MIDDLESEX MUTUAL INSURANCE CO.

2020

# 23RD ANNUAL REPORT

## OUR VISION

To be the best insurance company in our community

## DIRECTORS AND OFFICERS

**Paula Bodkin**
Board Chairperson

**Gary Goertz**
Board Vice Chairperson

**Nancy J. Preston**
President & CEO

**Johnny Fansher**
Director

**Wayne Parkinson**
Past Board Chairperson

**Ken Filson**
Director

**Paul W. Vandenbosch**
Director

**15 Meredith Drive, Ilderton, ON N0M 2A0**
**519-666-0075**
**www.middlesexmutual.on.ca**

# NOTICE OF ANNUAL GENERAL MEETING of MIDDLESEX MUTUAL INSURANCE CO.

**TAKE NOTICE** that an Annual General Meeting of the Members of Middlesex Mutual Insurance Co. will be held virtually on **Tuesday, March 30, 2021 at 7:00 p.m.**, for the following purposes:

1. To receive, consider and approve financial statements and auditor's report for the year ended December 31, 2020;
2. To approve the minutes of the Annual General Meeting held Wednesday, May 27, 2020;
3. To appoint the Auditor for the coming year and authorize the Directors to fix the Auditor's remuneration;
4. To consider and, if thought appropriate, to amend the compensation paid to the Company's Directors;
5. To elect two Directors for a three year term – terms will expire for current Directors, Johnny Fansher and Paul Vandenbosch with both eligible for re-election;
6. To transact such further and other business as may properly be brought before the meeting.

**Any Person wishing to seek election or re-election as a Director must file a written notice of intention to stand for election with the President no later than thirty (30) days prior to the Annual Meeting. An acceptable form of notice of intention may be obtained at the company offices.**

The company is owned and operated by you, the members, and an invitation is hereby extended to all members to attend the Annual Meeting and to participate in the decision making process.

Paula Bodkin
Board Chairperson

Nancy J. Preston, CIP
President & CEO

**Please note:** If you wish to vote on behalf of a corporation or non-profit organization, please ensure that you have documentation appointing you as the voting delegate.

*Details and logistics as to how to participate and register as a voting member will be communicated in March 2021 via our website.*

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This is a condensed financial report. The company has posted the audited financial statements on our website.

www.middlesexmutual.on.ca

If you would like a copy of the audited financial statements, please contact us and we would be happy to forward a copy to you.

# CHAIR'S REPORT

As we reflect on 2020, a year unlike any other in recent history, we all continue to address numerous challenges brought about because of the COVID-19 pandemic. Yet, what stands out most is the resilience and kindness of the communities we serve.

Middlesex Mutual's Board of Directors, Management Team and Staff placed their focus on ensuring we were there for our members and our community, through these unprecedented times. The safety of our employees and members being paramount, we quickly adapted and implemented a smooth transition to a remote working model allowing us to maintain our superior claims and customer service, even though we couldn't always meet you face-to-face.

***Doing the Right Thing – Means we care!***

To help support our local communities during this difficult time, Middlesex Mutual has donated approximately $80,000 to various not-for-profit organizations making a difference to COVID-19 relief efforts. These organizations include: local food banks, physical and mental health support programs, hospital and long-term care facilities, and more! Many of these organizations are in desperate need of funding, and we are proud to be able to offer our support!

We also recognized our members may be dealing with financial hardships because of the economic shutdown. Early on, we introduced relief measures that include – flexible payment options; amendments to coverage for commercial business insurance and policy changes for drivers that reflected their altered driving habits.

Though these have been uncertain and challenging times for all, we are pleased to report positive financial results in 2020. Middlesex Mutual continues to be a financially strong and stable insurance company, focused on protecting our members and investing in your future needs.

Our strategic direction for the next three years, focuses on you, our members, through a client-centric approach to our day-to-day operations. Looking to the future our priorities include enhancing our technology, service capabilities and expertise.

In late 2020, it was with mixed emotions that we announced the retirement of our President and CEO, Nancy J. Preston, effective at the end of June 2021. Under 18 years of dedicated leadership, we have seen consistently stable policy and surplus growth and are grateful for the energy, passion and heart Nancy has brought to our Mutual. We will miss Nancy, but she leaves our Mutual in a very strong position for future success and we sincerely thank her for her many contributions over the years.

It has been my privilege to serve as Chair this year. I would like to sincerely thank my fellow Board members, employees and our broker partners for their support and hard work that continues to contribute to the success of our Company.

Take care and stay healthy!

Paula Bodkin, Board Chair

**The Board of Directors invites you to attend the Annual Meeting virtually on Tuesday, March 30, 2021 at 7:00 p.m. Registration details will be communicated in March via our website.**

# STATEMENT OF FINANCIAL POSITION

| **December 31** (in thousands of dollars) | **2020** | 2019 |
|---|---|---|
| **Assets** | | |
| Cash | **$ 3,713** | $ 799 |
| Investments | **29,404** | 29,670 |
| Income taxes recoverable | **3** | 48 |
| Due from Facility Association | **191** | 165 |
| Due from members | **3,664** | 3,339 |
| Due from reinsurer | **73** | - |
| Reinsurer's share of unpaid claims | **2,636** | 3,135 |
| Prepaid expenses | **80** | 105 |
| Deferred policy acquisition expenses | **773** | 719 |
| Investment property | **1,089** | 1,091 |
| Property, plant and equipment and intangible assets | **3,150** | 3,300 |
| Deferred income taxes | **194** | 996 |
| | **$ 44,970** | $ 43,367 |
| **Liabilities** | | |
| Accounts payable and accrued liabilities | **$ 798** | $ 710 |
| Unearned premiums | **6,185** | 5,690 |
| Unpaid claims and adjustment expenses | **6,731** | 8,156 |
| | **13,714** | 14,556 |
| **Members' Surplus** | | |
| Unappropriated members' surplus | **31,256** | 28,811 |
| | **$ 44,970** | $ 43,367 |

On behalf of the Board:

Director

Director

# STATEMENT OF MEMBERS' SURPLUS

| **For the year ended December 31** (in thousands of dollars) | **2020** | 2019 |
|---|---|---|
| Unappropriated Members' Surplus | | |
| Balance, beginning of year | **$ 28,811** | $ 27,095 |
| Total comprehensive income for the year | **2,445** | 1,716 |
| Balance, end of year | **$ 31,256** | $ 28,811 |

# STATEMENT OF COMPREHENSIVE INCOME

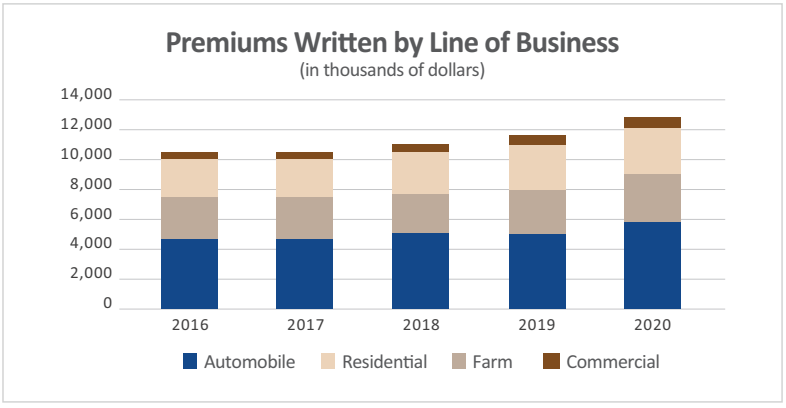
| For the year ended December 31 (in thousands of dollars) | 2020 | 2019 |
|---|---|---|
| **Underwriting Income** | | |
| Gross premiums written | **$ 12,783** | $ 11,810 |
| Less reinsurance ceded | **(1,837)** | (1,622) |
| Net premiums written | **10,946** | 10,188 |
| Less increase in unearned premiums | **(494)** | (393) |
| **Net premiums earned** | **10,452** | 9,795 |
| **Service charge income** | **4** | 9 |
| | **10,456** | 9,804 |
| **Direct losses incurred** | | |
| Gross claims and adjustment expense | **4,378** | 6,429 |
| Less reinsurer's share of claims and adjustment expense | **30** | (443) |
| | **4,408** | 5,986 |
| | **6,048** | 3,818 |
| **Expenses** | | |
| Fees, commissions and other acquisition expenses (see breakdown) | **1,693** | 1,522 |
| Other operating and administrative expenses (see breakdown) | **2,241** | 2,131 |
| | **3,934** | 3,653 |
| **Net underwriting income** | **2,114** | 165 |
| **Investment and other income** | **1,137** | 2,032 |
| **Income before taxes** | **3,251** | 2,197 |
| **Provision for income taxes** | **806** | 481 |
| **Total comprehensive income for the year** | **$ 2,445** | $ 1,716 |

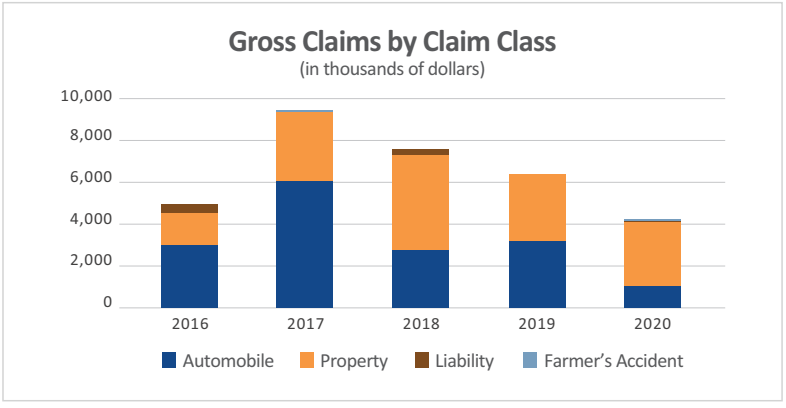
## FEES, COMMISSIONS AND OTHER ACQUISITION EXPENSES

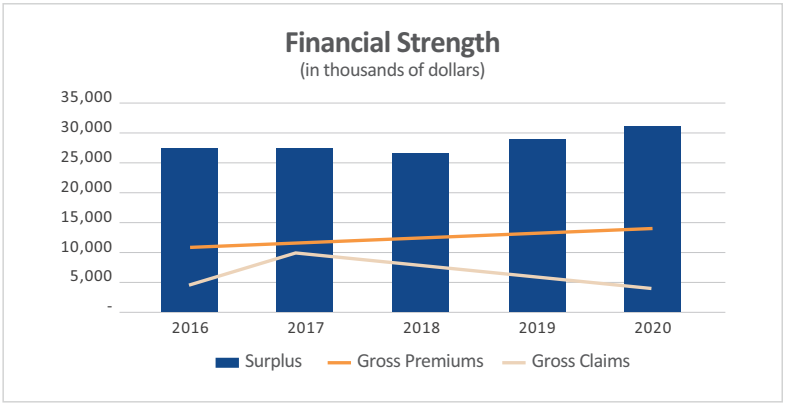
| For the year ended December 31 (in thousands of dollars) | 2020 | 2019 |
|---|---|---|
| Commissions | **$ 1,534** | $ 1,384 |
| Sales benefits | **131** | 111 |
| Premium tax | **28** | 27 |
| | **$ 1,693** | $ 1,522 |

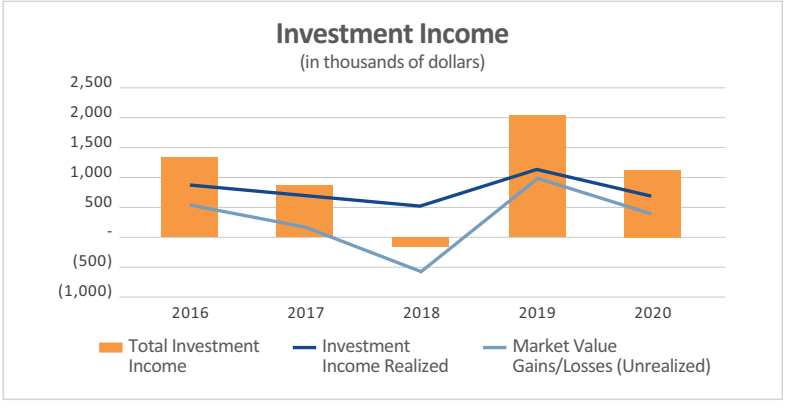
## OTHER OPERATING AND ADMINISTRATIVE EXPENSES

| For the year ended December 31 (in thousands of dollars) | 2020 | 2019 |
|---|---|---|
| Amortization of intangible assets | **$ 21** | $ 12 |
| Computer costs | **484** | 397 |
| Depreciation | **89** | 97 |
| Licenses, fees and dues | **113** | 116 |
| Loss prevention and inspection | **73** | 55 |
| Postage and office supplies | **44** | 54 |
| Professional fees | **86** | 52 |
| Repairs and maintenance | **29** | 35 |
| Salaries, benefits and directors' fees | **1,098** | 1,031 |
| Staff education and training | **20** | 86 |
| Other | **184** | 196 |
| | **$ 2,241** | $ 2,131 |


Premiums Written by Line of Business
(in thousands of dollars)
14,000
12,000
10,000
8,000
6,000
4,000
2,000
0
2016
2017
2018
2019
2020
Automobile
Residential
Farm
Commercial


Gross Claims by Claim Class
(in thousands of dollars)
10,000
8,000
6,000
4,000
2,000
0
2016
2017
2018
2019
2020
Automobile
Property
Liability
Farmer's Accident


Financial Strength
(in thousands of dollars)
35,000
30,000
25,000
20,000
15,000
10,000
5,000
-
2016
2017
2018
2019
2020
Surplus
Gross Premiums
Gross Claims


Investment Income
(in thousands of dollars)
2,500
2,000
1,500
1,000
500
-
(500)
(1,000)
2016
2017
2018
2019
2020
Total Investment Income
Investment Income Realized
Market Value Gains/Losses (Unrealized)

# MIDDLESEX MUTUAL INSURANCE CO.
# OUR MANAGEMENT TEAM:

**Nancy J. Preston, CIP**
President & CEO

**Christina Gummerson**
Finance Manager

**Ron Burns, CIP**
Business Development Manager

**Brett Borden, HBA, FCIP**
Claims Manager

**Penny Melhado, CIP**
Marketing Manager

**Tara Knight, CIP**
Underwriting Manager

519-666-0075

## OUR AGENTS:

| | | | |
|---|---|---|---|
| **Susan Cook** | 519-860-5546 | **Sam Moir** | 519-666-1548 |
| **Blake Dougherty** | 548-388-1952 | **Jim Poel** | 519-851-8267 |
| **Fran Dow** | 519-227-4819 | **Greg Schneider** | 519-661-7548 |
| **Tara McKenzie, FCIP, CRM** | 519-619-2447 | | |

## OUR BROKER PARTNERS:

| | |
|---|---|
| **Giffen, Pierce & Sinclair Ltd. (Strathroy)** | 519-245-3335 |
| **MacLachlan Insurance Inc.:** | |
| **Grand Bend** | 519-238-2692 |
| **Parkhill** | 519-294-6871 |
| **Thedford** | 519-296-5593 |
| **Woods Hodgins Brokers Inc. (Ailsa Craig)** | 519-293-3295 |

As stewards of your company, we value the bond of mutual trust and respect and dedicate our efforts to be the best insurance company in our community.

Middlesex Mutual Insurance Co.

Middlesex Mutual Insurance Co.

Doing the Right Thing ~ Means we care!

# Thank You
# Community Spirit Recipients

***Your dedication, especially in the face of an ongoing pandemic is very appreciated!***

**It was our pleasure to offer support through donations to the following organizations in 2020:**

**Children's Health Foundation (FEMAP)**
**Ailsa Craig Food Bank** **Craigwiel Gardens**
**Crest Support Services**

## Employee Giving Program:

- The Salvation Army
- Thames Valley Children's Centre Auxiliary
- Terry Fox Foundation
- Dorchester Food Bank
- SMGH Foundation
- King's University Student Emergency Fund
- St. Joseph's Hospice of London
- Humane Society London and Middlesex
- London Food Bank
- Ailsa Craig Food Bank
- NW London Resource Ctr
- Community Living South Huron
- Ark Aid Street Mission
- Optimism Place
- YMCA of SW Ontario
- London Health Sciences Foundation
- Riverside United Church
- My Sister's Place
- Ingersoll & District Inter-Church Committee

See www.middlesexmutual.on.ca for full details