

## **2019 ANNUAL GENERAL MEETING**

The 2019 Annual General Meeting was called to order on Thursday, March 12, 2020 at 1:30 p.m. in the Company office.

### **CHAIRMAN'S REPORT**

Board Chair Ross Smith called the meeting to order and welcomed those in attendance to the 144th annual meeting of the Company. Ross thanked the policyholders for the opportunity to serve as Board Chair. In addition, he acknowledged and thanked retiring director, Jim Duffy, for all of his many contributions to the Board, having served as a Director since 1992. Sue Lithgow, the Company's newest director, has already made valuable contributions during her first year.

### **WAIVE READING OF PRIOR YEAR MEETING MINUTES**

Copies of the Minutes from the 2018 Annual General Meeting were distributed to all in attendance. Motion to waive the reading of the minutes was made by Alex McDonald, seconded by Jim Duffy.

Motion Carried

### **MOTION TO ADOPT MINUTES**

With no errors or omissions noted, the minutes of the 2018 Annual General Meeting were adopted as presented on a motion by Cheryl Cameron, seconded by Mikayla Verberne.

Motion Carried

### **FINANCIAL REPORT**

Jim DeJeu, Chief Financial Officer, presented the financial statements as at December 31 2019. Gross premiums written increased by 10.2%, an increase of \$2.3 million. Gross Written Premium exceeded \$25 million for the first time in the Company's history. Direct losses incurred amounted to \$14.4 million., an increase of 16% over the prior year. Acquisition expenses totaled \$4.1 million, while

operating and administrative expenses were \$4 million. The company suffered an underwriting loss of \$788,000. After investment income and taxes, the Net Comprehensive Income for the year totaled \$2,011,723.

Assets totaled \$73 million with cash and investments being the major component at \$57 million. Liabilities were \$34.5 million with the largest contributor being the provision for unpaid claims at \$21.2 million. The surplus of the company has grown to \$38.5 million.

### **AUDITOR'S REMARKS**

Jeff Sawyer of BDO Canada LLP explained that the financial statements are the responsibility of the Board of Directors and Management. The task of the auditors is to express an opinion. The audit did not disclose anything significant and they are providing an unqualified opinion. The financial statements are a fair representation of the Company's position as at December 31, 2019.

### **MOTION TO ADOPT FINANCIAL STATEMENT**

It was moved by Greg Cameron and seconded by Deb Parker that the Financial Statements for the year ended December 31, 2019 be adopted as presented.

Motion Carried

### **MOTION TO APPOINT AUDITORS FOR 2020**

It was moved by Jim Duffy, seconded by Alex McDonald that BDO Canada LLP be appointed as Company auditors for 2020.

Motion Carried

### **PRESIDENT'S REPORT**

Deb Van Eyk welcomed guests to the 144th Annual Meeting, noting that the Company achieved excellent growth during 2019 running at 10.2% overall. The Company reached a new milestone in 2019 surpassing gross written premiums of \$25 million for the first time. Underwriting results, however, were less than stellar in 2019. This trend cannot continue as investment income cannot subsidize the operations

of the company in this sustained low interest rate environment. Net comprehensive income for 2019 was just over \$2 million, but largely due to unrealized gains in the Investment portfolio.

During 2019, Lambton Mutual only had one claim go into reinsurance. We had a significant windstorm event on May 25, 2019 which generated over \$500,000 in incurred claims. The claims ratio for the year was 69.8%. A new broker partner was added to the sales force on February 1, 2019 and we are pleased to welcome Reith & Associates of St. Thomas Ontario to our Company.

On February 1, 2019, Lambton Mutual embarked on its path to a brand-new web-based insurance software system through Cognition+ of London, Ontario beginning with a beta project and eventually going live on July 13, 2019. This represents a significant investment in new technology but it will position Lambton Mutual well for the “future customer” whose needs may look quite different as digitally native individuals.

Deb congratulated Bridget Hart in Underwriting for achieving 25 years of service and Jayne Boyd in Claims on becoming a Chartered Insurance Professional.

In closing, Deb thanked the Board of Directors, the Management Team, the staff and all the agents and brokers for their unwavering support during the past year.

## **ANALYSIS OF CURRENT YEAR LOSSES PAID**

Dave Colquhoun, Claims Manager, reported on the 2019 claims activity. He noted that claims severity was up as well as a slight increase in claims frequency. Windstorms occurred in February, August and September during 2019. On September 11, 2019, Environment Canada confirmed an F1 tornado with wind speeds reaching 140 kph which touched down outside of Petrolia. In total, \$791,000 was paid out in 2019 for wind, hail and falling object claims. Sewer backup claims totaled \$1.2 million, up \$390,000. Lambton Mutual is offering broader water coverages under the Water Protection Endorsement which allows more types of water losses to be covered. On May 25, 2019 a heavy rainstorm resulted in 37 claims in the Forest area with paid claims to date of \$502,000. Property Liability claims were \$700,000. New Automobile claims were up by 10%. There were 25 new Bodily Injury claims with reserves totalling \$1 million. As well, 136 vehicles were deemed total losses in 2019. Deer strikes continue to be numerous with 70 claims in 2019, compared to 55 in 2018.

Dave closed by thanking all of the claims staff including the livestock adjusters and inspectors, for their hard work all year and the board of directors and management team for their continued support.

### **ELECTION OF DIRECTORS**

Deb Van Eyk, President, read Article No. 21 of By-law 1A, *Qualifications of Directors and Election of Directors*.

#### **Motion to Elect Lambton County Director**

It was moved by Kristy Ravell and seconded by Makayla Callaghan that Randy Gilliard be elected as Lambton County Director for a further 3-year term. Motion Carried

#### **Motion to Elect Director at Large**

It was moved by Kristy Ravell, seconded by Makayla Callaghan that Clare Moffatt be elected for a further 3-year term as Director at Large.

Motion Carried

### **ADJOURNMENT**

The business of the meeting having been concluded; Blair Williamson moved for Adjournment at 2:15 p.m.