

For the Board Meeting of: 12/16/2021

Executive Summary

I sound like a broken record when I say "November was another good month financially". Net claims came in at just over \$500k, slightly less than October. There was very little activity on the reinsurance front. I would like to see more growth on the premium front (3.9%) and these results reinforce the action plans to purchase and promote our agent business more in 2022 as a prudent action for us to take.

Update on Major Goal(s)

The draft offer to Pearson was finalized, reviewed with the board and then Stephen Grant, Christine and I met virtually with Tim and Sharon Pearson. The meeting went well and we appear to address all of their concerns. I told Tim my target was to have it signed for the December board meeting if possible. His lawyer has to review the document one more time. Our lawyer is also going to reach out to Tim's lawyer regarding the drafting of one of the paragraphs of concern. Christine has reached out to Amanda to discuss the role of agent, working directly for HTM.

The Cognition+ claims system project kicked off and several meetings have taken place. Setting up the backend (admin) is the first steps which will take some heavy work from Donna as well as Carolyn. As I mentioned before, this area of the insurance system is getting a major update and will help us in our claims processes going forward. I am looking forward to us going live in March of 2022. It also sounds like HTM will be one of the first couple companies to move forward on accounting. Getting this done prior to full implementation of IFRS in 2023 will be beneficial, even if it's painful in 2022.

The Payroll Project (or pay equity project) has almost concluded. I still have to create some formal point scores for each management position. The consultant and I will meet in 2022 to finish that off. The bands have been developed and I know which band the managers will fall in, so the final step of scoring is an administrative function and will not affect the outcome of salary changes for management.

Emerging or Future Issues

The files from the breach have been investigated. I have to review and apply some stats to the excel file to analyze the results. Then a follow up with the lawyer and adjuster for the cyber coverage to determine what's left to do. Documentation of the whole process and actions taken will be created and lessons learned will be implemented. I have provided Ryan with a contact to do some cyber security training with staff, even though

this was not the cause of this breach. I will continue to keep the board apprised on any further findings or actions until this is fully resolved.

Donna is working on IFRS-17 standards and the background work that needs to be done. In our audit meeting we discussed the changes to our accounting due to IFRS-17. Our auditors provided us with their assurance that they are capable of handling the audit requirements and assisting us where necessary during this transition.

Management Team

The Management team is meeting the Monday before the board meeting. I have also set up individual meetings to review their performance, goals, department needs and other issues they may have in the week following the board. We did meet to review the findings of the 360 CEO survey. It was a very positive meeting with some great ideas on improvements for the future.

Other

The budget was completed and presented to the committee on the 2nd. Further refinement was needed and a virtual meeting is scheduled for the 8th.

Stats

A few highlights from the chart on the next page and other reports in the excel file.

Premium growth lost a little of the upward momentum shown last month and slipped to 3.9% from 4.2%. Farm and commercial fell the most, however there are a few significant policies for both waiting for broker information before renewing.

Claims Incurred is up \$300,000 with auto and commercial claims up a modest \$200,000 each followed by a flat farm incurred and a negative incurred for residential policies. Every line of business continues to perform well with loss ratios on a gross basis below 30%.

Our agent business continues to outperform broker business with a growth of 4.8% versus 3.8% for brokers. At the same time, loss ratio of negative 1.1%.

New business was off when comparing November 2021 to the same period last year by 60 policies. This contributed to the low growth in premiums for the month.

HTM Overall Performance (Year-to-Date)

By Class of Business compared to budgeted amounts

	Auto	Commercial	Farm	Residential	Total
Policy Count	5,624	1,844	2,820	10,239	20,527
Budget	5,894	1,833	2,756	10,302	20,785
Policy Count Growth	(0.4%)	(0.9%)	1.8%	0.7%	0.4%
Budget	4.5%	3.5%	1.0%	4.0%	3.7%
Premium Written	7,647,336	4,023,718	8,246,667	12,905,043	32,822,764
Budget	8,745,311	4,147,542	8,226,429	13,124,898	34,244,180
Premium Written Growth	(2.5%)	2.8%	6.3%	6.8%	3.9%
Budget	10.0%	7.0%	6.0%	8.0%	7.9%
Claims Incurred	1,725,118	887,641	2,142,983	3,094,791	7,850,533
Budget	4,171,995	1,433,772	3,740,337	8,853,762	18,199,866
Loss Ratio	22.7%	22.3%	27.1%	25.5%	24.8%
Budget	53.4%	34.5%	67.8%	46.7%	55.0%

Respectfully Submitted,



Our Mission

“To Protect your future as if it’s our own.”