

PRESIDENT/CHAIRMAN'S BOARD REPORT FOR 2017

It is with great pleasure that I present to you my 2017 Chairman's Report on behalf of your Board of Directors.

Our 2017 financial results were the best in our 107 year history adding almost \$ 1.4 million to the Company Surplus. In 2017, your Company had 204 claims compared to 300 in 2016, many of the 2016 claims occurring during the 4th quarter. 2017 was certainly a tremendous improvement. Our Claims Manager, Brian Morgan, will provide you with greater detail in his report.

Our Investment portfolio performed well in 2017. At year end, the portfolio value was almost \$ 15.25 million compared to just short of \$ 14 million in 2016. Our Auditor, Ryan Armstrong and Company Manager Bill Chisholm will provide greater detail in their Financial Statements Report and Manager's Report.

As in every Board Chairman's Annual Report, you are advised of your Board and Committees activity for the year. Your Board met five (5) times during 2017; your Audit Committee met four (4) times; your Executive and Conduct Review Committees each met twice; your Nominating Committee met once; and your Human Resources Committee did not meet.

In early 2017, we approved our latest Strategic Plan. Staff, agents, and your Board all made excellent contributions in creating a Plan that provides a positive and sustainable set of objectives going forward.

Representatives from our Federal Regulators, The Office of The Superintendent of Financial Institutions visited our Office in July. The meeting resulted in several recommendations being made to our Company. We are hopeful that the recommendations will be implemented by June.

In October, your Company purchased a secondary property. It was formerly the Fernando's Grill restaurant. It has been renovated into office space and in the short to medium term, it will be rented to the Nova Scotia Early Childhood Development Intervention Services. In the future, it is expected to be expansion space for our Company's operations.

Your Board and Management feel very fortunate to have the support of over 8,000 policyholders and feel very strongly in giving back to the different communities those Policyholders live in.

It has been an ongoing priority of your Company to support the communities we serve in whatever way we can. We have always felt one of the best ways to support the different communities is by pledging monetary support to our area Hospital Foundations. The area hospitals that we have pledged to include Cheticamp, Inverness, Guysborough, Amherst, and Antigonish. We are also major sponsors to our two local signature events, those being the Antigonish Highland Games and the Eastern Nova Scotia Exhibition. During 2017, we made our first pledge payment towards our \$60,000. support of the Positive Action for Keppoch Society and pledged \$20,000. towards upgrading the 4-H barn in Truro. The Antigonish Farmers' Market began an initiative a couple of years ago towards building a new and larger Farmers' Market facility at the Exhibition Grounds. Your Company Board has expressed an interest in being a major supporter if that project goes ahead.

I would like to welcome, on behalf of your Board, two (2) staff members that joined our Company in 2017. KATHLEEN VAN BOMMEL started in March as our Receptionist and GINA DECOSTE joined us in October as our Business Development Officer.

In conclusion, I would like to thank our Manager, staff, and agents for their ongoing commitment to serving our Policyholders. I'd also like to thank your Board of Directors for their contribution, guidance, and support during 2017 in my first year as Company President.

Respectfully Submitted,

Duncan MacInnis, Company President.