

For the Board Meeting of: 4/21/2022

Executive Summary

March booked an increase in new claim count with volume in property due to weather related water and wind losses. Severity was present, but modest. The Gross Claims Incurred included reserve increases on prior year/prior month claims. Favorably, reinsurance support allowed for a lower Net. Meanwhile, the higher volume affected the outstanding claim inventory, which grew in both count and cost.

By the numbers, we recorded 83 new claims in period for a New Claim Incurred of \$1,570,114. Development added \$315,919 to close the Gross Claims Incurred at \$1,886,033. Reinsurance reduced the Net Claims Incurred to \$1,535,693.

Year to date results are well off the extraordinary start to 2021. First Quarter GCI of \$5,525,431 is \$4,495,343 over last year's \$1,030,088.

As in February, new claim volume outpaced closures in the period, adding 17 files to the open claim inventory, which ended the month with a count of 435. Case reserves held increased \$468,361 to close at \$19,414,488.

Update on my Department

Cognition training is front and centre. Developments in the month necessitated an extension to the schedule, with the "go live" date re-set to April 25, 2022. Activity ramps up as we move through the home stretch. My thanks toCarolynn, Shawna, and the rest of the Cognition transition team for their leadership and hard work.

Update on Major Goal(s)

Warren and I are finalizing our review of the Residential suite of policy forms. Farm products are next in line. We have increased the frequency of meetings to meet our May target to print and publish.

Emerging or Future Issues

Department staffing is an emerging consideration. Several factors bear note. Claim count and caseloads are rising. We booked 218 new claims in Q1. While first quarter results are not predictive of the ensuing nine months, the increase is notable. Secondly, our staff composition has changed. We are less experienced and cross-trained. Though improving, progress is incremental. This reality influences distribution of the work, which can lead to challenges for individual workload. We will continue to monitor through the next quarter, assess any staffing needs, and convene with Alec for guidance and approval.

Claim Results

The increased volume experienced in March is due to higher count in property losses, dominated by 25 water claims. While the budget included a significant allowance for increase over 2021, the actual count was still 15 over projections.

Gross Claims (for the Month)

Claims Count by Policy Class

Policy Class	Current	Prior	Change #	Change %	Budget	Off Budget #	Off Budget %
Auto	31	24	7	29.2%	26	5	19.2%
Commercial	6	2	4	200.0%	2	4	200.0%
Farm	17	5	12	240.0%	8	9	112.5%
Residential	29	19	10	52.6%	32	(3)	(9.4%)
Total	83	50	33	66.0%	68	15	22.1%

This table compares gross claim costs for "current" March 2022 to "prior" March 2021. Last year's \$90,078 is not a typo; it was just that remarkable. Conversely, this March is over average, due to the higher volume, limited severity, and adverse development on prior year/prior month claims. The result is a GCI well above the modest budget amount.

Gross Claims (for the Month)

Claims Incurred by Policy Class

Policy Class	Current	Prior	Change #	Change %	Budget	Off Budget \$	Off Budget %
Auto	345,408	61,791	283,617	459.0%	199,112	146,296	73.5%
Commercial	470,720	64,683	406,037	627.7%	68,258	402,462	589.6%
Farm	468,619	(90,251)	558,871	(619.2%)	147,798	320,821	217.1%
Residential	601,286	53,856	547,430	1016.5%	599,257	2,029	0.3%
Total	1,886,033	90,078	1,795,955	1993.8%	1,014,425	871,608	85.9%

This table segregates current and prior year claims by occurrence date and their effect on the combined total incurred for all claims in the month. Prior year claims can affect current year results in two ways: Development on claims booked in prior years and carried into the current year; and prior year claims newly reported in the current year (IBNR)

In March, adverse development and IBNR added costs to the total Gross Claims Incurred. Reserve increases on two auto and one property claim accounted in part for the \$383,101 cost of prior year claims. The IBNR costs come from five 2021 losses newly reported in the month; four of which arise from the December 11 windstorm.

Gross Claims Incurred (for the Month)

By Class showing the effect of Claims Activity for prior years

Policy Class	Current Year Claims	Prior Years Activity	IBNR	Total Incurred	% Impact of Prior Year Claims
Auto	227,871	119,013	(1,477)	345,408	52.2%
Commercial	439,000	20,220	11,500	470,720	4.6%
Farm	432,715	23,405	12,500	468,619	5.4%
Residential	335,332	220,463	45,491	601,286	65.7%
Totals	1,434,918	383,101	68,014	1,886,033	26.7%

Respectfully Submitted,

Steve O'Connell

“We treat our customers like family.”

We look out for the best interests of our customers in the same way we do with our families. We want only the best for them. When you are with us, you are with family.