into the insured’s bank account for claims

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## Threats

- Hacking of our system and loss of data and/or downtime in the office
  - Privacy concerns (?)
  - Resistance to change with new technology
  - “Change exhaustion” due to all the changes that have been and will be implemented
  - New technologies that become available and keeping up with them
  - Reliance on third-party relationships in critical area
  - Multiple third-parties required to complete the same transaction (hard to determine where responsibility lies for any issue(s) that arise)
-

# Products & Services

## Products

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### Strengths

- We have solid base products to sell
- Farm and Country farm products are considered above average
- Flexible in the underwriting approach on both residential and farm products
- Farm Excel Rating tool
- Extended Water coverage is very broad

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### Weaknesses

- Extended Water
  - Coverage underpriced
  - Pricing / underwriting tool not available easily at point of sale
  - On renewal we underwrite and price which can cause issues
- Offerings & rates not ideal for certain customer profiles or classes of risk
  - Elderly, young adults
  - Manufactured, mobile homes, multifamily occupancy
- Uncertainty around degree of flexibility - guidance on philosophy & boundaries
- Flexibility can cause inaccurate premiums & underwriting assessment

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### Opportunity

- Tailored tenant's policy for elders in care, retirement homes, apartments etc.
- Develop homeowner policy that offers more flexibility in coverage and price
- Homeowner policy for substandard sized dwellings - Tiny Homes

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### Threats

- Capability & pace of new product development - OMIA dependent, Farm Re restricted
-

# Services

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## Strengths

- Loss Prevention
    - Highly utilized
    - Option for virtual inspections
  - Customer Relations
    - Strong people relationships with brokers/agents
    - Improved tech connectivity with brokers/policyholders
- 

## Weaknesses

- Mixed reviews for virtual tool - PH uptake, broker comprehension, quality of PH piece
  - Currency of inspections on the Farm portfolio
  - Program plan & standards not broadly known or articulated (???)
  - Broker knowledge of HTM products/services can be lacking
  - Technology tools' operational glitches - farm rater can frustrate brokers
  - No plan to serve drop-in customers (agent???)
- 

## Opportunity

- Loss Prevention - leverage value (internal/external) and customer experience
  - Invest in technologies to optimize service delivery & customer connection
  - Identify people in the organization to address the needs of "drop-ins"
- 

## Threats

- Tools – Value proposition ??
  - Understanding the cost/benefit underlying financial commitment ??
-

## E.S.G.

### Environment

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#### Strengths

- Recycling and composting program
- New building made with quality lasting materials and energy efficient
- Garden area and rain barrels
- Work from home reduces traffic

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#### Weaknesses

- Printing policies and other paper documents
- A lot of travel (pre-covid)

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#### Opportunity

- Electric Vehicle (EVs) charging station
- Company EV for staff travel on HTM business
- Reducing / Eliminating paper (Consumer portal or emailing paperwork)
- Renewable Energy
  - Solar panels on the building
  - Collect rainwater for toilets, etc.
- Blinds lowered in winter to reduce heat loss, summer to keep building cooler

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#### Threats

- Missing out on environmentally aware consumers if we don't embrace change
  - Inability to attract new talent if they want to be part of an environmentally friendly organization
-

## Social

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### Strengths

- Our mutual values
  - Our mutual structure with no shareholders
  - Community room
  - Support of social services such as foodbanks & hospitals
  - CCC Donation, Rotary and Lions support
  - Projects through partnership with the brokers
- 

### Weaknesses

- We don't promote ourselves for all the good things we do for our community
  - We don't record (very well) what we do for historical purposes
  - We don't leverage social media in any significant way
- 

### Opportunity

- Dedicated person to social media (maybe marketing in general)
  - Supporting sports in our area
  - Supporting a garden or room at other facilities or offsite (ie. Golden Plow)
- 

### Threats

- Pandemic can limit our activities (no community room)
  - Policyholder perception of the value of donations versus keeping premiums lower
-

## Governance

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### Strengths

- Board is focusing on governance more and away from operations
- Policies developed and kept up-to-date each year
- Training at conventions and on-line courses taken
- Many directors have their director's certification
- Experienced management team
- Supported by 3<sup>rd</sup> parties such as OMIA and other Mutuals

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### Weaknesses

- Requirements can outpace development
- Policies can get behind based on other priorities
- Individual directors propensity towards operations versus governance

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### Opportunity

- Many third-party organizations available for training and development
- Sharing with other mutuals

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### Threats

- None compliance
  - Government intervention
  - New government requirements
  - Updates to legislation
-

## Strategic Targets – People / Operations

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Commit to Providing an excellent employee experience through ...

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Targets ➤ We will

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## Strategic Targets - Growth

### Premiums

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Growth HTM requires a reasonable amount of growth in its income to offset inflationary pressures on our cost, both claims and administrative. When you grow, it also shows there is an increasing demand for your service and products, which in turn supports a long-term vision for the future.

We have set a benchmark and target to 2026.

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Target Growth range of A% to B% which equates to \$X million to \$Y million.

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Benchmark Ontario mutuals' average growth + X%.

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### Surplus

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Financial Strength To support more premiums and provide long-term financial stability, we have to build our surplus accordingly. The targets speak to profitability and strength.

We have set three targets to 2026.

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Targets

- surplus between \$X million and \$Y million
  - combined ratio of X% or less
  - Minimum Capital Test (MCT) exceeds 350%
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## Strategic Targets - Channels

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Commit to

We will continue to support and grow our broker channel and at the same time look for ways to develop an agent, or agent type channel. On-line sales is beyond our company's reach as single entity but we will work with other mutuals to determine the viability of this sales channel.

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Targets

- we will have made new broker partnerships with at least "X" net new brokers;
  - we will watch for opportunities to purchase portfolios;
  - we will have in place (or a plan in place) for new agents or sales representatives, with due consideration to the risks involved;
  - we will monitor closely the on-line offerings that are created by disrupters and work with other mutuals to determine any opportunities that this may present.
- 

## Strategic Targets - Technology

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Commit to

We will continue to increase our technological capabilities within the mutual framework. This includes the digital interaction between our agent/brokers and our policyholders. Our ability to achieve success in this area relies heavily on other parties, such as Cognition+.

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## Targets

- Our system will be on a modern platform providing efficient use in all aspects of our business on any device (PC, tablet, smart phone) a user chooses.
  - We will have broker interface including broker upload of new business and policy change.
  - We will have a consumer portal providing basic access to their information (Dec page, payments, claim status).
  - Our system will be automated and there will be integration with third party databases to enable sophisticated rating and underwriting capabilities.
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## Strategic Targets – Products / Services

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### New & Updated

By the end of 2026, HTM will have created “X” new products to add to our portfolio. We will have in-place a structured review process for reviewing current products to make sure they remain up-to-date. These new products should be directed to support our growth strategy.

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### What is considered “New”?

- One that enhances or transforms a current product offering significant improvement
  - A product that provides insurance for risks we do not currently write and provides a new revenue stream.
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### Services

By the end of 2026, HTM will ....

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# Strategic Targets – E.S.G.

Commit to

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What we do for ESG ...

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Targets

➤ We will

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# Action Items

## People

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## Growth

### Premiums

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## Surplus

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Channels

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Technology

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Products

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E.S.G.

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# Accountability for Success

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## Leadership

To successfully carry out our strategic plan, it will take the leadership at the board and management level. Each party has their piece in the success of the plan.

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## Action

Strategic plans lead to goal development; goal development leads to action items and those actions must be carried out to successfully accomplish the strategic plan.

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## Preparation

In developing the plan, management has to make sure the board has the background and information they need regarding HTM's position and the industry we operate in. The board needs to use this information along with their own business experience to guide the development and approve the company's strategic plan.

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## Management duties

- carry out the action plans in order to ensure the successful implementation of any of the goals we set; and
  - keep the board aware of the work being done to carry out the action plans as well as any new information that may affect the viability of any of the strategies. Any new information that is material to the successful completion of a goal, should be brought to the board for discussion so a decision can be made to continue, alter or end the goal in question; and
  - assist the board in any actions regarding board goals by providing background information and administrative assistance.
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## Board duties

- monitor the strategic plans through management reporting;
  - provide feedback and support to management in accomplishing their goals; and
  - take leadership on board goals by developing action plans for the directors to follow and ensuring that those plans are carried out.
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# Appendices

## Appendix A – Premiums & Policy Counts

Premiums by  
line of  
business

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Policy Class	2016	2017	2018	2019	2020
Auto	6,105,051	6,340,389	6,844,673	7,869,022	8,414,775
Commercial	2,874,109	3,035,934	3,323,485	3,826,384	4,287,095
Farm	6,682,169	6,941,624	7,406,434	7,843,983	8,344,568
Residential	9,131,332	9,879,580	10,557,516	11,865,259	12,977,593
<b>Total</b>	<b>24,792,661</b>	<b>26,197,527</b>	<b>28,132,108</b>	<b>31,404,648</b>	<b>34,024,031</b>

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Policy  
Counts by  
line of  
business

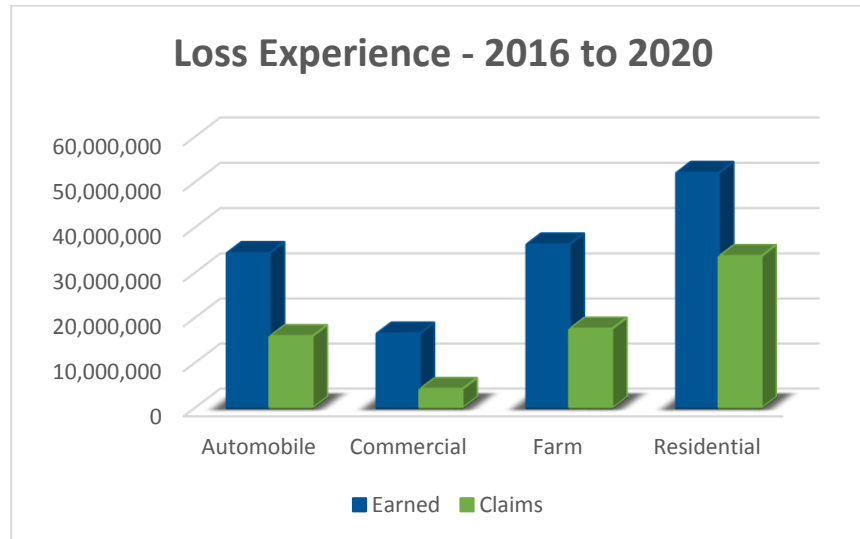
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Policy Class	2016	2017	2018	2019	2020
Auto	8,443	8,848	9,111	9,601	9,890
Commercial	1,536	1,559	1,639	1,768	1,759
Farm	2,644	2,636	2,694	2,707	2,740
Residential	4,653	4,827	5,048	5,500	5,608
<b>Total</b>	<b>17,276</b>	<b>17,870</b>	<b>18,492</b>	<b>19,576</b>	<b>19,997</b>

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## Appendix B – Claims Experience

Claims by  
line of  
business



Gross loss  
ratios by  
line of  
business





## Appendix C – Financial

Balance sheet by major category

	2016	2017	2018	2019	2020
Assets	68,945,062	72,931,752	65,480,525	72,985,027	84,113,685
Liabilities	38,837,274	41,740,285	34,626,919	39,825,216	46,473,320
Surplus	30,107,788	31,191,467	30,853,606	33,159,811	37,640,365

Income statement by major category

	2016	2017	2018	2019	2020
Premiums Written	24,939,452	26,379,452	28,308,177	31,609,244	34,298,836
Net Premiums Earned	19,661,762	20,802,577	23,237,081	25,923,486	28,658,598
Net Claims Incurred	9,786,374	12,290,960	13,627,317	15,871,882	14,923,947
Acquisition Expenses	4,798,142	5,166,346	5,359,650	5,761,077	6,440,315
Other Expenses	4,095,454	4,413,653	4,433,559	4,910,757	5,131,244
Underwriting Profit	1,335,527	(732,642)	180,131	(205,028)	2,631,272
Investment Income	1,514,221	1,890,321	(797,992)	3,275,233	3,449,282
Net Profit	2,231,748	1,083,679	(337,861)	2,306,205	4,480,554