

For the Board Meeting of: 10/21/2021

Executive Summary

New claim intake spiked in September, with 72 booked. The corresponding New Claim Incurred would have been average at just over \$1M, save for a September 23 horse barn fire in the Smith Falls area. That loss booked a reserve of \$1,410,529, which pushed the New Claim incurred for the month to \$2,464,232.

In respect of pending file activity, reserve increases were greater than takedowns in the period, resulting in a Gross Claims Incurred of \$2,734,705. However, substantial reinsurance support for the above noted shock loss (and to a lesser extent on other select reserve increases), reduced the Net Claims Incurred to \$1,854,529.

The YTD Gross Claims Incurred rose to \$7,118,883. Positive development on prior year claims continues to the support results, however, reserve increases in the month reduced the negative incurred on prior year claims to just under \$900,000.

Our pending file inventory posted increases in both count and cost. We added 29 files in addition to \$1.9M in losses. At month end, our 379 open files carried aggregate case reserves of \$18,545,836.

Update on my Department

As announced by Alec, Shawna Dudley will be joining our team November 1, 2021. Shawna is an Auto Accident Benefit specialist, who is eager to expand her skills and experience into other classes of loss adjustment. She adds an immediate and capable resource to our team, and flexibility to our claims management strategy going forward.

Update on Major Goal(s)

September was a busy month for the HR project. We completed job scoring of all the staff positions in all departments. Managers convened last week to review, align and validate. The consultant is meeting with Alec to score his direct reports. Development of pay bands follows. Compensation is the most involved piece of the project; however, work on other features is also progressing.

With regard to the Product Review project, Warren and I have scheduled an October 13 meeting withCarolynn and Alison to review and discuss amendments to the current suite of residential policy forms. It can be dry material, best taken in small bites...

Emerging or Future Issues

I have no emerging issues to report.

Claim Results

Of the 39 (6+33) farm/residential claims booked, 26 were water losses and two more were wind/water combo claims, most everyone related to weather conditions prevalent from September 23 to 27. The 72 total claim count came in eight over plan.

Gross Claims (for the Month)

Claims Count by Policy Class

Policy Class	Current	Prior	Change #	Change %	Budget	Off Budget #	Off Budget %
Auto	30	32	(2)	(6.3%)	39	(9)	(23.1%)
Commercial	3	3	0	0.0%	2	1	50.0%
Farm	6	4	2	50.0%	8	(2)	(25.0%)
Residential	33	13	20	153.8%	15	18	120.0%
Total	72	52	20	38.5%	64	8	12.5%

The Gross Claims Incurred closed the period at \$2.7M– up significantly over the same month in 2020. Farm booked the September 23 barn fire, which pushed losses for the line and the month well above budget.

Gross Claims (for the Month)

Claims Incurred by Policy Class

Policy Class	Current	Prior	Change #	Change %	Budget	Off Budget \$	Off Budget %
Auto	442,080	(354,653)	796,732	(224.7%)	354,815	87,265	24.6%
Commercial	96,467	58,830	37,637	64.0%	32,353	64,114	198.2%
Farm	1,497,403	148,841	1,348,563	906.0%	420,139	1,077,264	256.4%
Residential	698,755	2,033,918	(1,335,163)	(65.6%)	861,304	(162,549)	(18.9%)
Total	2,734,705	1,886,935	847,769	44.9%	1,668,611	1,066,094	63.9%

Three successive months with a negative incurred on prior year claims ended in September. Reserve adjustments in the term added \$244,470 to the month CGI. As per my page one notes, the YTD development on prior year claims remains positive overall.

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	385,731	56,348	442,080	14.6%
Commercial	31,467	65,000	96,467	206.6%
Farm	1,496,063	1,341	1,497,403	0.1%
Residential	576,974	121,781	698,755	21.1%
Totals	2,490,235	244,470	2,734,705	9.8%

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.