

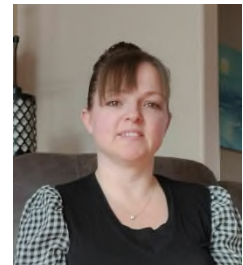
For the Board Meeting of: 2/17/2022

## Executive Summary

January started in lockdown and my team and I are super tired of it and are wanting to come into the office. Nevertheless, it was a busy month getting back on track after the Christmas holidays. I had many initiatives on the go in January that will keep me busy throughout 2022. I started on the Underwriter's Manual which is a supplemental manual to aid underwriters with their decision making process. I've also started on the Underwriting Authority documents for underwriters which should be done by the end of February. I hosted a Reinsurance training session for my team and other interested team members from other departments. With Allison's departure to the Business Analyst role, we conducted some interviews to fill both an Underwriter Level I and Underwriting Admin position which are now complete. On the external front, I attended an Automobile Roundtable, an OMAP monthly meeting and a monthly meetup with Marisa Klompmaker at Newman Insurance. From a personal development standpoint, I want to say THANK YOU to the Board and Alec for approving my continuous education goals. I have started the application process for this competitive program as the cohort is limited to 27 students for the year and I'm hoping that I can be one of the 27!

## Update on my Department

For much of January, the only team members that were in the office were Nick, Bobi and I as the department worked from home for January. All team members are mostly up-to-date in their work and is an opportune time to keep ahead with our busy season coming up shortly. We were happy to see Allison Noronha take on the Business Analyst position as this change will be beneficial to the Underwriting department as she is able to speak "Underwriting" to our system vendors and help to improve our system efficiencies. Katherine Nemeth has been promoted to a Level I Personal Lines Underwriter position and a minor re-organization of brokers/agents will be announced to them once Katherine is ready to have her phone turned on and foundation set. We currently have Allison training Katherine in our underwriting processes and am confident that Katherine will be well-prepared under Allison's tutelage. We have also hired a new Underwriting Admin team member (Karli Bobiash) to start February 14<sup>th</sup> to replace Katherine. Karli joins us from the retail sector with her previous role being Assistant Manager at Winners in Cobourg for the last 10 years. One important thing to note is that Karli's husband works at one of our trusted broker partners. My entire team attended the Reinsurance webinar in which I hosted and the reception was positive as many were able to learn something from it.



To keep the communication channels open with our largest broker, I have started monthly virtual meetings with Marisa Klompaker at Newman Insurance where we would meet for 30 minutes each month to talk about risk, servicing, concerns, suggestions and external market info. This arrangement all stemmed from our lunch meeting before Christmas and is a positive step to make sure we're communicating with each other before any issues arise. This is not meant to replace Christine's responsibility but to add to building relationships at the work-process level.

### **Loss Control Inspections Review – High Valued Homes**

We met with the Loss Prevention department to talk about how we need to handle the backlog of inspection requests moving forward. More specifically, we focused on the High Valued Homes in which we insure. As there are different guidelines for these risks with Farm Mutual Re, we need to organize and make sure that the right inspections are ordered and completion of these inspections are of utmost importance. We decided that these inspections would be ordered as "RUSH" and any inspections that require an outside inspection would be sent ahead of time. Bryce also mentioned that any outstanding inspections that need to be completed would be done as a "bulk order" by an outside inspection company. Underwriting has provided a list of outstanding inspections that are required as first priority in the hopes that they would be completed shortly.

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

### **Framework for Underwriter Authority Levels and Decision Making Process**

Underwriting Authority Levels are close to 75% complete and should be completed by February 2022. Each team member on the Underwriting team will be provided with their own Authority document and would be reviewed on a yearly basis, promotion, position change or hiring time. A template of the Authority level document is attached for your reference (see Addendum at the back of the report).

### **New Line of Business in Commercial – Fleet and Garage**

Access to the new Fleet rating program will be provided from Farm Re shortly. Tiffany Gibbs, Lori Bouwmans and I will be attending the training/walkthrough session in February. All three of us will also be attending the Garage training hosted by Farm Re in February as well. The goal to launch the Garage product in Q3 is still on schedule.

## Emerging or Future Issues

An emerging topic in the past few months has rekindled in the Automobile Insurance space. The “take-all-comers” rule has long been present but weakly enforced by the regulators. What this rule entails is all auto insurers in the province of Ontario are required by law to provide timely auto insurance quotes and the lowest quotes available to the client if the filed rules of the insurance company are met. Many insurers while not stating it explicitly, are declining to offer auto quotes not based on filed reasons, but rather by their own data-analytic findings, by stand-alone auto policies with no supporting business or by slowing down the quoting process in throttling online quoting speeds, keeping clients on the phone on hold for long periods or having clients needing to send physical copies of their application via Canada Post. FRSA, the regulatory body in Ontario, has sent out a “warning” letter to the Top 12 automobile insurers in Ontario to review their practices and to report back to FSRA in the actions taken to stop these practices sometime in 2022. OMAP has not received this letter but is being pro-active to ensure that we are not on the receiving end of this letter in the future. What we do have in the mutual world is “Rule 4” in our filing rules which state, we can decline to quote automobile business to “persons who will reside in areas not serviced by the Company”. We, as one of mutual insurers need to clearly define what our servicing territory is moving forward so that we continue to focus on the communities in which we serve.

## Underwriting Results

As with the start of every year, January is typically our slowest month in terms of production. January 2022 is showing an overall decrease of 0.61% with the Automobile and Commercial line dragging us down by 5.2% and 3.5% respectively. The Farm and Personal line grew by a nominal 2.2% and 1.9%. At the same time last year, our portfolio also decreased at a rate of 0.16%.

### Premiums Written - (for the Month)

By Policy Class with Budget Comparison

Policy Class	Current	Prior	Change #	Change %	Budget	Off Budget \$	Off Budget %
Auto	530,317	559,404	(29,087)	(5.2%)	571,849	(41,532)	(7.3%)
Commercial	361,505	374,624	(13,119)	(3.5%)	369,503	(7,998)	(2.2%)
Farm	605,776	593,010	12,766	2.2%	628,972	(23,196)	(3.7%)
Residential	823,689	808,479	15,210	1.9%	902,867	(79,178)	(8.8%)
<b>Total</b>	<b>2,321,287</b>	<b>2,335,517</b>	<b>(14,230)</b>	<b>(0.6%)</b>	<b>2,473,192</b>	<b>(151,905)</b>	<b>(6.1%)</b>

Our new policy count for January ended with 94 policies written which is a decrease from 146 policies from the same time last year. On a positive note, we cancelled 80 policies less this January as compared to last January. We wrote less policies in every line of business. One thing we do need to keep an eye out is our overall PIF count. Our overall PIF count dropped by 53 policies which means our book is shrinking. Further analysis will be required if this trend continues but at this point, it is too early to raise any alarm bells.

### New Policy Count - (for the Month)

By Policy Class

Policy Class	Current	Prior	Change #	Change %
Auto	31	47	(16)	(34.0%)
Commercial	8	14	(6)	(42.9%)
Farm	10	14	(4)	(28.6%)
Residential	45	71	(26)	(36.6%)
<b>Total</b>	<b>94</b>	<b>146</b>	<b>(52)</b>	<b>(35.6%)</b>

In terms of new policy premiums, we wrote 38.4% less new policy premiums this January compared to prior January. The lockdown that started in December and continued through the month of January really took a hit on our new business as it has been slow. As I said previously, it is still too early to raise any alarm bells but it is something that we definitely need to address and take action if these types of decreases continue.

### New Policy Premiums - (for the Month)

By Policy Class

Policy Class	Current	Prior	Change \$	Change %
Auto	26,894	48,732	(21,838)	(44.8%)
Commercial	16,708	41,666	(24,958)	(59.9%)
Farm	30,769	51,800	(21,031)	(40.6%)
Residential	67,369	87,787	(20,418)	(23.3%)
<b>Total</b>	<b>141,740</b>	<b>229,985</b>	<b>(88,245)</b>	<b>(38.4%)</b>

Respectfully Submitted,

A handwritten signature in black ink, appearing to read "W. Arant", written in a cursive style.

**“We act with heart.”**

We care about what you care about. We are thoughtful and considerate of your needs and well-being.

## Addendum – Underwriting Authority Document (Sample)



### Underwriting Authority

**Name:** Warren Ting  
**Position:** Vice President, Underwriting  
**Underwriting Year:** 2023  
**Signing Manager:** Warren Ting

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#### Property

Personal Lines Dwelling	\$2,000,000
Farm Dwelling	\$2,000,000
Commercial Building	
Treaty Limits	Full Authority to Treaty Limits
Facultative Reinsurance	Full access to FarmRe
<b>Additional Notes:</b>	

#### Liability

Personal Liability	To Treaty Limits
Farm Liability	To Treaty Limits
Commercial Liability	To Treaty Limits
Excess Liability	Excess to treaty limits
Umbrella Liability	Umbrella to treaty limits
<b>Additional Notes:</b> Full authority for "R" class risks	

#### Automobile

Physical Risk	Auto Manual Limits
Liability	Auto Manual Limits
Excess Liability	Excess to treaty limits
Umbrella Liability	Umbrella to treaty limits
<b>Additional Notes:</b>	

#### Discretionary Discounts

Personal Lines	15% in addition to Discounts as per Manual
Farm Lines	15% in addition to Discounts as per Manual
Commercial Lines	15% in addition to Discounts as per Manual
Automobile Lines	15% in addition to Discounts as per Manual

**Other Notes:**