



HTM INSURANCE COMPANY

BOARD MEETING – AUGUST 19, 2021

WELCOME & OPENING REMARKS



DECLARATION

Conflict of Interest

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”

AGENDA

- Welcome and Call to Order
- In-Camera
- Nominating Committee
- Consent agenda
- Donation Proposal
- Comparing Broker Costs
- Financial Review and Stats
- Strategic Plan Review
- Other Business
 - MCT Review



MOTION

“That the Agenda be adopted as distributed.”

Moved by

Seconded by



IN-CAMERA





NOMINATION COMMITTEE

UPDATE FROM COMMITTEE ACTIVITIES





MOTION

“To approve the nominating committee recommendation of moving forward with the process of appointing _____ & _____ to the HTM board”

Moved by

Seconded by

CONSENT AGENDA DOCUMENTS

- Compliance Manager's Report
- Distribution Lead Report
- VP Claims Report
- VP Loss Prevention Report
- VP Underwriting Report
- President's Report
- OMIA Report
- OMIA Market Watch
- Guarantee Fund Report
- MD&A Report
- Board Survey



MOTION

“To accept the Consent Agenda items as distributed.”

Moved by

Seconded by



DONATION PROPOSAL

FIVE COUNTIES ASSOCIATION





BROKER VERSUS AGENT

COMPARING DISTRIBUTION COSTS BETWEEN CHANNELS





STATS & FINANCIAL REPORT

UP TO JULY 31, 2021



To July 31st, 2021

Policy Count (Year-to-Date)

By Policy Class with Budget Comparison

Policy Class	Current	Prior	Change #	Change %	Budget	Off Budget #	Off Budget %
Auto	5,640	5,642	(2)	(0.0%)	5,779	(139)	(2.4%)
Commercial	1,847	1,876	(29)	(1.5%)	1,803	44	2.4%
Farm	2,830	2,767	63	2.3%	2,751	79	2.9%
Residential	10,240	10,120	120	1.2%	10,132	108	1.1%
Total	20,557	20,405	152	0.7%	20,465	92	0.4%

To July 31st, 2021

Premiums Written (Year-to-Date)

By Policy Class with Budget Comparison

Policy Class	Current	Prior	Change #	Change %	Budget	Off Budget \$	Off Budget %
Auto	4,972,858	5,086,390	(113,532)	(2.2%)	5,567,101	(594,243)	(10.7%)
Commercial	2,634,957	2,548,643	86,314	3.4%	2,701,070	(66,113)	(2.4%)
Farm	5,162,726	4,766,479	396,247	8.3%	5,075,831	86,895	1.7%
Residential	7,690,033	7,198,808	491,225	6.8%	7,741,735	(51,702)	(0.7%)
Total	20,460,574	19,600,320	860,254	4.4%	21,085,737	(625,163)	(3.0%)



To July 31st, 2021

Gross Claims (Year-to-Date)

Claims Count by Policy Class

Policy Class	Current	Prior	Change #	Change %	Budget	Off Budget #	Off Budget %
Auto	152	193	(41)	(21.2%)	250	(98)	(39.2%)
Commercial	21	20	1	5.0%	24	(3)	(12.5%)
Farm	44	66	(22)	(33.3%)	85	(41)	(48.2%)
Residential	109	115	(6)	(5.2%)	230	(121)	(52.6%)
Total	326	394	(68)	(17.3%)	589	(263)	(44.7%)

To July 31st, 2021

Gross Claims (Year-to-Date)

Claims Incurred by Policy Class

Policy Class	Current	Prior	Change #	Change %	Budget	Off Budget \$	Off Budget %
Auto	616,300	2,837,518	(2,221,218)	(78.3%)	2,702,695	(2,086,395)	(77.2%)
Commercial	461,673	790,848	(329,175)	(41.6%)	941,924	(480,251)	(51.0%)
Farm	436,894	680,607	(243,713)	(35.8%)	1,783,146	(1,346,252)	(75.5%)
Residential	1,842,206	3,323,983	(1,481,777)	(44.6%)	5,614,662	(3,772,456)	(67.2%)
Total	3,357,073	7,632,956	(4,275,883)	(56.0%)	11,042,427	(7,685,354)	(69.6%)

To July 31st, 2021

Gross Claims Incurred (Year-to-Date)

By Class showing the effect of Claims Activity for prior years

Policy Class	2021 Claims Incurred	Prior Year Claims Incurred	Total Incurred	% Impact of Prior Year Claims
Auto	1,085,595	(469,295)	616,300	43.2%
Commercial	561,687	(100,014)	461,673	17.8%
Farm	774,557	(337,663)	436,894	43.6%
Residential	2,053,775	(211,569)	1,842,206	10.3%
Totals	4,475,614	(1,118,541)	3,357,073	25.0%

To June 30th

MCT Ratio by Quarter

Based on P&C1 Reports

Period	2021	2020	Change #	Change %	Budget	Off Budget #	Off Budget %
Quarter 1	410%	446%	-36%	(8.1%)	426%	-16%	(3.8%)
Quarter 2	420%	426%	-6%	(1.4%)	408%	12%	2.9%
Quarter 3	0%	413%	n/a	n/a	391%	n/a	n/a
Annual	0%	438%	n/a	n/a	376%	n/a	n/a

To July 31st, 2021

Balance Sheet as at July 31, 2021

	2021	2020	% of Change
Cash & Investments	59,673,802	52,335,448	14.0%
Accounts receivable	9,347,769	8,972,619	4.2%
Reinsurance	6,427,051	6,263,939	2.6%
Broker Acquisition	321,533	388,133	(17.2%)
Building & Equipment	7,242,240	7,546,807	(4.0%)
Other Assets	<u>4,040,296</u>	<u>3,149,045</u>	<u>28.3%</u>
Total Assets	<u>\$87,052,691</u>	<u>\$78,655,992</u>	10.7%
Accounts Payable	512,896	421,777	21.6%
Due to Brokers	999,656	808,670	23.6%
Outstanding Claims	22,247,008	23,583,041	(5.7%)
Taxes Due	1,245,120	689,608	80.6%
UEP & Other Liabilities	<u>17,929,996</u>	<u>16,972,754</u>	<u>5.6%</u>
Total Liabilities	<u>42,934,677</u>	<u>42,475,850</u>	1.1%
Members' Surplus	<u>44,118,014</u>	<u>36,180,141</u>	21.9%
	<u>\$87,052,691</u>	<u>\$78,655,992</u>	10.7%

To July 31st, 2021

Income Statement to July 31, 2021

	2021	2020	% of Change	% of EP 2021	% of EP 2020
Premiums	20,589,364	19,764,781	4.2%		
Reinsurance Premiums	2,446,702	2,424,869	0.9%		
Increase (Decrease) in UEP	<u>536,382</u>	<u>811,580</u>	(33.9%)		
Net Premiums Earned	17,606,281	16,528,333	6.5%		
Policy Interest / Charges	<u>287,454</u>	<u>271,034</u>	6.1%		
	<u>\$17,893,735</u>	<u>\$16,799,366</u>	6.5%		
Gross Claims & Adjusting Incurred	3,982,689	8,191,259	(51.4%)	22.6%	49.6%
Reinsurance Recoveries	<u>41,401</u>	<u>445,382</u>	(90.7%)	0.2%	2.7%
Net Claims Incurred	3,941,288	7,745,877	(49.1%)	22.4%	46.9%
Policy Acquisition Expenses	4,118,657	3,829,707	7.5%	23.4%	23.2%
All other Expenses	<u>2,653,376</u>	<u>3,174,756</u>	(16.4%)	15.1%	19.2%
General Expenses	6,772,033	7,004,463	(3.3%)	38.5%	42.4%
Underwriting Profit / (Loss)	\$7,180,413	\$2,049,026	250.4%	60.8%	89.2%
Investment Income	1,447,241	1,971,310	(26.6%)		
Income Tax Expense	<u>2,150,000</u>	<u>1,000,000</u>	115.0%		
Net Profit / (Loss)	<u>\$6,477,654</u>	<u>\$3,020,336</u>	114.5%		



To July 31st, 2021

Income Statement to July 31, 2021 - Detailed Expenses

	2021	2020	% of Change	2021 % of Earned	2020 % of Earned
Policy Acquisition Expenses	4,118,657	3,829,707	7.5%	23.4%	23.2%
Directors Fees and Benefits	121,869	143,194	(14.9%)	0.7%	0.9%
Professional Fees	41,520	40,643	2.2%	0.2%	0.2%
Salaries and Benefits	1,049,663	1,340,009	(21.7%)	6.0%	8.1%
Travel Expenses & Meals	2,035	24,259	(91.6%)	0.0%	0.1%
Advertising & Donations	33,257	95,785	(65.3%)	0.2%	0.6%
Conventions & Annual Meeting	1,141	8,728	(86.9%)	0.0%	0.1%
Education	20,980	15,701	33.6%	0.1%	0.1%
Depreciation	164,593	356,700	(53.9%)	0.9%	2.2%
Sundry / Other	17,407	33,395	(47.9%)	0.1%	0.2%
Membership Fees	67,763	67,709	0.1%	0.4%	0.4%
Government & Regulatory	63,847	70,000	(8.8%)	0.4%	0.4%
Building Expenses	103,741	100,346	3.4%	0.6%	0.6%
Office Expenses	100,293	103,459	(3.1%)	0.6%	0.6%
Technology	426,536	415,298	2.7%	2.4%	2.5%
Risk Analysis & Prevention	344,296	279,013	23.4%	2.0%	1.7%
Bank Charges	94,436	80,519	17.3%	0.5%	0.5%
General Expenses	<u>\$6,772,033</u>	<u>\$7,004,463</u>	(3.3%)	38.5%	42.4%



To July 31st, 2021

Balance Sheet as at July 31, 2021

	2021	2021 B	% Off Budget
Cash & Investments	59,673,802	58,476,409	2.0%
Accounts receivable	9,347,769	8,873,686	5.3%
Reinsurance	6,427,051	7,714,555	(16.7%)
Broker Acquisition	321,533	322,633	(0.3%)
Building & Equipment	7,242,240	7,211,758	0.4%
Other Assets	<u>4,040,296</u>	<u>3,618,074</u>	<u>11.7%</u>
Total Assets	<u>87,052,691</u>	<u>86,217,115</u>	1.0%
Accounts Payable	512,896	455,240	12.7%
Due to Brokers	999,656	905,559	10.4%
Outstanding Claims	22,247,008	28,198,556	(21.1%)
Taxes Due	1,245,120	(481,294)	(358.7%)
UEP & Other Liabilities	<u>17,929,996</u>	<u>18,554,205</u>	<u>(3.4%)</u>
Total Liabilities	<u>42,934,677</u>	<u>47,632,266</u>	(9.9%)
Members' Surplus	<u>44,118,014</u>	<u>38,584,849</u>	14.3%
	<u>\$87,052,691</u>	<u>\$86,217,115</u>	1.0%



To July 31st, 2021

Income Statement to July 31, 2021

	2021	2021 B	% Off Budget		
Premiums	20,589,364	21,214,565	(2.9%)		
Reinsurance Premiums	2,446,702	2,955,071	(17.2%)		
Increase (Decrease) in UEP	<u>536,382</u>	<u>982,948</u>	(45.4%)		
Net Premiums Earned	17,606,281	17,276,546	1.9%		
Policy Interest / Charges	<u>287,454</u>	<u>288,044</u>	(0.2%)	% of EP	% of EP
	<u>\$17,893,735</u>	<u>\$17,564,590</u>	1.9%	<u>2021</u>	<u>2021 B</u>
Gross Claims & Adjusting Incurred	3,982,689	11,559,043	(65.5%)	22.6%	66.9%
Reinsurance Recoveries	<u>41,401</u>	<u>1,575,000</u>	(97.4%)	0.2%	9.1%
Net Claims Incurred	3,941,288	9,984,043	(60.5%)	22.4%	57.8%
Policy Acquisition Expenses	4,118,657	4,304,252	(4.3%)	23.4%	24.9%
All other Expenses	<u>2,653,376</u>	<u>2,772,693</u>	(4.3%)	15.1%	16.0%
General Expenses	6,772,033	7,076,946	(4.3%)	38.5%	41.0%
Underwriting Profit / (Loss)	\$7,180,413	\$503,601	1325.8%	60.8%	98.8%
Investment Income	1,447,241	755,711	91.5%		
Income Tax Expense	<u>2,150,000</u>	<u>314,828</u>	582.9%		
Net Profit / (Loss)	<u>\$6,477,654</u>	<u>\$944,484</u>	585.8%		



To July 31st, 2021

Income Statement to July 31, 2021 - Detailed Expenses

	2021	2021 B	% Off Budget	2021 % of Earned	2021 B % of Earned
Policy Acquisition Expenses	4,118,657	4,304,252	(4.3%)	23.4%	26.0%
Directors Fees and Benefits	121,869	127,568	(4.5%)	0.7%	0.8%
Professional Fees	41,520	49,848	(16.7%)	0.2%	0.3%
Salaries and Benefits	1,049,663	1,046,691	0.3%	6.0%	6.3%
Travel Expenses & Meals	2,035	24,220	(91.6%)	0.0%	0.1%
Advertising & Donations	33,257	74,649	(55.4%)	0.2%	0.5%
Conventions & Annual Meeting	1,141	22,477	(94.9%)	0.0%	0.1%
Education	20,980	25,523	(17.8%)	0.1%	0.2%
Depreciation	164,593	147,942	11.3%	0.9%	0.9%
Sundry / Other	17,407	38,191	(54.4%)	0.1%	0.2%
Membership Fees	67,763	66,914	1.3%	0.4%	0.4%
Government & Regulatory	63,847	64,593	(1.2%)	0.4%	0.4%
Building Expenses	103,741	114,571	(9.5%)	0.6%	0.7%
Office Expenses	100,293	123,134	(18.6%)	0.6%	0.7%
Technology	426,536	403,867	5.6%	2.4%	2.4%
Risk Analysis & Prevention	344,296	375,039	(8.2%)	2.0%	2.3%
Bank Charges	94,436	67,466	40.0%	0.5%	0.4%
General Expenses	<u>\$6,772,033</u>	<u>\$7,076,946</u>	(4.3%)	38.5%	42.8%





MOTION

“To approve the financial report to July 31st”

Moved by

Seconded by



STRATEGIC PLANNING

REVIEW PLANNING DOCUMENT FRAMEWORK & DISCUSS AUGUST MEETING





OTHER BUSINESS

LIST OF FINAL ITEMS



OTHER BUSINESS

➤ MCT Review

ADJOURN