



8/23/2021

Board Meeting

Minutes of August 19, 2021

ATENDING DIRECTORS:

Dave Rutherford, Chair

Nancy Brown, Vice-Chair

Richard Barrett, 2nd Vice-Chair

Allan Sheppard, Past Chair

Bruce Buttar, Director

Van Darling, Director

Bill Dorland, Director

John Kernaghan, Director

ATENDING STAFF:

Alec Harmer, President

REGRETS:

Bob Burley, Director

Ashley Kamphorst
RECORDING SECRETARY

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 and asked those who had not done a Rapid Test to do so at the break. He welcomed everyone to the meeting, said there would be an in-camera session at the beginning for the Nomination Committee. He mentioned keeping Bob and Pat in our thoughts at this difficult time.

The board recited the Mission and Visions statements.

Dave asked if there was any conflict of interest. There were none.

It was asked about a fall food donation in honor of Bruce retiring. Dave said it will be discussed.

MOTION: *“To approve the Agenda as distributed.”*

Mover: Allen

Secunder: Richard

Carried.

Nominating Committee

The board held an in-camera session, 9:35-9:55 am.

After the in-camera session, Bill asked for a recorded vote. There was a discussion regarding whether Richard voting would be a conflict of interest, since he is up for re-election to the board, and when and why Richard should be interviewed for re-election. It was determined that it would not be a conflict of interest for Richard to vote. Also, it is important to show due diligence to the process, which is why it is necessary he be interviewed, which would happen in January.

MOTION: *“To approve the nominating committee recommendation of moving forward with the process of appointing Trish Beard and Susan Treverton to the HTM board.”*

Mover: Nancy

Secunder: Allen

Bill Yes

Richard Yes

Van Yes

John Yes

Dave Yes

Bruce Yes

Carried.

It was clarified that Trish and Susan will be invited as guests to the October board meeting, after which Bruce and Bob will formally resign.

Consent Agenda

The consent agenda items were:

- Minutes of the previous board meeting
- OMIA Report
- FM Re Report
- OMIA Market Watch
- Guarantee Fund Update
- MD&A Report
- Management Reports
- Board Meeting Survey Results

It was asked if there were any questions about the consent agenda items. There were none.

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

Mover: Richard

Secunder: John

Carried.

Donation Proposal

The board discussed whether to make a \$25,000 donation to Five Counties. It was asked for an overview of the type of work Five Counties does in the community. Bruce explained they work with children with disabilities and their families. The organization is a main option for families in the community, as many other organizations refer kids to Five Counties. It is a not-for-profit but they still have to raise funds. Cobourg, Belleville, and Peterborough offices are all run separately, but this donation would be directed to Cobourg.

MOTION: *“To approve a donation to Five Counties in the amount of \$25,000.”*

Mover: Bill

Secunder: Nancy

Carried.

Bruce added Five Counties would like to know how HTM wants to be recognized, and a discussion should be had in regards to that.

Comparing Broker Costs to Agents

Alec compared broker and agent portfolios, using an example figure of a \$1,000,000 portfolio for each to give a good overall picture of what each costs the company. He mentioned developing a strategic plan for advertising for agents.

Based on a \$1,000,000 example portfolio, and looking at factors such as compensation, technology, mileage (driving to see clients), office supplies, rent, education, and phones, it was shown that overall agents would cost \$109,000 to the company on an annual basis, while brokers would cost \$178,374 on an annual basis. Alec then explained the bonus system based on loss ratio, represented in the below chart. Agents' figures are capped, while brokers' figures can go up or down.

Bonus	Agents	Brokers
30% Loss Ratio	22,500	47,472
50% Loss Ratio	7,500	19,560
70% Loss Ratio	-	-

Alec then commented on how quality of new business is determined, which in turn effects bonuses. He advised that Christine scores them on the quality of the business they send us, which is determined by if the information on the application is fully completed and accurate. It was asked how bonuses will be split with Cameron doing most of the work. Alec said it would be proportionate, and added the workload will be divided according to skillset.

It was asked that if this example is based on a million dollar portfolio, what is the actual portfolio? Alec advised Pearson is about \$1.8 million and Gunter is just under \$1 million, and added it should be close to \$3 million in premium with four agents by the end of next year. It was commented that the number of agents is right, but there's not enough work for them. Alec agreed, and added these are realistic numbers.

It was asked if there was any backlash from brokers. Alec indicated there may be and if we had an aggressive marketing plan driving people toward our agents, the brokers would be upset. But the 90 to 10 (broker to agent) ratio will not change much in the end.

Overall, if all brokers were agents, it would reduce expenses by 8-9 percent.

The board took a 10-minute break at 10:45 am.

President's Report: Financials and Statistics

Alec thanked the board for their support since the passing of his mother, then reviewed the financial report up to July 31, 2021.

Alec said July was a light month for claims and in underwriting, policy count was fairly close to budget. There had been 4.4% growth at the end of July, with auto still the line holding it back. There are 326 current claims, which is under budget. Budget was \$11 million and we are under budget by \$7 million.

Alec commented that we are not large enough a company to see much reliable consistency, and there will be some volatility. It was asked if other mutual are experiencing the same dramatic anomaly, to which it was replied the majority of others are having an excellent year as well but still not as good as HTM. A large claim, however, could change everything quickly. Right now, however, current claims are at \$4.5 million, which indicates a very good year.

Highlights of the Balance Sheet as at July 31, 2021 include: cash and investments are up 14% and outstanding claims dropped 5.7%

Highlights of the Income Statement to July 31 include:

- Premiums are up 4.2%
- Policy interest charges are up 6.1%
- Net claims are down 49.1%
- General expenses are down 3.3%
- Underwriting Profit (Loss) is up 250.4%
- Investment income is down 26.6%
- Income tax expense is up 115%
- Net Profit (Loss) is up 114.5%

Alec then outlined the Income Statement to July 31, 2021, the highlights of which were:

- Professional fees are up 2.2%
- Salaries and benefits are down 21.7% (on budget)
- Travel expenses and meals are down 91.6% (due to the pandemic)
- Advertising and donations are down 65.3%
- Conventions and annual meeting expenses are down 86.9%
- Education is up 33.6%
- Depreciation is down 53.9% (a reallocation)
- Government and regulatory fees are up 8.8%
- Office expenses are up 3.4%
- Technology is up 2.7%
- Risk analysis and prevention is up 2.3%
- Bank charges are up 17.3%
- General expenses are down 3.3%

Alec commented that some areas have been heavily influenced by the ongoing pandemic. For education, virtual classes are both necessary and more economical. There are also no travel and accommodation costs. Some things will continue on as virtual even after the pandemic ends, since it is sometimes a more efficient and cost-effective option.

He also commented that unpaid premiums are up based on an increase in premiums written, which has gone up about 700,000. We are still not charging NSF fees, as we are trying to work with our policyholders still who are impacted by the pandemic. And for sundry, the figure is down 47.9%, as we have written off uncashed cheques.

He turned to the Balance Sheet as at July 31, 2021, pointing out that cash investments are up 2.0%; reinsurance is down 16.7% (which indicates low claim activity); outstanding claims are down 21.1%; and taxes due are down 358.7%. Turning then to the Income Statement, he indicated that premiums are above budget by 2.9%; reinsurance premiums are below budget 17.2%; net premiums earned are above by 1.9%; claims are below budget by 65.5%; policy acquisition costs are below by 4.3%; and general expenses are below by 4.3%.

Alec then pointed to the Income Statement to July 31, Detailed Expenses, and highlighted that salaries and benefits are on budget; advertising and donations are below by 55.4%; building expenses are under budget; and technology is above budget. Overall, we are 4.3% below budget.

MOTION: *“To approve the financial report as presented.”*

Mover: Bruce

Secunder: Nancy

Carried.

Strategic Planning Discussion

Alec reviewed the framework of the strategic plan for the board. He commented on the staff planning session, held on August 12th, and the SWOT analyses done at that time. He also distributed a draft of the agenda for the board’s planning session.

He went over highlights from the “Strategic Planning” document provided. He broke down the six strategic themes, for which the directors will be developing targets during their 2-day planning session. He briefly outlined the former plan (2018-2022), as well as future and emerging issues, such as: the pandemic (a fourth wave and resulting staff adjustments), climate change, social media, competition (if FSRA allows a non-traditional competitor to enter the market, that could be an issue), government intervention, mergers, the economy, and unknowns.

The six strategic themes are:

People and Operations

Opportunity for growth of employees, customer service, succession, and E.D.I. were topics discussed as part of a SWOT analysis.

Growth

Topics discussed included HTM’s personal touch with our policyholders, retention, aging demographics, lack of insurance capacity, farm and commercial lines (brokers need more training in farm, especially), price sensitivity, and a volatile economy.

Channels

Topics discussed included good relationships with brokers, the possibility of brokers leveraging their strength against us, reduction in in-person meetings (due to the pandemic), the possibility of an in-house agent, the threat of brokers being bought by larger brokers, and the fear of upsetting brokers with making decisions.

Technology

Topics discussed included the hire of a dedicated IT person, Cognition, working out problems in the new system, going paperless, hacking, and relying on third party relationships in a crucial area.

Products and Services

Topics discussed included solid commercial and farm products, keeping up with the pace of product development, loss prevention and customer relations, and need a plan to address the needs of drop-ins.

Environment (part of E.S.G.)

Topics discussed included a recycling and compost program, a new office building, use of paper documents, the possibility of an electric vehicle charging station, renewable energy (i.e. solar panels), and the threat of missing out on environmentally conscious consumers and potential employees.

Social (part of E.S.G.)

Topics discussed included our mutual values, the community room, the opportunity to promote what we do for the community more, and the limits set by the pandemic.

Governance (part of E.S.G.)

Topics discussed included the support of OMIA and other mutual, the threat of falling behind on other priorities because of regulatory obligations, the possibility of a third party organization to help us keep up, the threat of non-compliance, and updates to legislation.

Alec commented on the changeability of SWOT analyses over the span of a year. Specific targets will be developed over the two-day planning session, as well as what actions will be taken to reach each target. He advised that Christine has gone through last year's planning session and identified what has been accomplished since then, and can report that many things have been stroked off the list. Alec pointed out the "Accountability for Success" portion of the document, which outlines the duties of the board and management.

It was asked if there was a significant desire among the staff to continue working from home. Alec said that working from home is widely accepted right now, but making decisions while still in a pandemic is not advisable. Since we do not know how long the pandemic will last and there may be flare-ups, we will continue to work in this environment and if things stabilize, then a plan will be made.

It was asked how special considerations due to the pandemic will effect the planning session. Alec said that actions must account for the fact that we are in a hybrid environment.

At the end of the document, Alec pointed to financial charts of the last five years. The change has been good over this period.

Alec then outlined the agenda for the planning session. Gary will create activities, and all conversations will have to be held as one large group due to social distancing requirements. He informed the board of speaker topics, but the majority of the day will be for the board and management to talk, and if there was a topic the board wanted to discuss on their own, that space of time could be added to the agenda.

The board broke for lunch at 12:45 pm.

Adjournment of the Meeting

The board returned from lunch at 1:30 to end the meeting.

MOTION: *“to declare the meeting adjourned.”*

Mover: Allen

Secunder: Bill

Carried.

An in-camera session followed.

Date

Dave Rutherford, Chair

Alec Harmer, Secretary

Financial Report – August 31, 2021

Report prepared by Alec Harmer, September 14, 2021

Summary

The income statement showed underwriting at fifteen times the budgeted amount with a \$7.5 million profit. Earned premiums were up 5.6% from last year, despite lack luster premium growth. However, the remarkable result is due to the low claims incurred year to date. Net claims costs are down 37.5% compared to this time last year and down 55% from budget. General expenses, in total, are under budget at \$7.8 million, 4.4% lower than budget. Overall, the market value of our investments are remaining strong and year to date market value increased in value by \$1.2 million. In general our investment income is off last year's results but higher than budget expectations. Our net profit of \$7 million after our tax estimates is a significant improvement over last year's excellent results and budget expectations.

Details – Balance Sheet

Our balance sheet is strong with surplus up 19.5% from this time last year. Cash and investments are up 14% from last year and 2.7% higher than budgeted. Cash will be reviewed at the end of September and any excess will be transferred to investments. Right now, we have excess cash with 9 million in our account. After FM Re's deposit, we will have about \$4 million to transfer.

Reinsurance recoverable(s) are on par with last year and lower than our budget. We have had almost no reinsurance activity for current year claims. Our budget assumed modest activity, so we are below budget by 18%. On the flip side, Gross claims have dropped a modest amount of 3.5% to \$22.6 million.

Assets now stand at \$88.2 million dollars, up 9.6% from last year and 0.7% above budget.

Liabilities are up 0.9% from last year to \$43.5 million but 11% under our budgeted amount. Unearned premiums are up 5.5% due to some premium increases but that increase in liabilities was offset by a reduction in outstanding claims. These two numbers cover the change in total liabilities.

Details – Income Statement

Direct premiums written has increased by 3.9% over the same period last year and fell from July's YTD where we had seen improvement over the 2nd quarter in our growth. This continues to be below budget expectations and it is now reasonable to assume 2021 will not meet the budget. We continue to monitor premium growth.

After reinsurance costs, net earned premiums are up 5.6% from last year.

Reinsurance costs are close to 2020 with the increase in retention taken helping to offset the rate increases. Modest premium growth will mean reinsurance estimates in the budget will be exaggerated.

When reviewing the claims and general expenses, I will remind you of the changes in accounting practices. We have added some new expense accounts that will enable us to provide the board and management more detailed information. When we add new accounts, we can't show a direct comparison to last year, as last year's account is \$0 and this will continue for a year. By next March, you will have a year over year comparison for each of these new accounts. I will highlight where the comparable information was last year as we go through each section.

Gross Claims Incurred

Our positive results year to date are a result of the low claims incurred year to date of \$5.1m, down 44% from last year and 62% from budget. Our reinsurance recoveries were in a negative position by just over \$100,000. This adjustment increases Net Claims Incurred to \$5.2 million.

Net loss ratio to August 31st is 25.8%.

You will also notice the first new account, Claims Benefits. Prior to this year we expensed all of the health benefits and pension to one account. We are now allocating our benefit costs and company portion of the pension costs to the applicable department.

Policy Acquisition Expenses

We have made a few changes to this section. The Distribution manager's salary is now included with the sales salaries and all of their benefits are broken out into a new account. In addition, we are including the amortization of the purchase of Gunter Insurance in this section. Last year it was included with depreciation. Acquisition expenses are up 8.5%. General commissions are up relative to the growth @ 4.3% while we have increase our CPC estimate to \$412,500 (+28.9%). The other increase affecting this area are from accounting changes as previous noted.

Directors Fees and Benefits

Similar to the other areas the benefits are now allocated to a new account. Director fees are down 23% from the budgeted amount. As was mentioned last year, the directors' fee expenses were exaggerated through the year and correct at year end. Significant board activity occurred in June and July of 2020 causing that year to also be higher than normal. 2021's figures represent the actual expenses for January through August. The board has also moved to pay out annual honourariums on a monthly basis, increasing the accuracy further.

Professional Fees

These are in-line with the prior period and below budget. Since these costs are through third parties, this will be timing and we have some expenses upcoming in this area.

Salaries and Benefits

Two areas impacting this section are reallocating the distribution manager's salary and benefits as well as allocating benefits to each specific area (claims, loss prevention, directors and distribution). We are above budget in these areas and it could be some budget projection issues. We also had a maternity leave, where an individual was hired earlier to help when the maternity leave occurs. We also have a maternity leave benefit which tops up the individual's salary over EI, during the term. This is in-line with our values of family and just for your interest, the first maternity leave in over 20 years.

Advertising & Donations

Donations are just starting in 2021 compared to 2020, which were accelerated by the pandemic. Hospital donations will go out as normal in the 3rd quarter and the donation of \$25k to Five Counties Children is included in the current numbers.

Education

Additional education costs were incurred this year, including Warren and April's accounting session during June. The amount is still in-line with our budget.

Depreciation

Depreciation expense last year included computer depreciation and amortization of Gunter Insurance. This year they are being allocated to their own accounts. The budget is not aligned well with depreciation expenses and we will work on improving that estimate for 2022.

Building Expenses

The big change here is the taxes. This is timing with 2020, but you can see the expense is in-line with budget expectations. The cleaning costs are up due to the pandemic response and anticipated pretty well in the budget.

Technology

We have added several new accounts in this section. Insurance System Fees (ISF) are basically Cognition costs, then we have IT Contractors, IT Supplies, Software and other License Fees and Depreciation for Computers. The budget for IFS is off due to the expense being paid by quarter and the budget allocating the expense by month.

Risk Analysis & Prevention

Similar to the other departments we have added benefits to this section. We will also have a new account for External Inspection Expense to recognize the cost of inspection software and other inspection expense from third parties. More travel expenses were considered in the budget but the pandemic held us back from field inspections for longer than we thought.

Investment Income

Investment income has held up nicely with dividend earnings increase offsetting losses in sales. Market value continues to be positive after a sluggish start to the year.

Underwriting profit is up \$4.2 million from 2020 with our combined ratio sitting at 64.3%. Our expense ratio, assisted in part by reduced activities due to the pandemic, sits at 38.5%.

We use approximately 25% as a tax rate, so the result is an estimate of just over \$2.3m on \$9.3m of pre-tax profit.

Balance Sheet as at August 31st

ASSETS

Cash & Investments

	2020	2021	% off Prior	2021 B	% off Budget
Cash	8,491,278	9,097,268	7.1%	6,965,148	30.6%
Accrued Interest	194,061	202,613	4.4%	200,488	1.1%
Investments @ Cost	42,672,444	47,718,288	11.8%	50,861,235	-6.2%
Change in Market Value	<u>2,192,306</u>	<u>4,151,968</u>	89.4%	<u>1,532,311</u>	171.0%
	53,550,089	61,170,136	14.2%	59,559,182	2.7%

Accounts Receivable

Policyholders	8,890,343	9,028,335	1.6%	8,764,212	3.0%
Due from Facility	<u>420,530</u>	<u>441,699</u>	5.0%	<u>403,917</u>	9.4%
	9,310,873	9,470,033	1.7%	9,168,129	3.3%

Reinsurance

Due from FM Re - Catastrophe Claims	1,046,951	566,088	-45.9%	241,422	134.5%
Due from FM Re - Paid Claims	218,889	76,707	-65.0%	0	0.0%
Reinsurance Claims Reserves	(3,014,193)	3,464,418	-214.9%	5,263,938	-34.2%
Reinsurance Claims IBNR	<u>8,261,356</u>	<u>2,148,839</u>	-74.0%	<u>2,148,839</u>	0.0%
	6,513,003	6,256,052	-3.9%	7,654,199	-18.3%

Broker Acquisition

Broker Purchase	568,000	568,000	0.0%	568,000	0.0%
Broker Acquisition - Amortization	<u>(142,267)</u>	<u>(255,967)</u>	79.9%	<u>(254,667)</u>	0.5%
	425,733	312,033	-26.7%	313,333	-0.4%

Building and Equipment

Land	1,039,600	1,039,600	0.0%	1,039,600	0.0%
Building	5,635,326	5,635,326	0.0%	5,635,326	0.0%
Building - Accumulated Depreciation	<u>471,688</u>	<u>610,492</u>	29.4%	<u>612,572</u>	-0.3%
	5,163,638	5,024,834	-2.7%	5,022,754	0.0%
Building Components	645,705	645,705	0.0%	645,705	0.0%
Building Components - Accum. Depreciation	<u>107,694</u>	<u>139,899</u>	29.9%	<u>139,979</u>	-0.1%
	538,011	505,805	-6.0%	505,725	0.0%
Office Equipment	731,040	764,308	4.6%	814,308	-6.1%
Office Equipment - Accum. Depreciation	<u>243,744</u>	<u>320,663</u>	31.6%	<u>321,545</u>	-0.3%
	487,296	443,645	-9.0%	492,763	-10.0%
Computer Equipment	801,430	796,730	-0.6%	811,441	-1.8%
Computer Equipment - Accum. Depreciation	<u>516,466</u>	<u>597,440</u>	15.7%	<u>618,429</u>	-3.4%
	284,963	199,290	-30.1%	193,013	3.3%

Other Assets

Deferred Policy Acquisition Expenses	3,046,039	3,266,519	7.2%	3,485,901	-6.3%
Prepaid Expenses	111,812	474,584	324.4%	111,812	324.4%
Employee Payroll Deductions	<u>(4,777)</u>	<u>(1,834)</u>	-61.6%	<u>(3,047)</u>	-39.8%
	3,153,074	3,739,269	18.6%	3,594,666	4.0%
	<u>\$80,466,280</u>	<u>\$88,160,698</u>	9.6%	<u>\$87,543,365</u>	0.7%

Balance Sheet as at August 31st

	2020	2021	% off Prior	2021 B	% off Budget
LIABILITIES					
Accounts Payable					
Expenses Due & Accrued	422,442	406,608	-3.7%	435,423	-6.6%
Reinsurance Premiums Due	245,074	47,772	-80.5%	494,124	-90.3%
Employee Payroll Deductions	<u>(176)</u>	<u>28</u>	-116.0%	<u>0</u>	0.0%
	667,340	454,408	-31.9%	929,547	-51.1%
Due to Brokers					
Contingent Profit Sharing	360,231	422,354	17.2%	400,000	5.6%
Marketing Program	0	114,959	0.0%	26,634	331.6%
Commissions	<u>485,972</u>	<u>489,010</u>	0.6%	<u>524,324</u>	-6.7%
	846,203	1,026,323	21.3%	950,958	7.9%
Outstanding Claims					
Facility Claims	0	0	0.0%	0	0.0%
Gross Claims Outstanding	13,081,932	16,623,794	27.1%	22,494,861	-26.1%
Gross Claims IBNR	<u>10,382,264</u>	<u>6,010,042</u>	-42.1%	<u>6,050,042</u>	-0.7%
	23,464,196	22,633,836	-3.5%	28,544,903	-20.7%
Taxes Due					
Income Taxes	864,788	1,163,711	34.6%	(600,055)	-293.9%
RST & HST	<u>133,472</u>	<u>142,450</u>	6.7%	<u>144,005</u>	-1.1%
	998,259	1,306,161	30.8%	(456,050)	-386.4%
UEP & Other Liabilities					
Miscellaneous	0	0	0.0%	0	0.0%
Premium Deficiency	0	0	0.0%	0	0.0%
Unearned Premiums	<u>17,148,004</u>	<u>18,098,232</u>	5.5%	<u>18,941,430</u>	-4.5%
	17,148,004	18,098,232	5.5%	18,941,430	-4.5%
	<u>43,124,002</u>	<u>43,518,960</u>	0.9%	<u>48,910,788</u>	-11.0%
SURPLUS					
Opening Balance	33,159,806	37,640,360	13.5%	37,640,365	0.0%
Earnings during the Period	<u>4,182,471</u>	<u>7,001,379</u>	67.4%	<u>992,212</u>	605.6%
Ending Surplus	37,342,277	44,641,738	19.5%	38,632,577	15.6%
	<u>\$80,466,280</u>	<u>\$88,160,698</u>	9.6%	<u>\$87,543,365</u>	0.7%

Income Statement to August 31st

	2020	2021	% off Prior	2021 B	% off Budget
Premiums					
Premiums Written - Direct	22,700,519	23,590,534	3.9%	24,453,137	-3.5%
Premiums Written - Facility/Other	<u>188,788</u>	<u>146,262</u>	-22.5%	<u>176,338</u>	-17.1%
	22,889,307	23,736,796	3.7%	24,629,474	-3.6%
Reinsurance Premiums					
Reinsurance Ceded - Direct	2,699,858	2,511,608	-7.0%	3,212,082	-21.8%
Reinsurance Ceded - Other	<u>71,893</u>	<u>318,322</u>	342.8%	<u>214,493</u>	48.4%
	2,771,751	2,829,930	2.1%	3,426,575	-17.4%
Change in Unearned Premium					
Increase / (Decrease) in UEP	<u>986,830</u>	<u>704,618</u>	-28.6%	<u>1,370,173</u>	-48.6%
NET EARNED PREMIUM	19,130,726	20,202,249	5.6%	19,832,726	1.9%
Policy Interest / Charges					
Pre-authorized Payment Revenue	307,094	328,979	7.1%	325,919	0.9%
NSF Fees	<u>3,254</u>	<u>0</u>	-100.0%	<u>4,674</u>	-100.0%
TOTAL INCOME	<u>19,441,074</u>	<u>20,531,228</u>	5.6%	<u>20,163,319</u>	1.8%
Gross Claims Incurred					
Gross Claims and External Adjusting	8,702,849	4,683,689	-46.2%	12,834,162	-63.5%
Claims - Salaries	227,200	236,457	4.1%	234,056	1.0%
Claims - Benefits	0	54,718	0.0%	61,196	-10.6%
Other Internal Claims Costs	4,365	4,405	0.9%	134,334	-96.7%
Facility & Other Claims Cost	<u>95,594</u>	<u>109,209</u>	14.2%	<u>100,155</u>	9.0%
	9,030,010	5,088,479	-43.6%	13,363,903	-61.9%
Reinsurance Recoveries					
	<u>694,446</u>	<u>(119,882)</u>	-117.3%	<u>1,800,000</u>	-106.7%
NET CLAIMS INCURRED	<u>8,335,563</u>	<u>5,208,361</u>	-37.5%	<u>11,563,903</u>	-55.0%
Policy Acquisition Expenses					
Commission Expense	4,010,286	4,184,454	4.3%	4,419,112	-5.3%
Contingent Profit Sharing Commission (CPC)	320,000	412,500	28.9%	433,336	-4.8%
Sales - Salaries / Remuneration	105,302	150,361	42.8%	164,092	-8.4%
Sales - Benefits	0	37,812	0.0%	37,619	0.5%
Broker Promotion & Advertising	0	0	0.0%	33,336	-100.0%
Agency Rent / Expenses / Promotion	6,507	15,262	134.5%	53,336	-71.4%
Agency purchase amortization	0	47,200	0.0%	74,400	-36.6%
Rating Costs / Broker Connectivity	3,906	38,370	882.2%	64,548	-40.6%
Less:					
Change in Deferred Policy Acquisition Expenses	116,261	138,237	18.9%	241,281	-42.7%
Facility & Other Commission Revenue	<u>(10,569)</u>	<u>40,529</u>	-483.5%	<u>85,528</u>	-52.6%
NET COMMISSION EXPENSE	<u>4,340,309</u>	<u>4,707,194</u>	8.5%	<u>4,952,970</u>	-5.0%

Income Statement to August 31st

	2020	2021	% off Prior	2021 B	% off Budget
Directors Fees and Benefits					
Directors Fees	151,232	90,670	-40.0%	117,136	-22.6%
Benefits	<u>0</u>	<u>46,699</u>	0.0%	<u>28,656</u>	63.0%
	151,232	137,370	-9.2%	145,792	-5.8%
Professional Fees					
Audit Fees	30,000	24,000	-20.0%	36,000	-33.3%
Legal Fees, Office Related	0	0	0.0%	2,919	-100.0%
Professional Fees	<u>14,236</u>	<u>20,844</u>	46.4%	<u>18,346</u>	13.6%
	44,236	44,844	1.4%	57,265	-21.7%
Salaries and Benefits					
Underwriting / Admin - Salaries	1,093,806	957,783	-12.4%	941,547	1.7%
Underwriting / Admin - Benefits	<u>395,252</u>	<u>247,850</u>	-37.3%	<u>238,279</u>	4.0%
	1,489,058	1,205,634	-19.0%	1,179,826	2.2%
Travel Expenses & Meals					
Travelling Expense	10,887	709	-93.5%	10,588	-93.3%
Travel Directors	5,911	671	-88.6%	7,267	-90.8%
Meals Expenses	<u>9,693</u>	<u>3,922</u>	-59.5%	<u>9,075</u>	-56.8%
	26,491	5,302	-80.0%	26,930	-80.3%
Advertising & Donations					
Advertising	22,885	31,477	37.5%	21,067	49.4%
Donations	<u>72,900</u>	<u>33,580</u>	-53.9%	<u>60,269</u>	-44.3%
	95,785	65,057	-32.1%	81,336	-20.0%
Conventions & Annual Meeting					
Non-OMIA Conferences	8,728	0	-100.0%	28,641	-100.0%
OMIA Conferences	<u>0</u>	<u>1,141</u>	0.0%	<u>0</u>	0.0%
	8,728	1,141	-86.9%	28,641	-96.0%
Education					
Education - Staff	14,474	24,275	67.7%	22,177	9.5%
Education - Directors	<u>1,226</u>	<u>465</u>	-62.1%	<u>3,346</u>	-86.1%
	15,701	24,740	57.6%	25,523	-3.1%
Depreciation					
Depreciation Expense - Building & Equipment	<u>352,400</u>	<u>194,892</u>	-44.7%	<u>169,434</u>	15.0%
	352,400	194,892	-44.7%	169,434	15.0%
Sundry / Other					
Sundry	6,625	14,353	116.7%	16,999	-15.6%
Bad Debts	8,245	(15,766)	-291.2%	5,015	-414.4%
Insurance	40,100	18,594	-53.6%	44,700	-58.4%
Kitchen Expense	<u>3,634</u>	<u>3,179</u>	-12.5%	<u>5,463</u>	-41.8%
	58,603	20,361	-65.3%	72,177	-71.8%

Income Statement to August 31st

	2020	2021	% off Prior	2021 B	% off Budget
Membership Fees					
Membership Fees	<u>90,857</u>	<u>68,030</u>	-25.1%	<u>74,874</u>	-9.1%
	90,857	68,030	-25.1%	74,874	-9.1%
Government & Regulatory					
Premium Tax	80,000	65,722	-17.8%	74,281	-11.5%
Facility Association	0	0	0.0%	0	0.0%
RST Income	0	(1,500)	0.0%	(875)	71.4%
Regulatory Assessments	<u>0</u>	<u>0</u>	0.0%	<u>600</u>	-100.0%
	80,000	64,222	-19.7%	74,006	-13.2%
Building Expenses					
Real Estate Taxes	43,972	63,363	44.1%	67,000	-5.4%
Fuel and Light	23,647	26,617	12.6%	33,395	-20.3%
Janitorial and Cleaning	21,494	26,444	23.0%	26,202	0.9%
Repair and Maintenance, Building	<u>21,162</u>	<u>18,274</u>	-13.6%	<u>17,642</u>	3.6%
	110,275	134,698	22.1%	144,239	-6.6%
Office Expenses					
Postage	45,779	51,651	12.8%	47,518	8.7%
Telephone	37,712	31,025	-17.7%	43,133	-28.1%
Printing, Stationary and Office	<u>32,211</u>	<u>33,240</u>	3.2%	<u>48,306</u>	-31.2%
	115,703	115,917	0.2%	138,957	-16.6%
Technology					
OMIA - Stats - IT Costs	32,763	46,825	42.9%	30,519	53.4%
Insurance System Fees	398,251	243,894	-38.8%	313,335	-22.2%
IT Contractors	0	29,050	0.0%	33,336	-12.9%
IT Supplies	0	7,212	0.0%	0	0.0%
Software and other License Fees	0	88,128	0.0%	0	0.0%
Depreciation Expense - Computer	<u>0</u>	<u>66,136</u>	0.0%	<u>87,124</u>	-24.1%
	431,014	481,244	11.7%	464,314	3.6%
Risk Analysis & Prevention					
Loss Prevention - Salaries	253,194	258,489	2.1%	254,031	1.8%
Loss Prevention - Benefits	0	71,608	0.0%	67,429	6.2%
Purchase (Sales) of Fire Equipment	(67)	1,848	-2869.4%	2,554	-27.7%
External Inspection Expense	0	5,392	0.0%	0	0.0%
Inspection - Education	5,109	4,095	-19.8%	6,979	-41.3%
Policy Underwriting Information	30,432	26,960	-11.4%	45,000	-40.1%
Inspection - Travel / Expenses	<u>24,374</u>	<u>22,965</u>	-5.8%	<u>41,569</u>	-44.8%
	313,043	391,358	25.0%	417,562	-6.3%
Bank Charges					
Bank Charges	<u>90,704</u>	<u>113,600</u>	25.2%	<u>78,067</u>	45.5%
	90,704	113,600	25.2%	78,067	45.5%
GENERAL EXPENSES	<u>\$7,814,137</u>	<u>\$7,775,605</u>	-0.5%	<u>\$8,131,913</u>	-4.4%
Underwriting Profit / (Loss)	<u>\$3,291,373</u>	<u>\$7,547,263</u>	129.3%	<u>\$467,503</u>	1514.4%

Income Statement to August 31st

	2020	2021	% off Prior	2021 B	% off Budget
Investment Income					
Investment Interest Earned	479,397	465,032	-3.0%	423,063	9.9%
Dividend Income Earned	46,675	344,531	638.1%	10,223	3270.2%
Gain or Loss on Sale of Investments	336,294	(115,779)	-134.4%	384,660	-130.1%
Change in Market Value Investments	1,475,428	1,193,211	-19.1%	150,000	695.5%
Loss/Gain on Disposal of Assets	0	0	0.0%	0	0.0%
Portfolio Management Fees	<u>111,372</u>	<u>99,179</u>	-10.9%	<u>112,500</u>	-11.8%
	2,226,421	1,787,816	-19.7%	855,446	109.0%
 Net Profit / (Loss) before Tax	 \$5,517,794	 \$9,335,079	 69.2%	 \$1,322,949	 605.6%
Income Tax Expense					
Income Tax Expense - Current	1,335,323	2,333,700	74.8%	330,737	605.6%
 Net Profit / (Loss)	 \$4,182,471	 \$7,001,379	 67.4%	 \$992,212	 605.6%

HTM Insurance Strategic Planning Day

August 25/26, 2021

Write a story of what you want the future of HTM to be using just six words.

HTM is your established, reliable, approachable, cooperative partner.

HTM is committed to listening with accountability, integrity in a caring professional manner.

HTM – your happily ever after

What are the Pain Points that HTM needs to address through the strategic planning process?

Concentration of our External Brokers (although we can't control this)

Product pricing and sustainability

Lack of sales growth of our business

Employee acquisition and retention

Distribution – more on-line presence

Keep up with change (technology, cyber threats)

How to model the future work environment

Pandemic – it's been a long haul and appears it will continue for the foreseeable future

Accountability: Environmental, social and governance

Remaining relevant in the eyes of our customers

Strategic Themes

Theme 1: 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.

PRIORITIES TO FOCUS ON:

- 1. Premium growth range of 4% to 8% which equates to \$43.5 million to \$52.9 million
- 2. Premium growth range for Agents of 10% to 15%

Surplus Priorities

- 1. Surplus exceeds premium volume
- 2. Combined ratio of 95% or less
- 3. Minimum Capital Test (MCT) exceeds 350%

Measurement/Success Factors:

Ontario mutuals' average growth + 1%

Initiative

Action

Build Agent Success

Advertise to create attractive business

Effective social media messaging

Insurance Limits

Advise on values – ACV focus on high value

Provide Farms with timely advice – changing livestock/machinery

Theme 2: PRODUCTS AND SERVICES

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.

PRIORITIES TO FOCUS ON:

HTM will create 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.

To serve our customers needs through all stages of life

Measurement/Success Factors:

By the end of 2026, HTM will have created “X” new products to add to our portfolio.

Initiatives

Tailored tenant package

Home owners policy that offers more flexible coverage and price

**Tiny homes
Multi family dwellings
Cyber security coverage**

Action

Draft policy options for review and rating

Confirm perceptions of need and opportunities for new or changing products

Services

**Customer relations
Loss prevention**

**Leverage
Leverage**

Theme 3: CHANNELS

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.

PRIORITIES TO FOCUS ON:

We will make new broker partnerships

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

Measurement/Success Factors:

We will have made new broker partnerships with at least 3 net new brokers

Initiatives	Action	Timeline
We will make new Broker Partnerships	Appoint 3 Brokers	3-5 years
We will have an In-house Agent		2-3 years
Broker Acquisition	Approach to show Interest	1-3 years
Amalgamation (smaller Mutuals in our geographical area)		Ongoing discussions to show interest - Long term plan
On-line quoting linking to Agents		1-3 years

Theme 4: TECHNOLOGY

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+.

PRIORITIES TO FOCUS ON:

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.

Measurement/Success Factors:

Can measure new sign ups of policy holders. Broker upload to policy print with no human contact. Ease of managing data.

Initiatives

Focus on interactions and communications with stakeholders,

Improve on-line capability

-Portal

-Understand unique needs

-improve customer experience/connectivity

Distribution – ability to go paperless

Improve quoting tool

Optimize and integrate our data analytics management

Purging old data – security issues

Theme 5: PEOPLE/OPERATIONS

This area covers acquisition and retention, education, training, advancement as well as succession for both staff and directors. It includes all aspects of operational efficiency and productivity.

PRIORITIES/INITIATIVES TO FOCUS ON:

Support the health and welfare of our staff

Hiring and retention of good, qualified people that fit our culture

Training and education of staff – cross training

Develop strong succession planning

Support diversity, inclusion and equity

Measurement/Success Factors:

Less shut door conversations around pay

Score on the employee satisfaction survey

Retention rate of staff

Number of positions/employees cross trained

Initiatives

Create a health and welfare policy (e.g. vaccinations)

Review pay scales, wage market, living wage approach, pay equity

Assess and create responsibility ‘levels’ within each job role

Managers identify high potentials for succession planning

Hiring practices support diversity, inclusion and equity

Theme 6: ENVIRONMENTAL, SOCIAL AND GOVERNANCE

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

PRIORITIES/INITIATIVES TO FOCUS ON:

Environmental

Reduce our environmental impact and carbon footprint

Review our investment portfolio to target more environmentally friendly investments

Promote activities that reduce environmental impact

Create a culture of environmental responsibility within the organization

Social

Supporting our community – financial and sweat equity

Promoting HTM better – social marketing – generate greater awareness

Governance

Measure our ESG process – scorecard

Improve our ERM process

Initiatives

Volunteer day – paid

Should we have volunteer hour requirements?

Community functions (bbq fundraiser, etc)

Educate our team on ESG

Take on initiative to offset our carbon footprint?

Form an environmental committee

Alec Harmer

From: John Taylor <registrations@omia.com>
Sent: Friday, September 10, 2021 10:24 AM
To: Alec Harmer
Subject: 2021 P&M Invitation

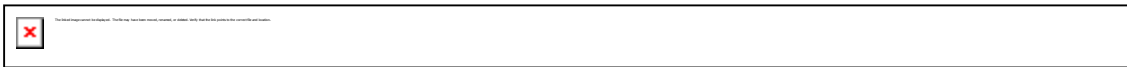
2021 Presidents & Managers Meeting

[View this email in your browser](#)



2021 Presidents & Managers Meeting October 24th to 26th

• Deerhurst Resort, Huntsville, Ontario •



Join us at our 2021 P&M Meeting!

Participants will hear updates from OMIA, Farm Mutual Re, and The Fire Mutuals Guarantee Fund, and will take part in a variety of important education and networking sessions, including a keynote address from Dr. Robyne Hanley-Dafoe.

--

All events will be held at the Deerhurst Resort in Huntsville. There will be no formal social events due to current COVID-19 protocols. Meals will be provided by Deerhurst subject to current indoor dining protocols.

Each company is asked to register **no more than 3 people** for the in-person event. Additional participants may wish to register for the **online program**.

All attendees must have received two doses of the COVID-19 vaccine within 14 days of the event. Deerhurst will request that proof be presented at check-in.

[~ Click Here for the Safety Precautions Being Taken at Deerhurst ~](#)

**For Hotel Booking, Registration Fees, and more details,
please click the button below.**

Note: the hotel cut-off date for the OMIA group-rate is September 23rd.

Click Here for More Information

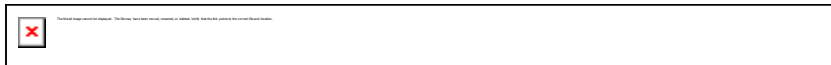
Register Here!

If you are an administrator for your company, please fill out the name, email address and telephone number of the person attending. This is for contact tracing purposes. The confirmation (and Zoom link, should one be required) will be sent to them directly.

We look forward to seeing your company represented!

John Taylor, President
Ontario Mutual Insurance Association

** If you have any difficulty with registration, please contact Daljit Johal
(djohal@omia.com) **



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For the Board Meeting of: 8/19/2021

Executive Summary

August was a little more "normal", considering previous months. Low claim counts of 58 combined with incurred claims amount of just North of one million dollars, lead to a small increase in underwriting profit. That's the positive news. On the other side, poor performance in policy growth allowed premiums to fall below 4% on a YTD basis. Auto continues to be the drag on premium growth performance.

I was away for two weeks since the last board meeting. During the time I was in the office, the major focus was the planning session. I believe the planning session was an excellent start to building our next three (to five) year plan.

Update on Major Goal(s)

I have nothing to report on in this section.

Emerging or Future Issues

On the last day of my holidays, I was informed by Donna that we believe our system has been compromised. This is being investigated and we have notified our Cyber Insurer, who has assigned an experience team to handle our situation. Never being through this, it is new to me and the staff, so we are not sure what to expect. That leads to anxiety about the coming weeks and months. The first order of business was to close off the company's system to the external environment. We were able to get our phones working again without compromising our servers and created an alternate email path for our broker partners. Coming up, will be an investigation into our servers to determine how they got in, what if anything got put on servers and what if anything was removed from our servers. Once that is known, we can open back up and determine what potential notifications we may have to make. We will learn what we haven't done well and will implement any new protocols. At this point though, the cows are out and it doesn't matter how good we can make the gate in the future.

I have created a team comprised of Ryan, Barb, Christine and Donna to handle this issue. My role will be to get the process started and all the players working well. After that, they can consult with me when they feel necessary.

Management Team

Since last board meeting, I met with the managers to prepare for the planning session and then met with them to review the breach issue.

Other

Nothing to report.

Stats

A few highlights from the chart on the next page.

Premium growth fell from 4.4% to 3.9% in August. Auto's growth slipped a little to a negative 2.5% from 2.0%. Commercial dropped again in August by 0.4%. Farm also nudged lower by 0.7% while residential saw a 0.6% reduction over July YTD. Total premium still falls short of the budget by over \$800k and it is quite obvious at this point that projections will be off considerably by the end of the year.

Claims Incurred is up over a \$1,000,000 with the amount spread over all lines. As you can see from the chart, "expected claims incurred" versus actual results are drastically different. Actual 2021 claims incurred is \$5,527,881 (plus internal adjusting, facility and IBNRs). This does mean there is a positive effect of prior year claims of \$1,143,703 on our current year's results.

This is the best case scenario for loss ratios we could ask for. Every line of business is contributing to this year's success (same line as last two month's report but it's worthy of repeating). Every significant broker portfolio is under a 40% loss ratio. Our largest broker is sitting at 16.1% with our second largest at 27.2%.

HTM Overall Performance (Year-to-Date)

By Class of Business compared to budgeted amounts

	Auto	Commercial	Farm	Residential	Total
Policy Count	5,640	1,842	2,827	10,242	20,551
Budget	5,809	1,820	2,758	10,183	20,570
Policy Count Growth	0.1%	(1.2%)	1.9%	1.1%	0.7%
Budget	4.5%	3.5%	1.0%	4.0%	3.7%
Premium Written	5,582,368	2,999,029	5,946,220	9,062,917	23,590,534
Budget	6,286,866	3,108,787	5,861,012	9,196,471	24,453,136
Premium Written Growth	(2.5%)	3.0%	7.6%	6.2%	3.9%
Budget	10.0%	7.0%	6.0%	8.0%	7.9%
Claims Incurred	929,322	562,313	614,507	2,278,036	4,384,178
Budget	3,024,241	995,132	2,755,873	5,998,915	12,774,161
Loss Ratio	16.8%	19.5%	10.8%	26.1%	19.2%
Budget	53.4%	34.5%	67.8%	46.7%	55.0%

Respectfully Submitted,



Our Mission

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

For the Board Meeting of: 9/16/2021

Executive Summary

During the past month, things have slowed down as far as virtual meeting go. The 2 day Strategic Planning session was a meeting that contained excellent discussion. It is always an excellent feeling to be part of an organization that has strong leadership and caring for the staff. I am looking forward to the fall and sessions with OMIA will be starting up again. This month the nominating committee will be meeting for a summary of the processes taken and debrief on how things went. Letters have been sent to all the candidates to completed the interview process and outcome. The successful candidates have been sent the full board package.

Update on Major Goal(s)

The work on the compliance calendar continues.

Emerging or Future Issues

In the underwriting department, I will be participating with Warren in an audit process of our files. We will be working with K & E Mutual on a reciprocal agreement. This will lead to a bigger project that I will be developing in internal audit process. I am continuing to work on populating our Central Repository for the underwriting department.

Compliance Calendar

I have been continuing to update the Compliance calendar as items arise throughout this year. This document will become a valuable template to follow in the future. Below you will see a summary of June Items.

Compliance Topic	Description of Activity	Status
<i>Terrorism Report</i>	This is monthly report to FSRA	Completed
<i>Farm Re Earthquake Report</i>	2021 Auto Insurance Attestation	Due Sept 30
<i>Monthly MVR log</i>	This is downloaded from CGI monthly This is required as a record for possible MTO audit	Completed

Respectfully Submitted,

Barbara Dinnage

“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.

For the Board Meeting of: 9/16/2021

Executive Summary

New Business for the agents remain slow, mirroring the brokers results. We have begun final testing for the Consumer Portal, with a deadline of September 16th. Next steps for the rollout are being planned now. We have had an increase in the usage of Broker Marketing Funds mostly for donations within the local community. HTM has also teamed up with a local radio station for an upcoming campaign focusing on Next Generation Farmers. We will be the sponsor for this radio event taking place on October 21st, where they will be interviewing three local farmers under the age of 30. We felt this was a good opportunity to participate in marketing for HTM and bring some more brand awareness to our company and what we are all about.

Update on my Department

The agents have been taking advantage of the summer weather and taking some vacation time. Throughout August, four new policies were written.

OMIA is providing more Agent Education Sessions in the upcoming months with topics of Introduction to Selling – Becoming a High Performer, Insight Selling – Creating Value for Your Customer and Mastering the Sales Conversation and Opportunity. It is great to see them provide direct sessions on selling, and we will be taking advantage of attending.

Update on Major Goal(s)

Consumer Portal Project – We are currently completing the final round of testing to make sure the latest updates are working well. We will be moving forward with launching to staff members within the next few weeks.

Agents Website – I met with a marketing firm to discuss the options available for Agent Marketing. They have sent me a proposal which I will be reviewing with Alec upon his return.

Pearson Insurance – We are in negotiations with Tim at this time.

Emerging or Future Issues

The Mutual Community is currently working on a proposal for a High Value Home Product for risks we are currently unable to write due to our reinsurance limits. We are having to turn away New Business or non-renew policies that are at this capacity. In the research for this product, they asked HTM what volume of policies we feel our brokers could produce over the next three years. I had a discussion with a majority of our brokers to explain this exploratory product and received very positive feedback. Our broker partners in whole who responded feel they would be able to write over 75 policies total over the next three year that have a dwelling value of \$2.5 - \$5 million. Our brokers were supportive of the Mutuals creating this capacity,

and provided me with criteria they would like to see addresses such as over the phone quoting, marketing sheets, and inclusion of primary and secondary homes. We are looking forward to seeing the results of the other Mutuals data.

Broker / Agent Results

Written premiums to the end of August 2021 have reached \$21,639,671, with 8.0 or \$1,888,241 of this amount being agent business. Premium growth for the brokers is sitting at 4%, down from 4.5% in July. Premium growth for the agents was at 3.3%, up from 3.2% in July. We continue to see negative growth in the Auto line, with -2.2% for the brokers and -4.6% for the agents. Growth in written premium for the other lines of business have slowed slightly since July.

Broker vs. Non-Broker Business (Year-to-Date)

Premiums Written by Class of Business

Policy Class	Written Broker	Written Non-Broker	% Non-Broker	Growth Broker	Growth Non-Broker
Auto	4,915,166	699,188	12.5%	(2.2%)	(4.6%)
Commercial	2,870,895	109,726	3.7%	2.4%	16.8%
Farm	5,162,577	750,865	12.7%	8.1%	4.4%
Residential	8,691,033	328,462	3.6%	5.9%	13.2%
Total	21,639,671	1,888,241	8.0%	4.0%	3.3%

The chart below shows the policy counts for the broker portfolio compared to the agent portfolio. The policies in force count grew by 0.6% in our broker business for a total of 19,038, down 3 policies from July and 2.2% in our agent business for a total of 1,516.

Broker vs. Non-Broker Business (Year-to-Date)

Policy Counts by Class of Business

Policy Class	Written Broker	Written Non-Broker	% Non-Broker	Growth Broker	Growth Non-Broker
Auto	4,983	657	11.6%	(0.1%)	1.7%
Commercial	1,757	85	4.6%	(1.6%)	6.3%
Farm	2,539	288	10.2%	2.2%	(0.3%)
Residential	9,759	483	4.7%	1.0%	3.6%
Total	19,038	1,513	7.4%	0.6%	2.2%

2021 Gross Claims to date are illustrated in the following table. Brokers incurred claims year to date total \$4,348,841, an increase of \$894,286 from last month, with a loss ratio of 20.8%. Non-broker total claims are no longer in a negative position, sitting at a total of \$35,337 until the end of August resulting in a 1.8% loss ratio.

Broker vs. Non-Broker Business (Year-to-Date)

Gross Claims Incurred by Class of Business

Policy Class	Incurred Broker	Incurred Non-Broker	% Non-Broker	Loss Ratio Broker	Loss Ratio Non-Broker
Auto	1,044,444	(115,122)	(12.4%)	21.4%	-17.2%
Commercial	562,313	0	0.0%	20.5%	0.0%
Farm	502,094	112,414	18.3%	10.2%	14.9%
Residential	2,239,990	38,046	1.7%	26.7%	10.8%
Total	4,348,841	35,337	0.8%	20.8%	1.8%

*Note: Non-Broker includes Karen Sero, Scott Hutchings, Cameron Atkinson and Pearson Insurance

Respectfully Submitted,

Christine Howe

“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.

For the Board Meeting of: 9/16/2021

Executive Summary

August results skewed back toward average. New claim incurred posted at \$1,180,717. Count was relatively low at 58, but modest severity, particularly across the 32 property claims pushed the incurred higher.

On balance, pending claim activity was positive, if modest, resulting in a Gross Claims Incurred close at \$1,027,105. The absence of retention level transactions produced a comparable Net claims incurred of \$1,033,451.

The \$million in August losses increased the YTD Gross claims incurred to \$4,384,178. However, a strong mix of positive development and subrogation recoveries on prior year claims continues to support results. Prior year claims (by occurrence and booking dates) are posting a substantial negative incurred of \$1,733,110, before IBNR offset. Prior year claims newly reported in 2021 (pure IBNR), of \$589,000, reduces the benefit to a still healthy \$1,143,703.

Update on my Department

Our open file count rose by 8 with a corresponding case reserves bump of \$362,000 to close the month at 350 files, carrying aggregate case reserves of \$16,623,794.

We are continuing to manage caseload distribution challenges, aided by the low new claim count and Melody's progression.

Meanwhile, we have an upcoming meeting with the potential new hire that should determine the path forward.

Update on Major Goal(s)

We have a significant amount of HR Project work scheduled for September. The major task is job scoring all the position roles. This is an exercise for the managers in conjunction with our external compensation expert.

I found time in late August to advance work on the Product Review project, moving from the Residential forms into Farm wordings. Warren and I will discuss next steps; however, I foresee the involvement of practitioners from claims and underwriting contributing to the process.

Emerging or Future Issues

I have no emerging issues to report.

Claim Results

The distribution of the 58 new claims by Policy Class is typical. The budget predictions for Farm and Residential were bang on, with the budgeted excess seen largely in Auto.

Gross Claims (for the Month)

Claims Count by Policy lass

Policy Class	Current	Prior	Change #	Change %	Budget	Off Budget #	Off Budget %
Auto	24	24	0	0.0%	34	(10)	(29.4%)
Commercial	2	1	1	100.0%	4	(2)	(50.0%)
Farm	11	12	(1)	(8.3%)	11	0	0.0%
Residential	21	24	(3)	(12.5%)	21	0	0.0%
Total	58	61	(3)	(4.9%)	70	(12)	(17.1%)

The Gross Claims Incurred closed the period at \$1,027,105 – up significantly over July's \$290,043. Favorably, the GCI comes in \$599,234 under plan.

Gross Claims (for the Month)

Claims Incurred by Policy Class

Policy Class	Current	Prior	Change #	Change %	Budget	Off Budget \$	Off Budget %
Auto	313,022	192,316	120,707	62.8%	321,546	(8,524)	(2.7%)
Commercial	100,640	(133,578)	234,218	(175.3%)	53,209	47,431	89.1%
Farm	177,613	630,509	(452,896)	(71.8%)	972,728	(795,115)	(81.7%)
Residential	435,830	79,634	356,196	447.3%	384,253	51,577	13.4%
Total	1,027,105	768,880	258,225	33.6%	1,731,736	(704,631)	(40.7%)

As per the table below, savings on prior year claims realized in the period was nominal at \$25,162, with the larger offset to the new claim costs coming from prior month claims.

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	209,897	103,126	313,022	49.1%
Commercial	41,466	59,174	100,640	142.7%
Farm	343,146	(165,532)	177,613	48.2%
Residential	457,759	(21,929)	435,830	4.8%
Totals	1,052,267	(25,162)	1,027,105	2.4%

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.

For the Board Meeting of: 9/16/2021

Executive Summary

For the entire month of August the guys were out doing full onsite inspections. This is the first time we can say this since the pandemic began. It was a summer month so again we had some inspectors enjoying well needed vacation time. The month saw the inspector's complete 108 inspections. This makes our last 2 months total over 200 inspections completed. Our backlog sits at around 1450. There are no restrictions now and we are doing inspections on property, farm and commercial. For the most part the insureds are okay with the inspectors on their properties. The guys of course continue wearing masks onsite and doing Covid self-tests twice a week. We are for the most part meeting in person in the office on a bi-weekly basis. It is starting to feel more and more like normal. Let's hope this can continue in the future.

The inspectors received Cognition training from Barb and will start familiarizing themselves with its operation. Like anything new it take time for the guys to get comfortable with it.

Update on Major Goal(s)

Cross training was delayed but should be starting in September. As was heard in the planning meetings cross-training is a popular item and all departments and staff are looking forward to the project.

Looking Ahead

In the month of September we will be taking part in a kick off presentation of our new inspection system. My entire department will be involved as well as some underwriting representation. This will be put on by the vendors as well as FarmRe. We are hearing that we may see some hands-on play time with the new system in the last quarter.

Respectfully Submitted,

Bryce Clarke

"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.

For the Board Meeting of: 9/16/2021

Executive Summary

August was a month in which many of the team members used their vacation time to rest and spend time with family. As most of us are fully vaccinated, a minor sense of normalcy has returned for a short while with the assumption that this Covid is probably something we're going to be living with for the next few years at least. This is the calm before the storm as September ramps with school going back in session. With many of my team members (including myself) with young children, the Covid balancing act will begin once again. The saving grace is that my team is preparing with all team members cross-training with each other so that all bases are covered in a worst-case scenario situation. Service levels are in great shape and our work is up-to-date, pending any disruptions that the fall season may bring. Nevertheless, it's never a dull moment for me managing my team, looking into the future and dealing with current company initiatives. August brought upon our Strategic Meeting, both with the staff and with the Board. Charity golf tournaments have started but with less frequency as I attended the TMHF Golf Classic with a couple Board members and our Scotia Investors. We also did something fun for the staff with the weekly duck races. OMAP VP interviews were in full swing and final interviews have been set up for September with the goal of having someone by mid-October.

Update on my Department

The underwriting team will continue to follow a schedule of coming into the office. This schedule is not meant to be mandatory that they have to be in the office as it is to make sure that we have enough spacing in the department that everyone can feel safe and to control our numbers so that we don't have 14 people showing up on the same day.

Covid - In-Office Schedule

For the Month of: September
 Department Name: Underwriting

MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY
Kay	Tiffany G.	Tiffany G.	Tiffany G.	Kay
Katherine	Kelley	Allison	Kelley	Nick
Tara	Jade	Kelley	Jade	Tara
Bobbi	Katherine	Jade	Nick	Bobbi
Tiffany C.	Nick	Katherine	Tara	Rosie
Lori	Sandra	Tiffany C.	Bobbi	Allison
Rosie		Lori	Sandra	
Allison		Kay		

Service levels are maintained at a high level with no one team member with over 10 outstanding tasks (at the time of writing this report). We've assigned our newer team

members (Katherine & Nick) to do some simple endorsements to take the weight of these endorsements from the underwriters so that they can spend more time analyzing risk and less time processing. Jade will be our main person doing cancellations for all lines to ensure that these are done consistently and efficiently. Doing simple endorsements is also a way for Katherine & Nick to learn the "business" from a grassroots level which will help them in their growth into the underwriting realm. Kay has been fitting into the underwriting role very well and I see much more responsibilities to be passed on to her in the near future. Allison and Tiffany Gibbs have taken a leadership role in training/mentoring in the team which bodes well for the team in terms of succession planning at all levels in the department.

Update on Major Goal(s)

Training Videos for Staff

This has been much slower process than usual for me as I've had different things in the office pop up which has taken my time away from doing these training videos. I do have some ideas of videos to do but it will take some time to prepare, present and record the videos.

Wordings/Manual Updates

This is an on-going process as well with collecting data both internally and externally in order to update our wordings/manuals. I'm working closely with both Steve on the wordings part and Barb in the manual portion. We are also in contact with Applied Compuquote to fix our water rating engine as broker quotes coming into HTM are incorrectly calculating premiums, surcharges and discounts.

Emerging or Future Issues

2nd interviews for the OMAP VP position are now completed as I travelled to Cambridge to complete them. Two final candidates have been chosen to come back for a 3rd interview. These candidates will be doing a presentation to the entire AFRC committee with the hopes of hiring one of these two by mid-October. The plan is to have the VP be presented at the P&M's in late October.

Underwriting Results

Our underwriting results for the month of August showed that even our brokers/agents are on vacation mode. Growth for August was stagnant at 1%. It's important to note that 3 of the 4 lines we write are in positive territory with the only line showing a decrease being automobile which decreased by 4.7%). I did a more in-depth analysis to see if this decrease in the automobile line was just a HTM occurrence and the answer is no. The mutual community as a whole is seeing a 2.4% decrease YTD in the automobile line and

average premium per policy is also decreasing by a 3.46% margin. With the lower growth numbers in August, our YTD growth decreased to 3.92% from 4.4% July YTD.

Premiums Written - (for the Month)

By Policy Class with Budget Comparison

Policy Class	Current	Prior	Change #	Change %	Budget	Off Budget \$	Off Budget %
Auto	609,510	639,668	(30,158)	(4.7%)	719,766	(110,256)	(15.3%)
Commercial	364,072	363,520	552	0.2%	407,718	(43,646)	(10.7%)
Farm	783,494	760,886	22,608	3.0%	785,181	(1,687)	(0.2%)
Residential	1,372,884	1,336,125	36,759	2.8%	1,454,736	(81,852)	(5.6%)
Total	3,129,960	3,100,199	29,761	1.0%	3,367,401	(237,441)	(7.1%)

As a result of lesser premium, our new policy count has also decreased for August to 158 from 176 in July. For comparison, August 2020 showed that we wrote 180 new policies with a majority of them coming from the Auto line which for this year, is the consistently declining line for us. Again, the mutual community is suffering a policy count decrease YTD of 2.2%.

New Policy Count - (for the Month)

By Policy Class

Policy Class	Current	Prior	Change #	Change %
Auto	25	42	(17)	(40.5%)
Commercial	17	15	2	13.3%
Farm	19	14	5	35.7%
Residential	97	109	(12)	(11.0%)
Total	158	180	(22)	(12.2%)

The lower new policy count also correlates to lower new policy premiums. We wrote 3.3% less in new policy premium this year compared to last year while new policy count reduced by 12.2%. While these numbers could definitely show more positivity, August is usually the slowest month over the summer. One positive trend to these numbers is the fact that our average premium per policy has increased from last year which means that

even though we're writing less policies, we are getting more premium for each policy written which means more premium for less risk taken.

New Policy Premiums - (for the Month)

By Policy Class

Policy Class	Current	Prior	Change \$	Change %
Auto	41,058	68,334	(27,276)	(39.9%)
Commercial	41,976	31,797	10,179	32.0%
Farm	50,732	34,131	16,601	48.6%
Residential	128,659	137,010	(8,351)	(6.1%)
Total	262,425	271,272	(8,847)	(3.3%)

Respectfully Submitted,



“We act with heart.”

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