

4/11/2022

Committee Meeting

Minutes of April 11, 2022

**ATENDING DIRECTORS:**

Bill Dorland, Chair

Allan Sheppard

Dave Rutherford

Susan Treverton

**ATENDING STAFF:**

Alec Harmer, President
Barb Dinnage, Compliance Officer

**REGRETS:**

Barbara Dinnage

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

Bill welcomed everyone to the meeting. Alec will be reviewing the ERM Risk Register with the committee. We will discuss the board survey and the cyber incident.

# Risks Reviewed

**Catastrophe – Stop loss** – This risk recognizes the possibility of a significant amount of claims over an entire year, above and below our excess retention, causing significant financial harm. Our main strategy against financial ruin is our Stop Loss reinsurance protection. As we grow as a company, a catastrophic loss year would be larger as Stop Loss reinsurance is based on earned premiums. We need to monitor our pricing to be sure we charge adequately for our products.

**Insurance Program - Reinsurance** – The risk is creating a financial burden due to inappropriate or inadequate choices in our reinsurance program. HTM’s reinsurance program is reviewed annually with the board. We use a combination of in-house analysis along with information provided by FM Re to make prudent choices.

**Competition** – We are faced with competition every day. We need to be aware of what is happening in the marketplace and not miss any opportunities that may come our way. We need to monitor our pricing adequacy and competitive position. We like to stay with pricing that is stable.

**Distribution** – We use brokers and agents to distribute our products. The loss of a larger broker could have a substantial impact. We need to monitor the percentage a broker has of our portfolio. Keeping a strong relationship is important. Adding new brokers and growth of smaller brokers and agents to the mix helps balance the portfolio.

**Strategic** – This represents the risks in action items we have identified (making investments in “something” and it does not work out ie. FMFS) or missing opportunities by not being prepared. We have a robust strategic plan that is made reference to monthly to the board in management reports. It is reviewed in detail quarterly. Annually there is a strategic meeting held with board and management to update. A great deal of time is spent on this category. We stay up to date on trends in the industry. Managers include emerging issues in their quarterly reports.

**Investment** – This risk is in our foreign investments and the volatility in exchange rates. Our investments in the US and foreign markets are subject to this risk. This is a small portion of our investment portfolio. We have an investment policy that we follow. We have a scheduled meeting with our investment advisers twice a year with our board.

A further meeting of the governance committee will be scheduled to continue review.

# Board Survey & Consent Agenda

The quarterly survey completed by the board was reviewed. For best results, all 9 board members need to complete the survey. This survey should be emailed on the morning of the board meeting. It can be completed at the end of the quarterly board meeting. It was discussed that the survey gives good information to Alec to bring back to the managers. If necessary, this allows for future presentations to be amended to fit the needs of the board. It was felt that scoring of each manager should have 1 category rather than 3 and that the comments section should be used for expanded feedback (such as “too long”, etc.). Alec will change the survey for the April meeting and the directors will discuss it in-camera. The hope was that meetings are done in a timely fashion allowing directors to complete the survey before they leave.

Some research had been done online regarding consent agendas. Consent agenda items should not create a lot of discussion. Questions should be emailed to Alec and he can use the “Reply All” and address the board members with answers. This would help to keep the meeting on track. At some companies, a question on a consent agenda item requires that item to be pulled from the consent agenda category and a new agenda item created. We didn’t think this needed to occur especially when consent agenda documents are typically on the site a week in advance.

# Cyber Incident

Alec gave an overview of what happened in the cyber incident last September. He reported that HTM was better off than 99% of other companies that have experienced a breach due to the systems and safeguards we had in place. We did learn some lessons from the forensic team. Alec listed a variety of exposures that were identified and the measures we have taken to rectify the issues. Only one issue caused the event and that was timing of an update on our email server. We have now activated the artificial intelligence on an appliance that monitors our network that will allow us to have an immediate shut down if a breach is detected. We have now completed the action items that were suggested we do, including multi-factor authentication. The last item is staff (and director) training. This is being set up by our IT person. Our cyber insurance policy has been renewed for this year. The estimated cost of the entire breach to HTM was approximately $100,000.

# Next Meeting

At the next meeting of the governance committee, another 6 risk items will be reviewed. We will take a look at Board activities versus operational activities. Lastly, we will look at a few board policies.

# Adjournment of the Meeting

**MOTION:** *“to declare the meeting adjourned at 1:36 p.m.”*

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Date

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Bill Dorland, Chair

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Barb Dinnage, Secretary