



3/15/2021

# Board Meeting

Minutes of March 11, 2021

**ATENDING DIRECTORS:**

Allan Sheppard, Chair  
Dave Rutherford, Vice-Chair  
Nancy Brown, 2<sup>nd</sup> Vice-Chair  
Bruce Buttar, Past Chair  
Van Darling, Director  
Bill Dorland, Director  
Bob Burley, Director  
Richard Barrett, Director  
John Kernaghan, Director

**ATENDING STAFF:**

Alec Harmer, President

**REGRETS:**

None

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

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Chair, Allan Sheppard, brought the virtual board meeting to order at 9:00am.

He welcomed all the attendees to another virtual board meeting and read the mission and vision, shown above.

Allan asked if any member had a conflict with any items on the agenda. There were none.

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

Bruce: Mover

Dave: Secunder

Carried.

## Consent Agenda Documents

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Alec outlined the consent agenda documents.

The following items formed the consent agenda:

- Minutes of the February board meeting
- Nominating Committee Minutes
- OMIA Board report
- Collectivfide Reports
- Management Discussion and Analysis
- Board Meeting Survey
- Company 789 (OMAP)
- Management Reports

In regards to Company 789, Alec commented it will be beneficial to have a group dedicated to the auto line of business, however there would additional costs as some of there are buried in OMIA/FM Re operations. It was asked if HTM will save on OMIA fees or FM Re expenses as a result. The answer was “no”. It was advised that we will receive a 10% reduction in OMIA fees because of costs that were not incurred in 2020.

A question was asked regarding the \$1.5 million cap for dwelling limits, and what the cap would be for farms. Alec indicated that for farm, there are more risks to offset one in question, whereas all risks are under one roof for a house on a personal policy.

It was asked if HTM is taking on more brokerages this year, to which Alec replied it is not being actively pursued, but is under review. The pandemic isn't ideal for sitting down with brokerage representatives. Bob asked if the brokers' donations are registered in their name or HTM's? Alec said HTM sends the cheques, to which we receive the receipt but the brokers get the credit. He noted it won't be an ongoing process.

In regards to advertising, Alec said he is encouraging brokers to use the funds for advertising, since it was a significant amount. Van asked about MCT and Alec said it ended at 428, about the same as last year. It was asked if it was thought brokers appreciate the funds, or if the funds can be used elsewhere? Alec replied he and Christine are incredulous about why it's not being used. Last year's unused funds were rolled back into company revenue.

A question was asked about the planning meeting that was supposed to be last August, but was cancelled. Alec said we shouldn't let another year go by without revisiting that strategic planning document. As for setting a date for this meeting, it was suggested we set an August date and review it in June to see if looks possible for in-person. It was suggested, Gary Gzik, be asked to facilitate the planning session; Alec agreed and said he would check if he's available.

In regards to the business development report, there was a request for the number of policies the agents lost. Alec said he would find out.

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

John: Mover

Richard: Seconder

Carried.

## Annual Meeting

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Allan asked for everyone's opinion on the AGM trial run, held March 8, 2021. Several suggestions were given for Nancy's presentation.

In regards to the bylaw change, there was a reference to the fact that the Board passed it in January, and as such the Board should "speak with one voice" and therefore the Board should all vote in favour. A question arose about whether the wording of by-law change truly reflects the motion that was passed in January. It was discussed that we really couldn't change that now since it has been advertised. In the future, if the Board feels it needs to be changed, the same process can be followed.

There was a discussion on the Corporations Act and if it would allow a non-member to be on the Board. Alec advised the lawyer's official word was needed, but as soon as someone is appointed

they are a director. They'd have to get a policy 30 days prior to the election, otherwise they couldn't be elected, so the non-member status is very temporary if it occurred at all.

At 10:00, Allan broke the meeting for a 5-minute break.

## President's Report

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Alec gave his financial report for the first two months of 2021. The highlights were:

- For February: \$4,204,371 in premiums written
- Up to February 28, 2021: the policy count is up, with 20,479
- New Claims Count: down 14.6% down for month of February
- Claims Incurred: 170,010 for month of February
- Claims Count: down 33.9% to February 28, 2021
- Claims Incurred: 940,010 to February 28, 2021

The Balance Sheet, showing as to February 28, 2021, showed an increase in assets to \$82 million from \$72 million last year. Alec discussed figures for accounts receivable, reinsurance, and increase in premiums, outstanding claims, taxes, and surplus. He highlighted the Income Statement up to February 28, 2021, the highlights of which were:

- Net premiums: up 4.3%
- Net claims: down 37.7%
- General Expenses: up 3.2 percent
- Underwriting Profit: up 104.8% to \$1.7 million
- Investment (unrealized losses): down 233.4%
- Net profit: \$933,918 after taxes

It was asked what the cash-on-hand amount would be. Alec advised it is approximately \$4.7 million. Alec presented a detailed break-down of the expenses to February 28, 2021. He said he must look into several of the items, including Director's Fees, and will provide a document on directors' fees to the board after the meeting. Alec outlined HTM's performance compared to other mutuals, noting that the figures for other mutuals don't include Commonwell's statistics. In premiums, HTM experienced growth of 8.3% from the prior term to the current one, while other mutual experienced 7.7% growth in premiums. For claims incurred, HTM had 4.5% growth; other mutual had a reduction of 7.9%. For claims count, HTM had a reduction of 13.6% while all mutuals saw a 23.2% reduction. For Loss Ratio, HTM had 53.3% (down 5.3%), while other mutuals had a 49.6% loss ratio (down 16.5%).

**Motion:** *“to approve the financial statements as distributed.”*

Bob: Mover

Bill: Secunder

Carried.

## Budget

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Alec brought up the budget for 2020 for the board’s review. He noted the title should be “Actual December YTD,” not for November. Alec pointed out we had used 99.5% of the budget, and went over some of the highlights:

- Claims used 88.3% of budget
- Commissions used 92.8%
- Salaries and Benefits used 95%
- Professional Fees used 105.9% (Alec noted some of what constitutes this section should actually be in the legal section)
- Advertising used 78.1%
- Schooling used 38.8%
- Travel and Expenses used 34.4%
- Computer Services used 94.4%
- Loss Prevention used 78.1%
- Taxes used 59.9%
- Fuel and Light used 53.4%
- Janitorial and Cleaning used %69.7%
- Repair and Maintenance used 92.7%
- Sundry used 152.5%
- Underwriting Loss/Gain used -967.4%
- Other Income used 46.7%

Alec concluded his review of last year’s budget. He noted the actual year end came reasonably close except for those areas that were impacted by the pandemic. Alec explained FSRA now requires our budget for the income statement as well as the balance sheet.

## Donations

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Alec brought up Management's recommendation to increase the donation amount, since it was decided not to give refunds to policyholders. Alec asked the directors for their input on whether to raise the donation amount, or to keep with the budget as it is. A discussion followed, in which the board decided to keep with the budget and to not raise the donation amount.

It was mentioned that if we were approached by an organization, consideration may be given in excess of our budget.

## Pandemic Risk Discussion

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The question was put forward, what criteria would it take to make in-person board meetings possible, whether it be vaccinations, zero case numbers, meeting off-site, or in the green zone. The general opinion was that it was still much too early to have in-person meetings, but discussed the factors that would enable in-person gatherings. After discussion, it was determined vaccination was a good key to know when that could happen. It was discussed what would happen if most were vaccinated, but not all. Allan suggested revisiting the conversation at a later date.

The Board took a 5-minute break at 11:18am.

After returning from the break, comments were request on if/when the community room opens back up again, is it worth the risk to the health of the staff. Should the room be closed permanently to public use like this? Alec said keeping it closed will go on for a long time still, and the criteria for reopening will be reviewed. He said he couldn't see it being closed forever, and commented that things will likely go back to normal sometimes in the future, and would be hesitant to make a decision that would be permanent. The board members agreed that it was too early to make a permanent decision, but in any case, it will remain closed. Alec added that before it is opened up, the Board will know beforehand so it can be discussed further.

## Other Business

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Alec brought up the issue of what happens when one or several employees are not vaccinated, and what that would mean for the office. The legality of requiring staff to be vaccinated would be a big issue. Also, employers cannot force employees to disclose if they are vaccinated or not. HTM is responsible for the health and safety of staff. It was brought up as to the possibility of a survey, asking if staff had the option to get vaccinated would they, as well as other questions regarding things like working from home. This would provide a better idea of everyone's mindset.

A request for Wilkinson's audit quote for next year was made. Alec said he has not heard back yet, but would email it out to everyone when he has it, along with information on policy cancellations from the agents and director's fees.

The following requests were made:

1. It was asked about agency review; Will be done for April.
2. Pearson, the meeting for which has been put off until April
3. If the survey for directors' remuneration is out this year; Alec said it would come out in September.
4. If the meeting could be recorded in order to have a transcript of the meeting, to ensure accuracy of the minutes. Alec advised he is recording this meeting, but will delete as soon as minutes are completed. It was added that the minutes should not have as much detail.

## Adjournment of the meeting

**MOTION:** *"to declare the meeting adjourned."*

Richard: Moved

The meeting was adjourned at 12:00pm. An in-camera session followed.

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Date

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Allan Sheppard, Chair

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Alec Harmer, Secretary