

## MINUTES OF THE FINANCE COMMITTEE

December 2, 2021 at HTM

Alec provided the members with a run-through of the various excel spreadsheets that help prepare the budgeted figures. He indicated there were a few areas of the budget that still needed to be tweaked and that a follow up virtual meeting would be beneficial before sending out to the board.

### Salaries

One of the larger expenses are salaries for the various departments. Alec reviewed one page (showing only his own salary) of the excel spreadsheet that records each person's salary and benefits' costs broken down by month. This information, in summary, is brought into the budget spreadsheet to help create monthly budgeted amounts.

Being on the topic of salaries, Alec showed the members the process management went through with a payroll consultant in creating a new salary structure. The first step was to score each job based on a set of criteria below:

POSITION TITLE: Job Title

DATE: November 2021

EVALUATED BY: Tony & Warren

SUB FACTOR	RATING	POINTS
Education	3	27
Experience	4	36
Specialized/Technical Skills	3	32
Contacts & Communication	3	65
Problem Solving & Judgment	3	65
Creativity & Innovation	3	23
Accountability & Decision Making	3	65
Financial Responsibility	2	60
Supervisory Responsibility	2	84
Dexterity & Physical Effort	1	4
Mental Effort	3	97
Working Conditions	1	12

TOTAL POINTS	570
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The second step was to create a set of grades based on a range of points:

Grade	Min	Max
1	250	300
2	300	360
3	360	432
4	432	518
5	518	622
6	622	746
7	746	895
8	895	1074
9	1074	1289

The last step was to create a salary range for each grade based on information from the OMIA salary survey done in 2021. The first step was to create a target salary that represented the market value of the positions in that grade. Then a range was created by going 20% above and 20% below the target.

Grade 2021	Minimum	Target	Maximum
1	40,000	44,000	52,800
2	40,000	47,000	56,400
3	42,000	52,500	63,000

There are nine grades.

Alec indicated a number of our staff were well positioned with their salaries; some needed adjustments and a few were quite a bit off. In the budget, an amount of approximately \$30,000 was added to compensate for a portion of “correcting” the pay inequity and that further adjustments would take place next year end. Alec was asked to provide the committee with an amount that it would take to be a full “correction”.

In addition, it was asked if a better explanation of staff numbers could be provided. The budget figures showed the number of active people during 2021 and estimated for 2022. This way of counting showed higher numbers as a person leaving and a new person replacing them represented two people counts in the budget figures, but only one is currently active.

The committee went through directors fees’ estimates and then stepped through each of the major section of the budget spreadsheet. Alec showed areas where claims and premiums were estimated, along with reinsurance expenses, premium taxes, commissions, etc. These sheets all helped create estimates for 2022 and were translated into the budgeted figures presented.

The budget showed an underwriting profit of \$2 million. Past budgets have shown a breakeven underwriting amount. The committee questioned that underwriting profit being shown. Alec indicated that claims, which are volatile, create an individual year's underwriting profit or loss. All possibilities of underwriting could occur in any year. Alec brought up the history of underwriting profit and losses in our analytics tool Qlick Sense for the committee to review. The underwriting profit in the budget represents our target combined ratio of 95% in our strategic plan.

We reviewed the detailed budget report and discussed each area. The information is in a separate budget summary report.

The proposal for adding an additional inspector in 2022 was questioned. Issues surrounding reporting and adequate analysis in the inspection area warranted further scrutiny. Alec indicated that the additional inspector was deliberately put in July to give management more time to review the loss prevention area and determine the best course of action, whether another inspector was the best approach.

A virtual meeting was set for 11:45am on December 8<sup>th</sup> to review the budget with changes and discuss any further issues.