

**For the Board Meeting of: 8/19/2021**

## **Executive Summary**

August was a little more "normal", considering previous months. Low claim counts of 58 combined with incurred claims amount of just North of one million dollars, lead to a small increase in underwriting profit. That's the positive news. On the other side, poor performance in policy growth allowed premiums to fall below 4% on a YTD basis. Auto continues to be the drag on premium growth performance.

I was away for two weeks since the last board meeting. During the time I was in the office, the major focus was the planning session. I believe the planning session was an excellent start to building our next three (to five) year plan.

## **Update on Major Goal(s)**

I have nothing to report on in this section.

## **Emerging or Future Issues**

On the last day of my holidays, I was informed by Donna that we believe our system has been compromised. This is being investigated and we have notified our Cyber Insurer, who has assigned an experience team to handle our situation. Never being through this, it is new to me and the staff, so we are not sure what to expect. That leads to anxiety about the coming weeks and months. The first order of business was to close off the company's system to the external environment. We were able to get our phones working again without compromising our servers and created an alternate email path for our broker partners. Coming up, will be an investigation into our servers to determine how they got in, what if anything got put on servers and what if anything was removed from our servers. Once that is known, we can open back up and determine what potential notifications we may have to make. We will learn what we haven't done well and will implement any new protocols. At this point though, the cows are out and it doesn't matter how good we can make the gate in the future.

I have created a team comprised of Ryan, Barb, Christine and Donna to handle this issue. My role will to be to get the process started and all the players working well. After that, they can consult with me when they feel necessary.

## **Management Team**

Since last board meeting, I met with the managers to prepare for the planning session and then met with them to review the breach issue.

## Other

Nothing to report.

## Stats

A few highlights from the chart on the next page.

Premium growth fell from 4.4% to 3.9% in August. Auto's growth slipped a little to a negative 2.5% from 2.0%. Commercial dropped again in August by 0.4%. Farm also nudged lower by 0.7% while residential saw a 0.6% reduction over July YTD. Total premium still falls short of the budget by over \$800k and it is quite obvious at this point that projections will be off considerably by the end of the year.

Claims Incurred is up over a \$1,000,000 with the amount spread over all lines. As you can see from the chart, "expected claims incurred" versus actual results are drastically different. Actual 2021 claims incurred is \$5,527,881 (plus internal adjusting, facility and IBNRs). This does mean there is a positive effect of prior year claims of \$1,143,703 on our current year's results.

This is the best case scenario for loss ratios we could ask for. Every line of business is contributing to this year's success (same line as last two month's report but it's worthy of repeating). Every significant broker portfolio is under a 40% loss ratio. Our largest broker is sitting at 16.1% with our second largest at 27.2%.

## HTM Overall Performance (Year-to-Date)

By Class of Business compared to budgeted amounts

	Auto	Commercial	Farm	Residential	Total
Policy Count	5,640	1,842	2,827	10,242	20,551
<b>Budget</b>	<b>5,809</b>	<b>1,820</b>	<b>2,758</b>	<b>10,183</b>	<b>20,570</b>
Policy Count Growth	0.1%	(1.2%)	1.9%	1.1%	0.7%
<b>Budget</b>	<b>4.5%</b>	<b>3.5%</b>	<b>1.0%</b>	<b>4.0%</b>	<b>3.7%</b>
Premium Written	5,582,368	2,999,029	5,946,220	9,062,917	23,590,534
<b>Budget</b>	<b>6,286,866</b>	<b>3,108,787</b>	<b>5,861,012</b>	<b>9,196,471</b>	<b>24,453,136</b>
Premium Written Growth	(2.5%)	3.0%	7.6%	6.2%	3.9%
<b>Budget</b>	<b>10.0%</b>	<b>7.0%</b>	<b>6.0%</b>	<b>8.0%</b>	<b>7.9%</b>
Claims Incurred	929,322	562,313	614,507	2,278,036	4,384,178
<b>Budget</b>	<b>3,024,241</b>	<b>995,132</b>	<b>2,755,873</b>	<b>5,998,915</b>	<b>12,774,161</b>
Loss Ratio	16.8%	19.5%	10.8%	26.1%	19.2%
<b>Budget</b>	<b>53.4%</b>	<b>34.5%</b>	<b>67.8%</b>	<b>46.7%</b>	<b>55.0%</b>

Respectfully Submitted,



Our Mission

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