

3/23/2022

**ATENDING DIRECTORS:**

Dave Rutherford, Chair

Nancy Brown, Vice-Chair

Richard Barrett, 2nd Vice-Chair

Allan Sheppard, Past Chair

Trish Baird, Director

Van Darling, Director

Bill Dorland, Director

John Kernaghan, Director

Susan Treverton, Director

**ATTENDING STAFF:**

Alec Harmer, President

**REGRETS:**

None

Ashley Kamphorst

recording secretary

Board Meeting

Minutes of March 17, 2022

##### MISSION

“To protect your future as if it’s our own”

VISION

“Our family striving to provide you with peace of mind by protecting your tomorrows today”

# Opening of the Meeting

Dave Rutherford, Chair, called the meeting to order at 9:30. He welcomed everyone. He made mention of mental health and wellness, reminding the board members of avenues for counseling. He also wished everyone a happy St. Patrick’s Day.

The board recited the mission and vision statements. Dave asked if there was any conflict of interest. There were none.

The following items were added to the end of the agenda: golf, a discussion on Group E, a presentation on IFRS 17, a piece on HTM marketing, and discussion on the auction at the Toronto March convention. There was mention of the refund letter to be sent to policyholders.

**MOTION:** “*to approve agenda as distributed.”*

 Mover: Allan Seconder: Richard

 Carried.

# Consent Agenda

Alec made some remarks on the consent agenda items. He said there was a small underwriting loss and we will probably see some challenging times in HTM’s investment portfolio to come. Market volatility was also a topic on the CEOs’ monthly Zoom meeting. It was asked, regarding the business development report, about premiums’ increase and decrease for different policy lines and if there was a relationship between them; Alec indicated not. He made reference to a presentation of Pearson Insurance’s book of business to the public. He said he had spoken with Tim and Sharon on the previous Thursday to discuss future plans for the business, which included merging the agents into one team. Tim did not want it advertised that the business had been bought and sold, in order to help with retention. It should be advertised on the basis of retirement and succession. Workload will be redistributed between the four agents. Karen and Scott, and Amanda and Cameron have been advised of this plan.

It was commented on the CAMIC midterms. Dave and Bill are registered as HTM’s legislative affairs representatives, and there are three additional spots, so five people will be able to report back on what they’ve heard to the board. The midterm will be in May. It was asked if conventions are happening in 2022, to which Alec replied we will assume they are. Trish mentioned clarification around acronyms and Bill asked Alec to share answers to questions like these with the whole group, as refreshers are always appreciated.

**MOTION:** *“to accept the consent agenda items as distributed.”*

 Mover: Bill Seconder: John

 Carried.

# Directors’ Activities

Bill commented that he thought the AGM went well, although running 10 minutes long. One comment was that it would be good to have a slide in the presentation outlining donations HTM has made. A time-saving suggestion could be to forgo reading last year’s minutes.

Dave said he’s looking forward to the March convention. Four directors will be attending, plus about five staff to see Terrye presented with her award. It was asked if there is a penalty for cancelling or withdrawing. Alec did not know. Other directors have signed up to attend virtually.

# Mutual Stats for 2021

Alec provided the board with the stats comparing the mutual system in 2021 to HTM. He noted that these figures are generally six weeks behind, then outlined how HTM compared to the mutual system across all lines of business. Notably, across all lines HTM was down 7.4% in claim count, while the mutuals were up 1.3%. HTM’s loss ratio was down a remarkable 48.0%. Auto, HTM’s most affected line, was down 2.8% and claims under this line were down 5.3%. It was asked if this is due to pricing and how it is affected when it is purchased alongside residential. Alec said it does have an impact from a competitive standpoint. The loss ratio for HTM auto is down 45.6%. Alec then outlined HTM’s performance in non-auto compared to other mutuals. Loss ratio for mutuals went down 2.5%, while HTM’s loss ratio went down 29.1%.

The multi-line discount for auto and residential is around 10% for each, and that the salespeople highlight this. It was asked if there is a difference between monthly and annual payments for retention. Alec said retention for monthly payment plans is perhaps higher, but he’d look into it. It was commented that HTM’s figures were substantially different in terms of claims compared to the group. Alec discussed the impact of working from home. It was noted that Bay of Quinte Mutual did a refund and it was postulated that HTM giving a refund may have put pressure on them to do so.

# February Statistics

Alec provided the board with the statistics of the first two months of 2022. Across all lines, premiums written were down 2.9%, but Alec noted it was too early in the year to be concerned. He said January and February are bad driving months, and gross claims were up 62% from the same period last year, which is close to the budget. Gross claims year to date is off budget by 66%, with $3.6 million in current claims. There was activity on prior year claims are negatively impacting 2022. The board discussed inflation in relation to the average claim cost in the first two months compared to last year.

Alec presented a chart showing gross claims incurred year to date, by policy class, showing effect of claims activity for prior years. Two years is the legal timeframe for new occurrences relating to claim to be filed. In terms of overall performance year to date, auto is dragging with a loss ratio of 90.1% for the first two months.

The board took a 10-minute break.

Following the break, the board resumed a discussion on inflation. Alec explained how GRC protects the policyholders, as well as how the company covers inflationary costs in the budget. He explained that FMRe is taking all the guaranty replacement cost exposure. Additionally, market value has virtually no impact on the cost of rebuilding a house; the costs don’t align, except in the case of a claim situation where they don’t want to replace the building and determining the actual cash value includes the potential market value impact. The key is to have a good evaluation done. He discussed how the combined limit endorsement worked. An insured could also choose to insure a property at 80% of its rebuilding cost to save premium.

# Document Review

The documents under review were the director iPad policy, employee convention policy, and committee member documents.

Alec asked the directors to sign the iPad policy. He noted they have direct access to the secure website, and they are for their use, but shouldn’t have a lot of non-business things on it.

The board reviewed the Committee Members document. The Chair attends all the meetings. The nominating committee is made up of the last three directors elected.

The board then reviewed the convention policy for employees. This applies to directors as well, although there is a separate document specifically for directors. Alec explained travel days, as well as the expectation that convention-going staff should attend all of the official events no matter what time of day. Meal costs, alcohol, and other types of expenses covered by the company were discussed.

Next month, harassment policy documents will be reviewed.

**MOTION:** *“to accept the documents as presented.”*

 Mover: Allan Seconder: Susan

 Carried.

# Other Business

Alec discussed differences between IFRS 4 and IFRS 17 financial reporting requirements. In the new system, the same categories for reporting are still represented, but they are lumped together. It will not be a tax issue, although it will require extra effort and the notes will expand to explain what is in these lump sums. Alec advised that in the Qlick Sense tool, all GL numbers are mapped and Qlick provides the option of whether to report them in the desire format, either IFRS 4 or IFRS 17, which is useful for comparisons. While this new system is not a benefit to the company, the purpose is that financial statements across the world will be submitted in the same standardized format. Directors will hear more of this from OMIA in 2022; for now, directors should read the report and check the notes. For the 2022 audit, auditors will present the numbers in the old way, and will determine if HTM is ready to use the new system. In 2023, only the new format will be used. There is a potential that the new format will change MCT, especially in terms of the deferred policy acquisition costs. Alec advised that Brian Kehoe would know how this might affect taxes, but tax revenue and accounting revenue are different. It was commented that OMIA’s education committee might provide some education to directors on IFRS 17.

Alec then presented HTM branding concepts from the marketing firm being used in the production of a new website for the agents. The idea is to have a unique brand for the agents that is still clearly associated with HTM. The process for directing people when they call looking for a quote was discussed. A fair balance between agents and brokers is being used.

In terms of the refund and corresponding letter, it will work out to about 18,400 cheques which will be pared down to about 16,000 because some people have multiple policies. The timing will be early April. Insureds that are “estate of” may pose some issues.

It was asked when the meeting date for the governance committee will be. It was thought March 23rd, but Alec would check on that. The second meeting will be in May.

On director education, Alec reminded the board that they are automatically approved to sign up for director education courses.

For the auction at the convention in Toronto, the board said they were okay with a limit of $1,500.00 and with Dave bidding.

For Group E, there has been notice of a meeting at L&A’s new building in Napanee. Five per company plus the chair can attend. Trish and Susan, as well as Nancy as vice-chair, should have opportunity to go. Dave asked if anyone else was interested, and several other directors indicated they would be if there was room. Alec mentioned L&A’s two-day session for agents.

# Adjournment

Allan motioned to adjourn the meeting.

An in-camera session followed.

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Date

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Dave Rutherford, Chair

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Alec Harmer, Secretary