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# HTM INSURANCE COMPANY

BOARD MEETING – JANUARY 2022

# WELCOME & OPENING REMARKS



# 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”

# DECLARATION

## Conflict of Interest

# AGENDA

- Welcome and Call to Order, Mission, Vision, Conflict
- Consent agenda
- Directors' Activities
- Conduct Review Committee (CRC)
- Audit / Year end
- Document Review
- Annual Meeting
- Other Business
  - Broker Survey



# MOTION

“That the Agenda be adopted as distributed.”

Moved by

Seconded by

# CONSENT AGENDA DOCUMENTS

- VP Claims Report
- VP Loss Prevention Report
- VP Underwriting Report
- VP Finance Report
- Compliance Report
- Distribution Manager Report
- President's Report
- OMIA Financial
- OMIA AGM
- Quarterly Board Survey Results
- Board Meeting Minutes





# MOTION

**“To accept the Consent Agenda items as distributed.”**

Moved by

Seconded by



# DIRECTORS' UPDATES

ACTIVITIES OF DIRECTORS SINCE LAST BOARD MEETING





CRC

CONDUCT REVIEW COMMITTEE



- This is about identifying related party transactions that have a significant or potentially significant impact on the organization.
- Every year there are no transactions.
- This (CRC) is an administrative requirement for us.
- Allowable related party transactions:
  - Claims
  - Computer loan program



# YEAREND FINANCIALS

REVIEW FINANCIAL REPORT AND AUDIT MEETING



- There were a few claims where reserves could have been more accurately captured based on documents in-hand on December 31<sup>st</sup>.
- The facility accounting error already discussed in-house was reviewed. Auditors agree that we were correct in writing it off and discussed why it was missed.

## HAMILTON TOWNSHIP MUTUAL INSURANCE COMPANY BALANCE SHEET AS AT DECEMBER 31, 2021

	2021	2020
	\$	\$
<b>ASSETS</b>		
Cash	10,389,420	8,977,591
Portfolio investments - Note 4	52,587,447	45,913,794
Accrued investment income	127,472	109,680
Accounts receivable		
- Agents, brokers and policyholders	8,996,101	8,664,256
- Reinsurer - Note 5		552,400
- Other		387,318
Income taxes recoverable	16,944	
Reinsurer's share of provision for unpaid claims and adjustment expenses - Note 5	6,269,660	8,338,587
Deferred policy acquisition expenses - Note 5	3,293,378	3,125,405
Prepaid expenses	87,561	91,507
Property, plant and equipment - Note 6	7,133,587	7,435,414
Intangible assets - Note 7	274,033	387,733
Deferred income taxes - Note 8	120,000	130,000
	<b>89,295,603</b>	<b>84,113,685</b>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	1,496,340	1,458,126
Due to reinsurer - Note 5	64,985	
Profit sharing commissions payable	1,083,568	513,331
Income taxes payable		1,118,178
Provision for refund to policyholders	2,912,000	
Provision for unpaid claims and adjustment expenses - Note 5	23,385,338	25,990,071
Unearned premiums - Note 5	18,223,411	17,393,614
	<b>47,165,642</b>	<b>46,473,320</b>
<b>POLICYHOLDERS' SURPLUS</b>		
Surplus and resources for protection of policyholders	42,129,961	37,640,365

**HAMILTON TOWNSHIP MUTUAL INSURANCE COMPANY  
STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED DECEMBER 31, 2021**

	2021 \$	2020 \$
<b>PREMIUM INCOME</b>		
Gross premiums written	35,713,620	34,298,836
Less reinsurance premiums	(5,072,990)	(4,407,797)
Net premiums written	30,640,630	29,891,039
Increase in unearned premiums	(829,797)	(1,232,441)
Net premiums earned	29,810,833	28,658,598
Service charges	498,049	468,180
	<b>30,308,882</b>	<b>29,126,778</b>
<b>DIRECT LOSSES INCURRED</b>		
Gross claims and adjusting expenses - Note 6, Note 9	10,193,943	18,554,241
Reinsurer's share of claims and adjusting expenses	141,873	(3,630,294)
	<b>10,335,816</b>	<b>14,923,947</b>
	<b>19,973,066</b>	<b>14,202,831</b>
<b>EXPENSES</b>		
Net premium acquisition costs - Note 9	7,989,964	6,440,315
Salaries and benefits	1,785,229	2,266,518
Directors fees	228,484	188,417
Professional fees	104,234	90,020
Travel and education	83,229	75,856
Loss prevention - Note 9	597,736	454,434
Advertising	210,111	109,359
Office, printing and telephone	965,691	827,532
Ontario premium taxes	104,343	113,670
Building	261,914	217,698
Depreciation of property, plant and equipment - Note 6	334,461	372,774
Amortization of intangible assets	113,700	114,000
Other	281,932	300,966
	<b>13,061,028</b>	<b>11,571,559</b>



**HAMILTON TOWNSHIP MUTUAL INSURANCE COMPANY  
STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED DECEMBER 31, 2021**

	2021 \$	2020 \$
<b><u>UNDERWRITING PROFIT</u></b>	<b>6,912,038</b>	<b>2,631,272</b>
<b>OTHER INCOME (EXPENSES)</b>		
Investment income - Note 12	2,239,127	3,600,094
Management fees - portfolio investments	(189,569)	(150,812)
	<b>2,049,558</b>	<b>3,449,282</b>
<b><u>REFUND TO POLICYHOLDERS - Note 2(b)</u></b>	<b>(2,912,000)</b>	<b>NIL</b>
<b><u>COMPREHENSIVE INCOME BEFORE INCOME TAXES</u></b>	<b>6,049,596</b>	<b>6,080,554</b>
<b>INCOME TAX EXPENSE</b>		
Current - Note 8	1,550,000	1,600,000
Deferred - Note 8	10,000	
	<b>1,560,000</b>	<b>1,600,000</b>
<b><u>COMPREHENSIVE INCOME FOR YEAR</u></b>	<b>4,489,596</b>	<b>4,480,554</b>



# JANUARY STATS

REVIEW FIRST MONTH OF 2022



## Policy Count (Year-to-Date)

By Policy Class with Budget Comparison

Policy Class	Current	Prior	Change #	Change %	Budget	Off Budget #	Off Budget %
Auto	5,630	5,667	(37)	(0.7%)	5,618	12	0.2%
Commercial	1,826	1,845	(19)	(1.0%)	1,835	(9)	(0.5%)
Farm	2,828	2,787	41	1.5%	2,804	24	0.9%
Residential	10,229	10,170	59	0.6%	10,217	12	0.1%
<b>Total</b>	<b>20,513</b>	<b>20,469</b>	<b>44</b>	<b>0.2%</b>	<b>20,474</b>	<b>39</b>	<b>0.2%</b>

## Claims Reported (Year-to-Date)

Trend by Accident year and Policy Class

Policy Class	2022	2021	2020	2019	2018	Average	Change from 2021
Auto	27	12	35	37	39	30	125.0%
Commercial	2	2	5	4	5	4	0.0%
Farm	4	3	4	9	12	6	33.3%
Residential	14	12	15	18	33	18	16.7%
<b>Totals</b>	<b>47</b>	<b>29</b>	<b>59</b>	<b>68</b>	<b>89</b>	<b>58</b>	<b>62.1%</b>

## Gross Claims Incurred (Year-to-Date)

Trend by Accident year and Policy Class

Policy Class	2022	2021	2020	2019	2018	Average	Change from 2021
Auto	366,055	106,486	192,733	231,003	396,722	258,600	243.8%
Commercial	30,500	1,295	185,913	27,728	57,129	60,513	2256.1%
Farm	56,400	55,450	42,791	1,002,173	169,732	265,309	1.7%
Residential	1,402,396	723,136	212,388	788,880	469,887	719,337	93.9%
<b>Totals</b>	<b>1,855,351</b>	<b>886,366</b>	<b>633,825</b>	<b>2,049,784</b>	<b>1,093,470</b>	<b>1,303,759</b>	<b>109.3%</b>

## HTM Overall Performance (Year-to-Date)

By Class of Business

Policy Class	Policy Count	Growth	Premium Written	Growth	Claims Incurred	Loss Ratio
Auto	5,630	(0.7%)	530,317	(5.2%)	548,852	80.3%
Commercial	1,826	(1.0%)	361,505	(3.5%)	54,513	14.9%
Farm	2,828	1.5%	605,776	2.2%	2,980	0.4%
Residential	10,229	0.6%	823,689	1.9%	1,584,913	134.3%
<b>Total</b>	<b>20,513</b>	<b>0.2%</b>	<b>2,321,287</b>	<b>(0.6%)</b>	<b>2,191,258</b>	<b>73.4%</b>





# DOCUMENT REVIEW

PANDEMIC, DIRECTOR EDUCATION, CRC







# OTHER BUSINESS

LIST OF FINAL ITEMS



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## OTHER BUSINESS

➤ Broker Survey

## Team Feedback on Insurer Performance - Products & Service

Category  

- Claims service
- Communication ease
- Product quality
- Rates - Auto
- Rates - Property
- Underwriting flexibility

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Ranking	Ranking	Ranking
1 of 16	1 of 16	4 of 16

## Team Feedback on Insurer Performance - Products & Service

Category  

- Claims service
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Category  



- Claims service
- Communication ease
- Product quality
- Rates - Auto
- Rates - Property
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Ranking	Ranking	Ranking
10 of 16	3 of 16	1 of 16



## Team Feedback on Insurer Performance - Technology

Category  

- Applied Rating vs. portal
- Downloads and eDocs
- Portal use

Category  

- Applied Rating vs. portal
- Downloads and eDocs
- Portal use

Category  

- Applied Rating vs. portal
- Downloads and eDocs
- Portal use

Ranking	Ranking	Ranking
6 of 16	3 of 16	10/16

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# ADJOURN / IN-CAMERA



THANK YOU