



A helping hand when you need it most

2018 Report



On May 4th, 2018, many communities across Ontario experienced the effects of a dramatic windstorm.

The windstorm provided three months of claims in one single day, with over 185 claims.

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Annual General Meeting

Ayton Centennial Hall at 818 Albert St., Ayton, on March 27th, 2019 at 2:00 pm



GERMANIA PRIDES ITSELF ON ITS INVOLVEMENT AND SUPPORT OF MANY WORTHWHILE CAUSES IN OUR COMMUNITY



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GERMANIA MUTUAL INSURANCE LEADERSHIP



Left to right, back row Roger Smith, Brian Milne, Gary Ross, Doug Townsend, Tim Farquhar, Bev Schenk
Front row: Dan Hill (President/CEO), Delores Leith, Brian Glass (Chair), Gary Becker

MESSAGE FROM THE CHAIR

Brian Glass

On December 31st 2018, Germania closed the door on our 140th Anniversary year. This historic event was celebrated in typical Canadian fashion with little pomp and pageantry but rather with a humble thankfulness to our loyal policyholders and sales force.

The year 2018 was significant in other ways as it marks the final year that Mutual Insurers will receive what is commonly referred to as the farm tax credit. The significance to the policyholder is that in past years Germania was able to place additional profits into our surplus given our Farm Insurance volume. These additional funds earned when profitable will now be paid in Federal tax. This will ultimately mean higher premiums in years to come to attain similar surplus levels.

Even with the less than desirable financial results Germania Mutual did witness many positives in 2018. We launched new and improved product line, added new staff positions and announced that we will be building an addition to our head office in 2019 with expected occupancy in early 2020. Our Current office was completed in 2007 and was designed to hold 25 employees while our current fulltime staff is 27 with 2 of those working at least part time remotely.

I would also like to note that director Delores Leith is not eligible to be reelected to the Board in March. Delores has served as Chair and worked diligently on Director Training and Education initiatives for the betterment of the Board. We truly thank Delores for her service on behalf of the policyholders.

I look forward to serving as your Chair in 2019.

MESSAGE FROM THE CEO

Dan Hill

When 2018 began, Management hoped that it would be the turnaround year, following two years of underwriting losses. Unfortunately, fire and wind losses produced our worst underwriting results since 2001. Germania Mutual was not alone, as Mutual and Stock insurers in Ontario experienced similar results.

Winds on May 4th produced 185 claims, the equivalent to three months of claims in one day. The total losses from those claims exceeded our Catastrophe Retention and are reserved at \$1.45 million, of which \$1.35 is net to Germania's results. The second contributor was investments, due to a change in the market value.

Comparing 2017 to 2018, 2017 was a poor investment year with a \$1 million net return, or just under 3%. Those results look great compared to a negative return in 2018 of -\$350,000, which is a \$1.4 million difference in investment income year over year.

However, our overall fire loss experience and severity drastically affected results. Germania Mutual continues to focus on loss prevention through inspection and consumer education. Those efforts, along with rate adequacy, are required to return Germania Mutual to an Underwriting Profit.

Germania Mutual assisted more customers with claims in 2018 than any other year. Profitability is important but just as important is customer care. As President/CEO, I could not be prouder of our employees and services to you, the policyholder.

2019 is expected to be a challenging year, with extreme natural weather events compiled with everyday occurrences. Added to these events is the complexity of building an addition, designed to serve you better.

I look forward to continuing to serve you as President/CEO of Germania Mutual.

BROKERS AND AGENTS REPRESENTING GERMANIA MUTUAL



AGENCIES

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A helping hand when you need it most

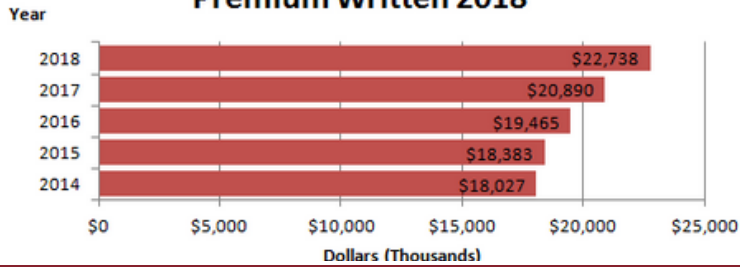
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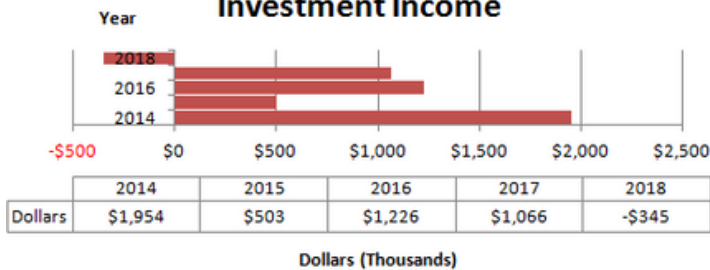
5 Year Performance Financials

Premium Written 2018



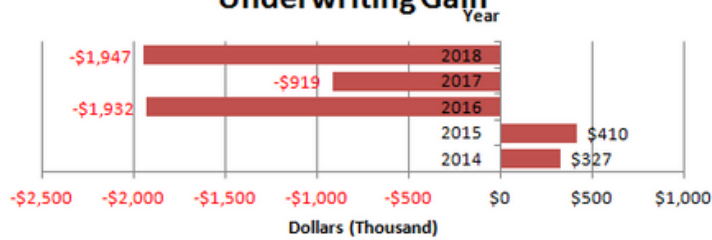
Premium received by Germania from which all claims and operating expenses are paid.

Investment Income



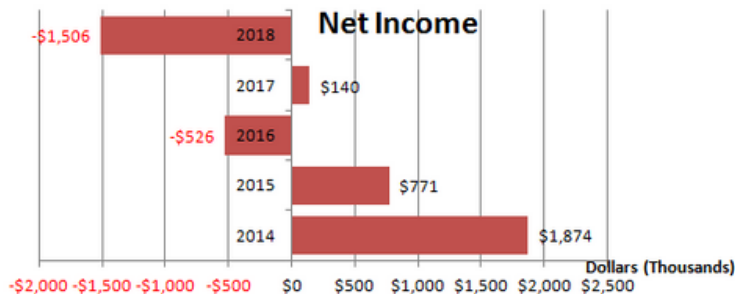
Income generated by Germania investments. In the short term, these funds can help stabilize underwriting performance. In the long term, they help build Members' Surplus to keep the Company strong and facilitate future growth.

Underwriting Gain



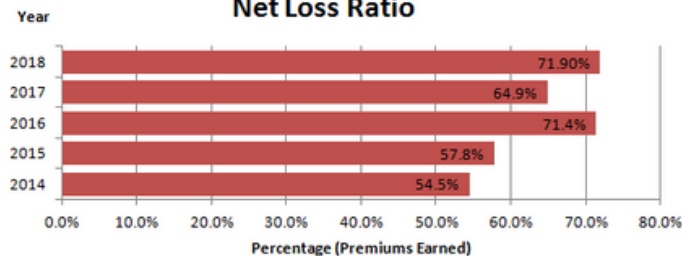
These figures show whether or not premiums received were sufficient to cover Germania claims and operating expenses in that year. A negative figure indicates that investment income was required to make up the shortfall.

Net Income



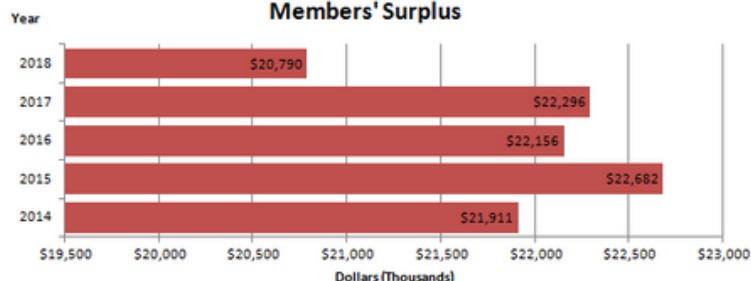
The amount added to or subtracted from Members' Surplus after all claims and expenses are paid and all investment income is included.

Net Loss Ratio



Percentage of premiums earned in an individual year that were allocated to paying claims.

Members' Surplus



The financial strength of the company.



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