

For the Board Meeting of: 10/21/2021

Executive Summary

In September, there has been some downwards movement in our Underwriting Profit and Investment Income. It is fortunate that this has been a remarkable year to date and we have been able to absorb the loss and our results have remained strong. Underwriting profits are down this month just over \$460K from August, bringing our year to date underwriting profit to \$7 million. The most significant change is the increase to Net Claims Incurred of almost \$2 million with a significant barn fire this month. When comparing our results, September 2021 underwriting profit is 1142% higher than budgeted and 99.8% higher than last September.

The market value on Investments income did drop significantly in September due to worries about inflation, the real estate market in China, the U.S. debt ceiling, and energy costs. In September, Canadian equities returned -3.1%, U.S equities returned -4.5% and international equities returned -4.9%. Even Canadian fixed income return was negative last month (-0.7%), as interest rates rose towards the end of the month.

After a decrease in accrued tax payable of \$320K, our year to date net profit is \$6 million.

Update on my Department

On September 2nd, Ryan and I had a meeting with Denis from the OT Group to discuss security and our need to develop an implementation plan for the multi factor sign in. During the meeting, we also discussed the upgrade to Office 365 and the need to review our servers as we do have some servers on older software. Denis also suggested a different security software "Covalence" to replace "Darktrace" as they felt the reporting from them was superior to what we have now and the cost was less. He also booked an update to our Mail server that was scheduled for September 11th. Unfortunately, we were unable to complete this update due to the activities on September 10th.

On the morning of Friday, September 10th we started to receive emails from Darktrace and I was on my way to work when I received a message that this was a potential critical breach. Craig Bell from OT sent a request to discuss server activities and we called him as soon as we arrived to work. Craig reached out to Field Effect a security company to review the messages we were getting and I advised Alec of the potential threat.

We then had a FaceTime meeting with Craig and 2 others from OT and Patrick from Field Effect. They recommended that we disconnect from the internet but not to shut down our servers as we could potentially lose some data that they may need in the analysis.

That was a birthday that I will never forget for all of the wrong reasons and a stressful month for all.

Ryan has worked tirelessly with the security experts from Cytelligence since that day to bring our systems back on line according to their recommendations and the multi-factor authentication software is now in place. On September 23rd they did a vulnerability scan on all of our servers and have provided us a document that identifies potential vulnerabilities. Ryan and I had a call with the project lead David Fry and he said that it is impossible to get a perfectly clean scan and that he would give us a passing grade where we were. Any system or software that is not on the most current version are identified as "critical" issues. For example, we still have 3 Windows 2012 servers that are still being supported for a couple of more years. However, to bring us up to date we will be updating them to Windows 2019. I have copied another example where we have software that has new versions available and we have to install new versions of the software.

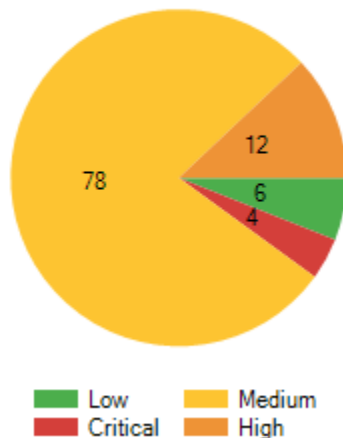
CRITICAL Adobe Reader < 2017.011.30202 / 2020.004.30015 / 2021.007.20091
Multiple Vulnerabilities (APSB21-55)

CRITICAL Google Chrome < 94.0.4606.54 **Multiple Vulnerabilities**

CRITICAL HP Device Manager 4.x < 4.7 SP 13 / 5.x < 5.0.4 **Multiple Vulnerabilities**

At-A-Glance

Vulnerabilities (% of Total)



Over the next few weeks, Ryan will be updating the 3 servers to the newest version and we will be reviewing lessons learned and a plan to manage cyber risk moving forward. We have not had our final security meeting or received a final report from Cytelligence.

Update on Major Goal(s)

Our next goal is a review of the website and we have started to gather information on the challenges we have with our current site. We will be working with Christine as she has the agents' website as a goal. It makes sense that we work together on these two projects. There are many projects going on over the next several months that will be moving our technology forward.

Emerging or Future Issues

As our systems are evolving from working in house to everyone having the ability to work from home and having data being shared and used on our behalf by other companies, the time required to maintain and support our hardware and miscellaneous software and data for cyber security needs to increase. In addition, the rate of change in technology for insurance has sped up and it has become increasingly more apparent that we need another person in IT to handle support for all of the insurance software and all of the changes that will be coming over the next few years. The only thing that is certain is change, and even once all of the departments have converted to Cognition+ there will be ongoing improvements and projects.

Another critical issue that we have to work on is our data. We have been using and storing files on our servers for many years. There has to be a clean-up of our file folders and deletion of old and unnecessary files.

IFRS 17 is also coming and I am working on creating financial statements that we will require to get comparative numbers for January 1, 2022. In addition, the auditors will be in the office in November to start work on year-end.

Financial Results

Year to date our premiums are up 3.8 % over the same period last year and our net claims incurred are down 24.5%. General expenses are up 1.3%. This has resulted in an underwriting profit of \$ 7 million, up 99.8% from last year.

Underwriting Profit / (Loss) (YTD)

5 Year Trend - based on Financial Statement

Year	Amount \$	Change \$	Change %
2021	7,084,592	3,538,079	99.8%
2020	3,546,513	4,301,014	(570.0%)
2019	(754,501)	758,818	(50.1%)
2018	(1,513,318)	(712,086)	88.9%
2017	(801,232)		

Respectfully Submitted,

Donna White

Vision Statement

*Striving to provide you with peace of mind by protecting your
tomorrows today.*