

For the Board Meeting of: 12/16/2021

Executive Summary

November was a good month, posting modest numbers for new claim count and incurred losses. We booked 57 claims with opening reserves of \$712,394.14. Reserve savings on two 2020 claims helped reduce the Gross Claims Incurred to \$322,643. One reduction went against reinsured money, resulting in a Net Claims Incurred of \$505,518.

YTD numbers remain outstanding. Aided by November results, and supported by \$1.3M of positive development, the eleven month Gross Claims Incurred closed at \$7,850,533. This compares very favorably to last year's \$16,200,947.

In respect of pending claims, we ended the month counting 366 open files carrying aggregate case reserves of \$16,744,652 – a decline of \$976,000 from October's close.

Update on my Department

We held our annual November meeting with the auditors. We discussed the year in review, reserve adequacy in general, and a few select files of interest. In a similar vein, we met with Alec on December 7 for our own year-end review.

Reserves are well established across the inventory, with only a few cited for adjustment. We also marked a number of files for possible closure, which should reduce count and yield savings. We scheduled to meet again when we return from New Year's break, to review actions taken and any late reported December losses, before we close 2021.

Update on Major Goal(s)

I am pleased to report substantial completion of the compensation piece of the HR Project. We have a foundational tool, guidance for its use, and we are forming policy to solidify our corporate philosophy around compensation and ensure a consistent approach across the organization.

Emerging or Future Issues

I have no emerging issues to report. However, I will take a moment to reflect on a year in which excellent results belie our underlying temper and the reason why 2021 will forever remain so important to us.

I thank Carolynn, Leigh and Melody for their excellence and dedication. I thank Van for his ready availability and knowledge. And again, I welcome Shawna to our fold.

However, this year, and our memories of it, will always belong to Brandon...

Claim Results

New claim count for the month was well below November 2020, which booked a significant number of property claims from a November 15 windstorm.

Gross Claims (for the Month)

Claims Count by Policy Class

Policy Class	Current	Prior	Change #	Change %	Budget	Off Budget #	Off Budget %
Auto	31	31	0	0.0%	43	(12)	(27.9%)
Commercial	6	5	1	20.0%	5	1	20.0%
Farm	9	47	(38)	(80.9%)	10	(1)	(10.0%)
Residential	11	54	(43)	(79.6%)	22	(11)	(50.0%)
Total	57	137	(80)	(58.4%)	80	(23)	(28.8%)

In addition to the above noted low volume, severity was largely absent, and with an assist from a negative incurred for the Residential class, the Gross Claims Incurred closed well below budget at a remarkable \$322,643.

Gross Claims (for the Month)

Claims Incurred by Policy Class

Policy Class	Current	Prior	Change #	Change %	Budget	Off Budget \$	Off Budget %
Auto	220,047	236,227	(16,180)	(6.8%)	369,676	(149,629)	(40.5%)
Commercial	204,694	110,643	94,051	85.0%	357,034	(152,340)	(42.7%)
Farm	36,100	1,371,124	(1,335,024)	(97.4%)	416,504	(380,404)	(91.3%)
Residential	(138,198)	1,844,890	(1,983,088)	(107.5%)	484,936	(623,134)	(128.5%)
Total	322,643	3,562,885	(3,240,242)	(90.9%)	1,628,150	(1,305,507)	(80.2%)

Prior year claim transactions produced a negative incurred that offset 38.6% of current year claims costs in the period. The savings were realized in the Residential line, which posted a \$189,255 reserve takedown on a December 2020 fire claim and \$65,077 in retired reserve on a significant mid 2020 wind claim.

Gross Claims Incurred (for the Month)

By Class showing the effect of Claims Activity for prior years

Policy Class	2021 Claims Incurred	2020 & Prior Incurred	Total Incurred	% Impact of Prior Year Claims
Auto	215,473	4,574	220,047	2.1%
Commercial	154,694	50,000	204,694	32.3%
Farm	32,855	3,245	36,100	9.9%
Residential	122,401	(260,599)	(138,198)	212.9%
Totals	525,423	(202,780)	322,643	38.6%

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.