

## Minutes of the Finance Committee

December 8, 2022 – Virtual

Van opened the meeting at 11:45 am.

The minutes of the December 2<sup>nd</sup> meeting needed to be modified to clarify the section on reviewing payroll and adding the conversation around inspections.

Alec had sent several emails out to the committee the evening before outlining the changes to the budget. Those were as follows:

1. Ipads that were missing as capital purchases, were added. This created about \$2,500 in additional expense for 2021 and \$5,000 for the 2022 budget
2. Membership fees had the FSRA assessment in them. Two issues. One past issue was the full assessment was posted to the claims area in error. It should have only been the Health Assessment portion. Membership fees were reduced in the 2022 budget from the original version. On the other hand the appropriate category of regulatory assessments now shows \$24,000.
3. Directors' fees and benefits were updated based on correcting an error as well as knowledge of the recommendation going to the board next week.
4. A small adjustment of \$5,000 additional in computer software
5. PAC revenue was increased by \$10,000, which is a little more in-line with prior year increases.
6. Correction to the liability for marketing funds owing. It now shows \$100,000 instead of (\$100,000).
7. Reinsurance premium owing at the end of 2021 is now more accurate with an additional \$220,000 added. This is the estimated final reinsurance premiums less the actual deposit premium made during 2021.

The committee then reviewed the detailed budget with the corrections and revisions shown above.

There was further conversation regarding the budget showing almost \$2m in underwriting profit for 2022. The budget was made that way to align with our strategic plan target of a 95% combined ratio. After discussion, the fact that neither the current, nor a lower number had any more chance of being the correct one, it was decided to leave it.

There was some additional conversation around the loss prevention program costs and the lack of adequate analysis.

Alec went over the implications of the request to see what the adjustment to salaries would be to make them more in-line with the remuneration project targets all at once instead of incrementally over a couple years. Alec provided the chart below including the indirect costs of benefit changes when salaries change.

These are the figures ....

	New Budget	Original Budget	Difference
<b>Pay</b>	3,030,966	2,961,757	69,209
<b>Payroll Taxes</b>	182,655	181,543	1,112
<b>Benefits</b>	207,735	207,735	0
<b>Pension</b>	267,070	260,980	6,090
<b>Health Spending</b>	20,598	20,598	0

Alec indicated the adjustments above increase operating costs by 0.2%.

Van asked for all committee members' opinions on the changes to salary and the overall budget for 2022. The members were in support of Alec incorporating the above salary changes into the final budget and providing the budget, as amended, to the board.