

For the Board Meeting of: 6/16/2022

Executive Summary

We have seen a significant amount of activity this month with a weather event causing significant claims, broker ownership changes, and the upcoming Pearson purchase. The first announcement we saw was that Brown and Brethour had been purchased by McDougall Insurance. After speaking with Gary about this purchase, he mentioned that the larger markets have minimum premium volume requirements of significant amounts (\$3,000,000 for Aviva for example) and they just could not keep up as a small brokerage. We have met with Don Stanton from McDougall Insurance and have agreed to continue a contract with Brown and Brethour and will meet again in six months to discuss the relationship again. We have struggled to get more premium increase from Brown and Brethour throughout the years so we will continue to monitor the business and growth. We have also received some significant news from Newman Insurance that they were purchased by NavaCord. NavaCord operates more as an investor, and we have been told nothing will change with our relationship with Newman Insurance. Alec is setting up a meeting with Navacord so we are able to meet with them and discuss the future of this large book of business. At this time, these acquisitions are not considered high risk, however will require some further investigation and monitoring to ensure the relationships and business continue moving forward.

Tiffany and I did some training with a few new staff members at Petley Hare Insurance over zoom. Warren and I completed training for the new broker HRC Insurance. We have begun to see new policies coming in already for this brokerage. We continue to plan for the upcoming Pearson purchase, with less three weeks to go. Our new summer student, Rileigh Darling, started in the Pearson office to assist with administrative tasks to help relieve some of the work that Sharon currently does. We are working on organizing everything for the upcoming Broker Forum as well.

I also wanted to take this opportunity to share that my husband and I are expecting a baby girl in November. We are very excited for this new addition.

Update on my Department

The agents came into the office on May 25th to meet as a team and discuss how the agents will operate moving forward. Most of the consensus was that they would still like to service their own clients, based on territory, however there will be opportunity for Karen and Scott and assist Cameron and Amanda with tasks such as answering phones, submitting change requests to underwriting, and covering when people have vacation. We were hoping to begin training on the new Cognition+ system for quoting, however we are waiting for a few changes to be completed before moving forward with this. In the meantime, the agents have a good system for quoting that they will continue to use. We will have our new phones systems set up for July 1st in the agent offices to help streamline phone calls.

The agents have written 25 new business year-to-date.

Update on Major Goal(s)

Consumer Portal Project – On hold waiting for the recent update that is coming soon.

Marketing – Great progress has been made with our Marketing Project. The Website is being created by AdHome, and the Agent Logo has been complete.

Pearson Insurance – Agreement has been signed. Phone systems to be installed July 1st. Setting up new E&O policy, lining up cleaners. Sent out letters notifying policyholders of the upcoming change.

Broker / Agent Results

Written premium ended the month at \$14,085,478 in total, \$12,938,979 of this is broker premium and \$1,146,499 or 8.1% is agent premium. Premium growth for the brokers is sitting at 5.7%, up 1.5% from April, with auto continuing to be in a negative growth position. The agents saw a slight premium decrease of 0.3%, which is on par with last month, with auto, farm and commercial continuing to see negative growth.

Broker vs. Non-Broker Business (Year-to-Date)

Premiums Written by Class of Business

Policy Class	Written Broker	Written Non-Broker	% Non-Broker	Growth Broker	Growth Non-Broker
Auto	3,086,746	432,544	12.3%	(0.3%)	(6.0%)
Commercial	1,977,378	97,849	4.7%	8.4%	(0.1%)
Farm	3,115,419	438,537	12.3%	7.8%	(0.8%)
Residential	4,759,436	177,569	3.6%	7.2%	14.4%
Total	12,938,979	1,146,499	8.1%	5.7%	(0.3%)

The chart below shows the policy counts for the broker portfolio compared to the agent portfolio. The policies in-force count grew by 0.7% to the end of May for a total of 18,966 policies in our broker portfolio, a decrease of 4 policies compared to April. Our agent business decreased by 0.6%, a slight increase from negative 0.8% in April for a total of 1,489 policies. The percentage of agent's policies in force compared to our entire book is 7.3%.

Broker vs. Non-Broker Business (Year-to-Date)

Policy Counts by Class of Business

Policy Class	Written Broker	Written Non-Broker	% Non-Broker	Growth Broker	Growth Non-Broker
Auto	4,945	651	11.6%	(0.2%)	(0.6%)
Commercial	1,732	82	4.5%	0.0%	(4.7%)
Farm	2,543	275	9.8%	1.2%	(4.5%)
Residential	9,746	481	4.7%	1.2%	2.6%
Total	18,966	1,489	7.3%	0.7%	(0.6%)

2022 Gross Claims to date are illustrated in the following table. After the weather event in May, these figures are seeing significant increases from last month's numbers. Brokers' incurred claims year-to-date total \$14,587,472, an increase of \$7,524,603 from April, with a loss ratio of 107.6%. Non-broker total claims ended the year at \$504,839, and increase of \$295,149 from April resulting in a 41.1% loss ratio.

Broker vs. Non-Broker Business (Year-to-Date)

Gross Claims Incurred by Class of Business

Policy Class	Incurred Broker	Incurred Non-Broker	% Non-Broker	Loss Ratio Broker	Loss Ratio Non-Broker
Auto	2,309,121	78,272	3.3%	77.9%	18.9%
Commercial	3,093,778	10,500	0.3%	176.9%	11.4%
Farm	2,261,580	341,717	13.1%	69.1%	71.1%
Residential	6,922,994	74,350	1.1%	124.4%	30.9%
Total	14,587,472	504,839	3.3%	107.6%	41.1%

*Note: Non-Broker includes Karen Sero, Scott Hutchings, Cameron Atkinson and Pearson Insurance

Respectfully Submitted,

Christine Howe