

For the Board Meeting of: 1/20/2022

Executive Summary

Yearend is in full mode as Donna dives into various reports and working with auditors and actuaries. It was a tougher month with a large loss and a storm but that was tempered with some subrogation. Claim reserves are down over \$3 million from last year, which is another very positive aspect of 2021 as they represent the most significant risk to our future financial performance. On a negative note, we discovered a mistake in our monthly reinsurance expenses. Lagging reinsurance costs over 2020 were not recognized as an issue, rather a result of the reduction in auto premiums which attracts the highest reinsurance costs and lagging premium growth. Instead a formula was incorrect so the catastrophe reinsurance rate was only applied to auto and not property. This represents a significant hit in December of almost \$800,000. The effect is what looked like an underwriting profit just under \$8 million is now one that's closer to just under \$7 million. We still have other entries, such as actuary, before we know the final outcome.

Another positive note; actually several;

1. Investment market value from the end of November has gone up slightly
2. Dividend income over \$500,000
3. Collective investment showing over \$700,000 in value (original cost \$600,000)
4. Investment income close to \$2 million

Update on Major Goal(s)

The lawyers for both parties have discussed a couple of the minor issues, however that means more time. I talked to our lawyer and he indicated a draft with the changes would be arriving the week of the board meeting. I talked to Tim and we are still on with the same timelines, etc. even with the contract taking longer than expected.

I have been involved with the claims conversion to Cognition+

Emerging or Future Issues

I will report the stats on the breach to the lawyer in the next few days. Approximately 3,000 files temporarily removed had some form of personal information in them, even if it was just an email address.

The provincial government has closed down several business and has indicated that any employees not needing to be in work, should work from home. We were taking this approach before the announcement, with less than 10 employees in the office.

New guidelines are being considered for “disengagement from work” requirements. In essence, if your hours are 9 to 5, then there should not be any communication with employees outside of this timeframe. We will keep you updated, but if something becomes a requirement, we will comply.

Management Team

The Management team is meeting the Monday before the board meeting. I had performance/pay reviews with each of them prior to Christmas. We have set a regular meeting schedule for 2022, so each manager can plan around them.

Christine is setting up meeting dates for our brokers. CPC for 2021 still have to be validated but the amount is over \$800k as projected in the budget.

Other

It appears our annual meeting will be virtual again this year and the January board meeting is back to using Zoom. We will make the best out the situation with the tools we have on hand.

I have been working with Bryce on improving service standards reporting as well as enhancing other stats. January will be a first attempt to show the board what we are working on but it wont be where we need it to be yet.

Stats

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

Premium growth ended the year with a poor 4.2% growth. No indications from our brokers as to why this is, other than our auto rates appear to be high. When that occurs, we don't get the property business and more cancellations to move their auto can happen. Agents ended up outperforming our brokers with growth of 5.7%.

Claims Incurred is up \$1.75 million in December, not including internal and other costs. As mentioned, a fire loss and storm were the major factors in the month. The agents' loss ratio on a gross basis ended the year at 3.6%, on premiums of \$2.85 million.

New business was down 42 for the month compared to 2020 resulting in 30% less new business premium. All things being considered, our retention rate is over 90% with the agents holding on to 92.5% of their business from 2020.

HTM Overall Performance (Year-to-Date)

By Class of Business compared to budgeted amounts

	Auto	Commercial	Farm	Residential	Total
Policy Count	5,617	1,838	2,827	10,245	20,527
Budget	5,917	1,832	2,758	10,335	20,842
Policy Count Growth	(0.9%)	(1.0%)	1.5%	0.6%	0.2%
Budget	4.5%	3.5%	1.0%	4.0%	3.7%
Premium Written	8,203,713	4,355,550	9,014,598	13,893,067	35,466,928
Budget	9,424,669	4,496,577	8,813,589	14,102,731	36,837,566
Premium Written Growth	(2.5%)	1.6%	8.0%	7.1%	4.2%
Budget	10.0%	7.0%	6.0%	8.0%	7.9%
Claims Incurred	1,945,494	895,077	2,327,851	4,437,481	9,605,903
Budget	4,800,000	1,500,000	4,000,000	9,200,000	19,500,000
Loss Ratio	23.5%	20.6%	26.8%	33.3%	27.7%
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.”