

For the Board Meeting of: 5/19/2022

Executive Summary

April booked 75 new claims, double the count from same month 2021. Property with 39 and Auto with 35 split the majority, with a lone Liability claim accounting for the total. Severity was present, yet modest in the Property class losses, pushing the overall New Claim Incurred to \$1,822,023. Transactions on pending claims were marginally positive, reducing the Gross Claims Incurred to \$1,747,128.

The claim cost gap from 2021 results continues to widen. Four month GCI closed at \$7,272,559, compared to only \$1,430,992 for the same period last year. The main driver is claim frequency, with 291 year to date claims booked vs 169 at April 2021 close. However, the YTD GCI also includes a January total loss dwelling fire for \$1.2M and ~\$730,000 in IBNR and adverse development.

New claim count outpaced closings in the month adding 26 to the open file inventory, which closed at 461. Case reserves held increased accordingly, by \$766,043 to \$20,180,531.

Update on my Department

The transition to Cognition was successful, thanks to Carolyn's team and a healthy body of pre-live testing by department staff. Some processes are being refined and the odd kink addressed, but so far, there are no significant issues with claims processing functionality and users are becoming more familiar with its capabilities.

One aspect of note concerns claim management. The claim reporting features are in development and not yet available. Cognition sends data back to IBS for continued report access. However, there are glitches now in IBS report production and content. I anticipate this is something we will have to live with until Cognition provides their own.

Update on Major Goal(s)

Warren and I have delivered proposed amendments to the suite of Residential Property forms. Alec and Warren will work out timing for publication and adoption. Farm wordings are next up for review and potential revision.

Emerging or Future Issues

Future staffing needs remains a horizon issue that we are continuing to monitor, measure and will plan for. No other issues of significance are on the radar at this time.

Claim Results

April 2022 claims doubled the count from April 2021. Frankly, this year's number is closer to average, with last April's count remarkably low.

Gross Claims (for the Month)

Claims Count by Policy Class

Policy Class	Current	Prior	Change #	Change %	Budget	Off Budget #	Off Budget %
Auto	35	13	22	169.2%	24	11	45.8%
Commercial	2	1	1	100.0%	4	(2)	(50.0%)
Farm	11	9	2	22.2%	11	0	0.0%
Residential	27	14	13	92.9%	32	(5)	(15.6%)
Total	75	37	38	102.7%	71	4	5.6%

The corresponding Gross Claims Incurred is 336% higher than April 2021; providing further example to how remarkable 2021 results were. The \$1,229,281 in residential property losses included two separate garage fires for a combined \$625,000 and a number of wind and water losses.

Gross Claims (for the Month)

Claims Incurred by Policy Class

Policy Class	Current	Prior	Change #	Change %	Budget	Off Budget \$	Off Budget %
Auto	255,430	155,328	100,102	64.4%	200,077	55,353	27.7%
Commercial	32,500	(175,193)	207,693	(118.6%)	141,309	(108,809)	(77.0%)
Farm	229,917	98,378	131,539	133.7%	122,959	106,958	87.0%
Residential	1,229,281	322,390	906,891	281.3%	772,510	456,771	59.1%
Total	1,747,128	400,903	1,346,224	335.8%	1,236,855	510,273	41.3%

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)

After three straight months of prior year claims adding cost, we booked a nominal negative incurred in the category. However, prior year claims newly reported in 2022 cost us \$38,526 in the period.

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	322,364	(66,509)	(425)	255,430	20.6%
Commercial	29,000	1,500	2,000	32,500	5.2%
Farm	236,893	(23,797)	16,821	229,917	10.0%
Residential	1,124,094	85,057	20,130	1,229,281	7.6%
Totals	1,712,351	(3,749)	38,526	1,747,128	0.2%

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.