

PRESIDENT/CHAIRMAN'S BOARD REPORT FOR 2019

It is with great pleasure that I present to you my 2019 Chairman's Report on behalf of your Board of Directors.

Our financial results were somewhat disappointing compared to the last two years; both years in which we had underwriting profits. In 2019, your Company had 330 claims compared to 236 in 2018 and 204 in 2017. 139 of these claims resulted from storm damages due to Hurricane Dorian in September 2019. In addition to the many weather related claims in 2019, the company also experienced a higher than average number of serious fire claims. The claims results contributed to a large underwriting loss for the year. Stephen MacDonald will provide you with further detail in his claims report.

We did see nice investment gains, which helped to offset some of the disappointing underwriting results. During the year, your Audit Committee met several times to enhance the Company Investment Policy, and to make changes to the way the investments are being managed. We expect that these changes will result in consistent growth, while maintaining a safe and conservative approach to the investments. Because of cash requirements due to high claims volumes, \$350,000 was drawn out of the investment account during the year. Even so, at year end, the portfolio value was a little more than \$15 million compared to about \$14.6 million at the end of 2018. Auditor, Ryan Armstrong will provide greater detail in his Financial Statements Report.

I would like to report on the activity of your Board and Committees for the year. Your Board met seven (7) times during 2019; your Audit Committee met ten (10) times; your Executive Committee met five (5) times; your Conduct Review Committee met twice; your Human Resources Committee met four (4) times, and your Nominating Committee did not meet.

As I reported at our last Annual General Meeting, Representatives from our Federal Regulators, The Office of The Superintendent of Financial Institutions made several

recommendations to us following their visit with us in 2017. We completed implementation of all of their outstanding recommendations in 2019.

In 2019 the company moved forward with plans to implement a modern and more efficient insurance processing system, called Cognition Plus. More than 30 other Mutual Insurance Companies use this insurance solution. Configuration and testing has been ongoing throughout the 2nd half of 2019 and we expect to fully transition to the new software in 2020.

Your Board and Management feel very fortunate to have the support of over 8,000 policyholders and feel strongly that your company should give back to the different communities those Policyholders live in. We have always felt one of the best ways to support the different communities we do business in is by pledging monetary support to our area Hospital Foundations. We have provided pledges in the recent past to hospitals in Cheticamp, Inverness, Guysborough, and Amherst, and we have a current pledge to St. Martha's hospital. We are also major sponsors to our two local signature events, those being the Antigonish Highland Games and the Eastern Nova Scotia Exhibition. We continue to contribute on our \$60,000 pledge in support of the Positive Action for Keppoch Society. And in 2019, we made the largest single donation in company history, to the new Antigonish Farmers Market building, in the amount of \$200,000.

We feel it important to support the educational and career aspirations of our policy holders' children. We therefore continue to make available scholarships to eligible graduating high school students. In 2019 we increased the number of scholarships offered to 8, and increased the amount per scholarship to \$1,250.

2019 was a year marked by several staffing changes. Brian Morgan was appointed as General Manager. Stephen MacDonald was hired to replace Brian as the company Claims Manager. Hope Bryden was appointed Agency Manager. Kathleen Van Bommell left to pursue other opportunities, and was replaced by Bryan Melanson. Trina Teasdale, returned to the company as a CSR. We also welcomed Rozalyn Boddy Tobin as our new company controller. Tessie MacFarlane announced her retirement at the end of 2019, which became effective in February of this year. We'd like to recognize the dedication and attention to detail that Tessie

brought to the job. We will certainly miss her. We currently have 15 staff working at either our head office; or from their homes due to operation necessities brought about by COVID-19. Our clients are services by 12 agents working throughout northern and northeastern Nova Scotia.

In conclusion, I would like to thank our management, 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 2019. I've completed my 3 year term as Chairman of the Board, and will be handing the reins over to my replacement. Serving in this position has been a very rewarding experience, and I learned much during the time I served. I appreciate all the help and input I received from other Board members. I know the company will achieve many great things over the coming years, and will continue to serve our policyholders to the best of its ability.

Respectfully Submitted,

Duncan MacInnis, Company President