

For the Board Meeting of: 7/15/2021

Executive Summary

June posted excellent numbers across the board, with all key metrics closing well below Plan.

New claims count was low, with limited severity, producing a modest new claim incurred for the period. Moreover, activity on prior month/year claims was positive once again, leading to lower numbers for both the Gross and Net Claims Incurred.

Update on my Department

The reduced claim frequency has allowed us to ease Melody into her role. She currently has 15 open property files carrying case reserves of just under \$250,000. Her training has included one on one education, sample claim file reviews, and other educational materials. Both she and Leigh were virtual attendees this week to OMIA's two-afternoon property forms seminar.

Our full team participated in the Claims User Group's recent presentation of the Claims Platform by Cognition+. The timing of our transition to the product remains open but anticipated within Q4 of 2021.

Update on Major Goal(s)

The HR Plan project continues to move forward. On July 5, the core team met virtually with Tony Kerekes of NVision Consulting. Heather recommended Tony to address the compensation piece of our multiple objectives. All the remaining initiatives are tasked out. Timelines for completion vary throughout the balance of 2021.

I have also started work on the Policy Forms review project, which Warren and I are leading. Warren is focusing on our competitive position to other market offerings, while I am reviewing our current forms to identify irregularities, redundancies, interpretative issues, and coverage concerns.

Emerging or Future Issues

I can report on one unexpected development. Last month a fellow adjuster from a south western mutual reached out to advise of a planned family move to our area and to inquire whether we may have any upcoming job openings. Ironically, we had been considering a new hire in early 2022. Their resume is strong and they presented well in an informal meeting with Carolynn and I last week. We confirmed our mutual interest and asked they contact us once dates for completion of their new home build and move to the area are set.

Claim Results

Per the table below, we booked just 45 claims in the month, 24 less than June 2020 and 36 below plan. Property accounted for 21 claims, auto 20, liability 3, and commercial property just 1. As noted in the opening summary, severity was limited, with just three claims in excess of \$50,000; the largest at \$70,000. New Claim Incurred was \$670,726.

Gross Claims (for the Month)

Claims Count by Policy Class

Policy Class	Current	Prior	Change #	Change %	Budget	Off Budget #	Off Budget %
Auto	20	30	(10)	(33.3%)	40	(20)	(50.0%)
Commercial	2	4	(2)	(50.0%)	4	(2)	(50.0%)
Farm	7	11	(4)	(36.4%)	10	(3)	(30.0%)
Residential	16	24	(8)	(33.3%)	27	(11)	(40.7%)
Total	45	69	(24)	(34.8%)	81	(36)	(44.4%)

The Gross Claims Incurred posted at \$537,291. This is \$1.2M less than June 2020 and \$1M under budget. The Net Claims Incurred closed at a remarkable \$348,557.62, as a significant reserve increase, on a claim already reserved in excess of retention, did not flow through.

Gross Claims (for the Month)

Claims Incurred by Policy Class

Policy Class	Current	Prior	Change #	Change %	Budget	Off Budget \$	Off Budget %
Auto	326,791	1,192,615	(865,824)	(72.6%)	680,862	(354,071)	(52.0%)
Commercial	17,756	35,652	(17,896)	(50.2%)	108,991	(91,235)	(83.7%)
Farm	(709)	44,873	(45,582)	(101.6%)	118,709	(119,418)	(100.6%)
Residential	193,452	457,631	(264,179)	(57.7%)	646,771	(453,319)	(70.1%)
Total	537,291	1,730,771	(1,193,480)	(69.0%)	1,555,333	(1,018,042)	(65.5%)

We observed positive development on both prior year and prior month (by occurrence date) claims. The table below isolates the savings realized on prior year claims in June. Prior year claim results continue to support current year losses, with each line carrying a negative incurred at Q2 close.

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	134,878	191,914	326,791	142.3%
Commercial	55,548	(37,792)	17,756	68.0%
Farm	31,946	(32,654)	(709)	102.2%
Residential	357,392	(163,941)	193,452	45.9%
Totals	579,764	(42,473)	537,291	7.3%

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're with family.