



*A helping hand when you need it most*

## 2022 Report

We entered 2022 not knowing whether the pandemic was over, or just starting. As it turns out the world realized that we needed to adapt to a pandemic environment and learn to live with the new realities at home and at the office.

Whether you are a climate change believer or denier it is hard to argue that our recent storm systems seem more frequent and more severe than in decades past. When it came to catastrophe events in 2022, mother nature left Germania alone for the most part. Although the weather will always play a pivotal roll in our annual claim activity.

As a Mutual insurer, we definitely believe that an ounce of prevention is worth a pound of cure. We would like to remind our policyholders of our sump-pump replacement program and our fire extinguisher purchase discounts including free refills for policyholders. We also encourage our customers to enquire as to how they can have one of our Loss Control Officers attend their property to assist them in assessing what larger risks they could possibly lower with some preventative maintenance.

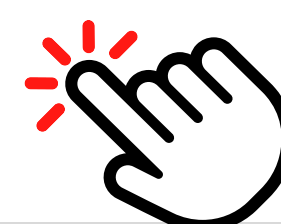


### Inside this issue:

- Germania in the Community
- CEO & Board Chair Message
- Brokers and Agents
- 5 Year Performance Financials

## Annual General Meeting

The meeting will be held  
in-person on March 29th,  
2023 at 2:00 pm

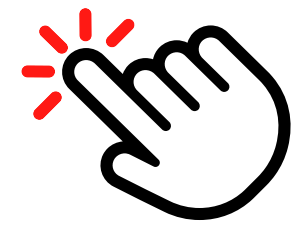


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MARCH 2023



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



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## GERMANIA MUTUAL INSURANCE LEADERSHIP

### MESSAGE FROM THE CHAIR

Gary Becker

It is my pleasure to report to our policyholders on behalf of your Board of Directors and my first term as Board Chair.

At our AGM in March of 2023, we will celebrate Germania's 145th anniversary having been first incorporated in February of 1878. This milestone puts Germania in very elite company as one of the oldest continuously operated company's in Grey & Bruce counties.



Attaining the age 145 years, tells of corporate past resilience but it does not guarantee future success. To be successful in the 2020's you need to adapt to the modern needs of our regulator, society and the workforce. In August of 2021, Germania announced that they would be moving to a new business management system or computer technology, one with a greater opportunity to keep inline with the requirements of our regulator, brokers/agents and policyholders going forward. As of January 1, 2023, Germania Mutual's systems were fully live on our EY Nexus Guidewire based platform. This was a substantive undertaking for our management and employees. We are truly appreciative of their efforts during these past 16 months.

Since March of 2020, the employees at Germania have been in and out of what we refer to as a COVID work from home environment either imposed by provincial mandate or at the discretion of the management team at Germania. As of June 2022, Germania has established a formal Hybrid work from home environment which is designed to meet our corporate business needs while attempting to give our employees a true work-life balance.

Your Board of Directors have also adapted to both in person and hybrid meetings to maintain cost efficiency while ensuring governance and corporate oversight requirements are being achieved. With the freedom of this hybrid model, your Board has been actively reviewing all Board policies, procedures and mandates of Board, Directors and its Committees. Most recently we enlisted the services of a consultant to assist in completing full Board and Director competency review, exemplifying the Boards commitment to having the right people on the Board for the protection of the policyholders of the corporation.

In closing the Financial reports enclosed show that Germania has witnessed one of its best underwriting years in our history. I commend the management team, staff and my fellow directors on their effort to achieve this success. On behalf of both current and our past board of directors, I thank our policyholders for their commitment to Germania Mutual over the past 145 years.

Yours truly,

Gary Becker, Board Chair

# GERMANIA MUTUAL INSURANCE LEADERSHIP

## MESSAGE FROM THE CEO

### Dan Hill

I will start my report by thanking my management team, employees, board and our corporate business partners for assisting Germania in navigating through three of the toughest years of our 145-year history. During this period, we have witnessed severity in claims experience with extreme weather including wind, rain and hail. This was accompanied by several large fire losses during a multi-year pandemic, with labour shortages and supply chain issues, while completing a substantive technology change. This has been no easy task but our people have been up for the challenge and are prepared for whatever 2023 may have to offer.



In 2022 Germania's underwriting performance was very positive. We saw growth of 8% which was driven by inflationary increase in personal lines and farm business, while we had positive policy growth in the commercial line of business. Automobile was stagnant showing negative policy growth with a small overall premium growth. New claims activity was lower than budget expectations with fewer excess of loss claims than the prior two years while avoiding the major CAT activity we had recently witnessed as well.

The province of Ontario however did witness a major CAT event which affected many of our sister Mutuals with claims reserves on a gross basis exceeding \$100 million for the May 21, 2022 Derecho alone. This was the largest CAT reinsurance event for our partner Farm Mutual Re, in their 60-year history. Farm Mutual Re also witnessed their second largest CAT event in 2022 with Hurricane Fiona hitting the east coast in September. These Canadian events combined with other large loss events, including two hurricanes striking the continental US, have had an adverse affect on international catastrophe reinsurance rates. Although Germania only witnessed an estimated \$600,000 in claims from the May storm, we do expect to see a substantive increase in our Catastrophe reinsurance costs in 2023.

Although Germania had a positive insurance results year, we did not see the same positive results in our investment portfolio. Even though our realized returns came in on budget, both fixed income and equity portfolio's witnessed substantive unrealized losses. As an insurer in Ontario we are mandated to carry no more than 25% of our assets in equities for the protection of our policyholders. High interest rates tend to benefit insurers in the long term and often helps offset insurance losses in a given year. However, when we see a substantive spike in interest rates, bond portfolio's lose value as people will not purchase a lower yielding bond at the original price. If these bonds are held to maturity we will not witness a loss but the market value change does adversely affect our 2022 audited results.

Our Chair mentioned in his report our technology change to the EY Nexus business management system. This new technology is based on an industry leading Guidewire Suite of products with other software added to provide a total business solution. We have made this enhancement to ensure Germania Mutual can remain relevant long into the future.

I would be remiss if I didn't acknowledge the long-time service of our VP of Finance and VP of Operations, Sharon Hollister and Tracy Campbell. These two women celebrated 20 years with Germania Mutual in 2022 and have both been key players in our successful technology changeover this past couple of years.

We now look forward to serving you the policyholders for years to come.

Sincerely,

Dan Hill, President/CEO

# BROKERS AND AGENTS REPRESENTING GERMANIA MUTUAL

## AGENCIES

Culbert Insurance

*Click here to  
find a  
broker/agent in  
your area!*



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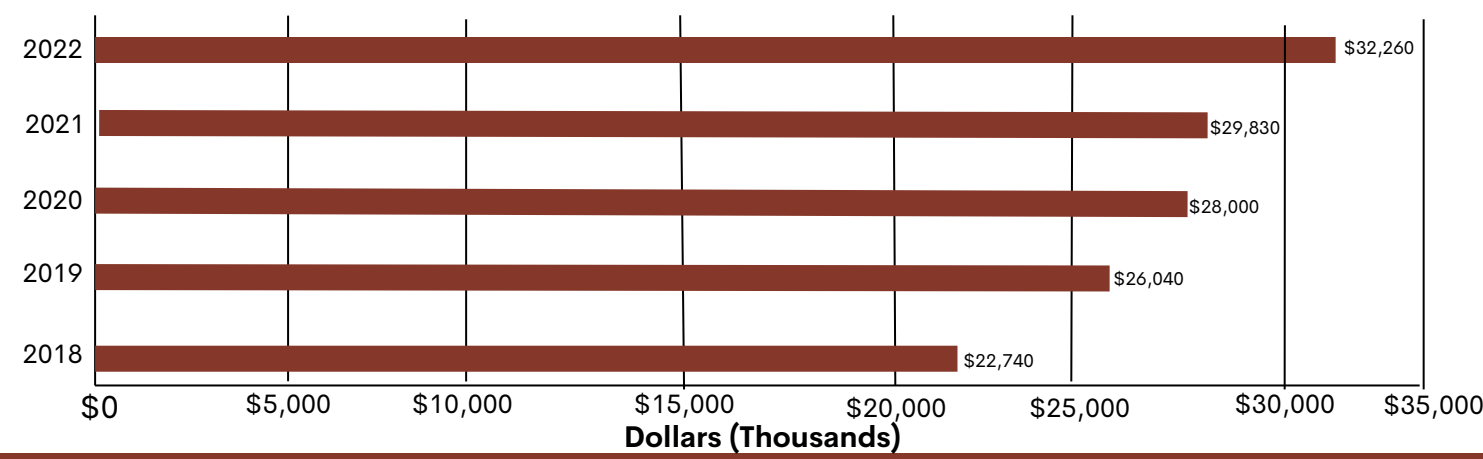
403 Mary Street 519 665 7715 ph  
Ayton, Ontario 519 665 7558 fax  
N0G 1C0 1 888 418 7770 Toll free

## INDEPENDENT BROKERS

Absolute Insurance  
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Crewson Insurance Brokers  
Craig, McDonald, Reddon Insurance  
Davis & McLay Insurance  
Doner-Horsley Insurance  
Grace E. Brown Insurance Brokers  
Hanbidge & Bowman Insurance  
Hills Insurance  
J.P. Uniac Insurance  
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Will Marshall Insurance Brokers  
Wylie Insurance Brokers

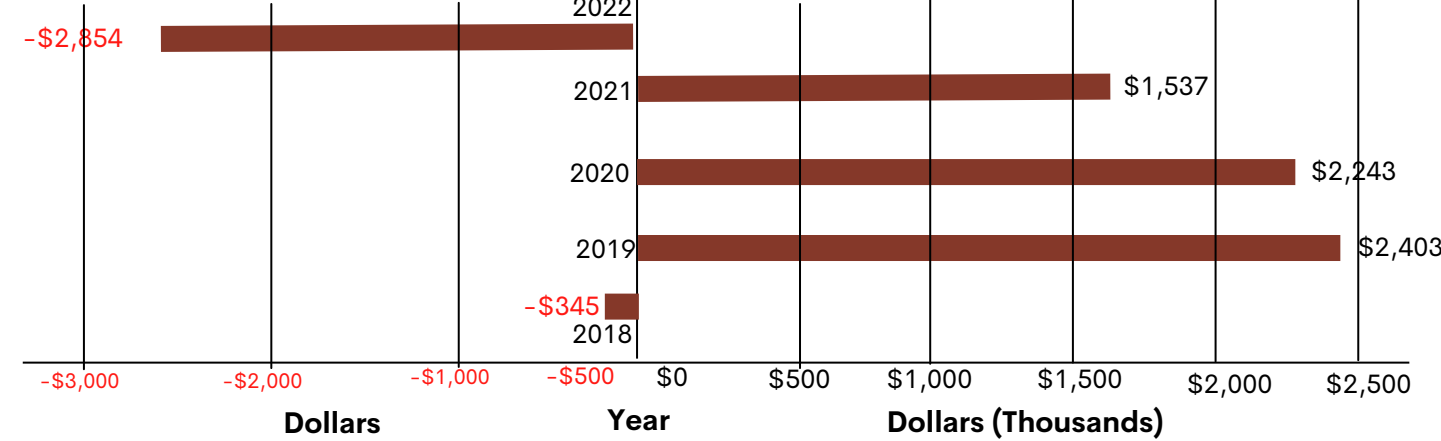
# 5 Year Performance Financials

## Premium Written



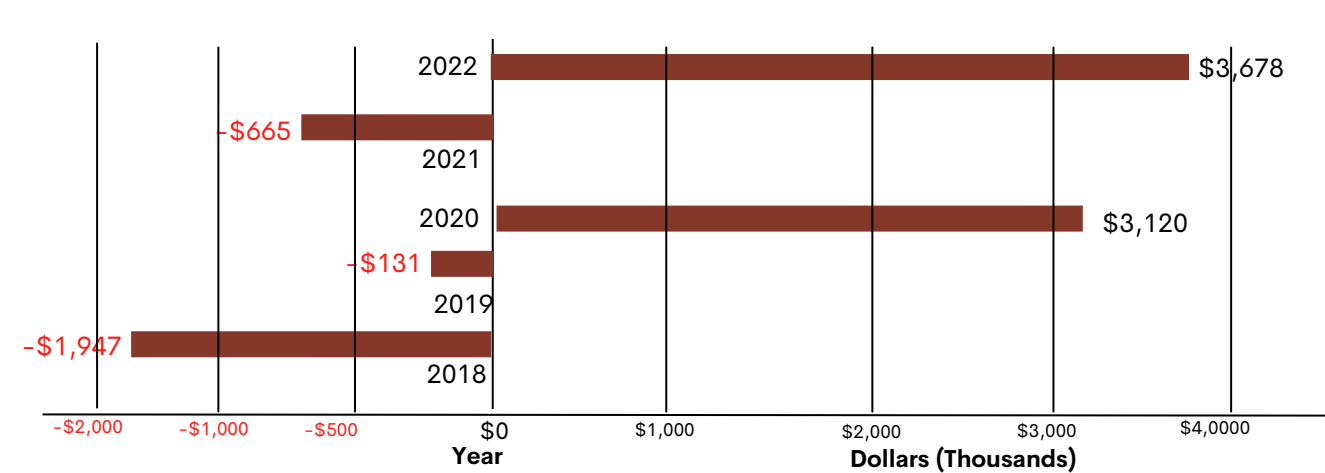
Premium received by Germania from which all claims and operating expenses are paid.

## Investment Income



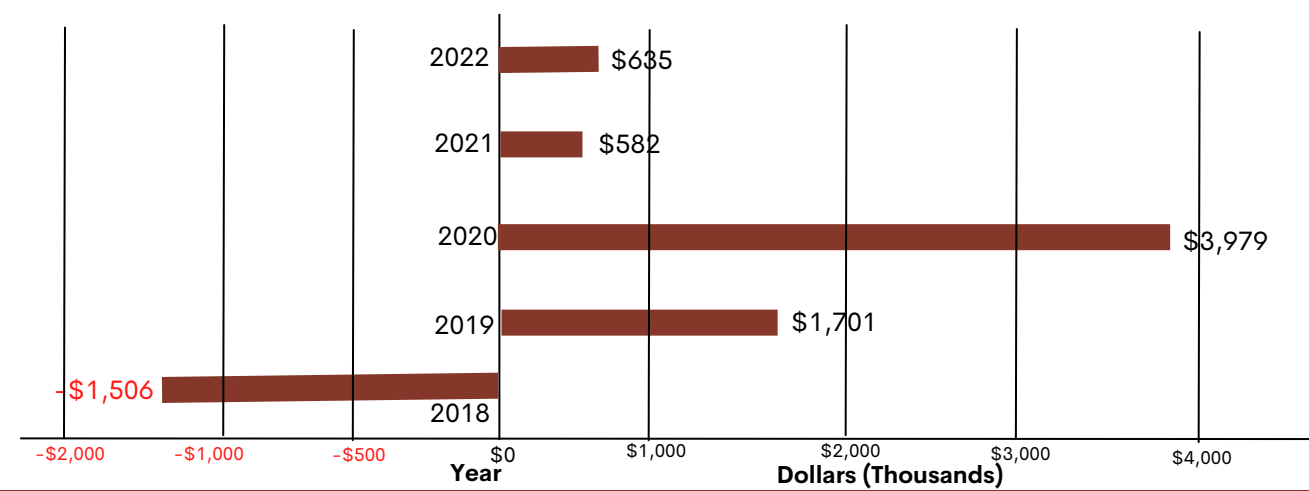
Income generated by Germania investments. In the short term, these funds can help stabilize underwriting performance. In the long term, they help build Members' Surplus to keep the Company strong and facilitate future growth.

## Underwriting Income



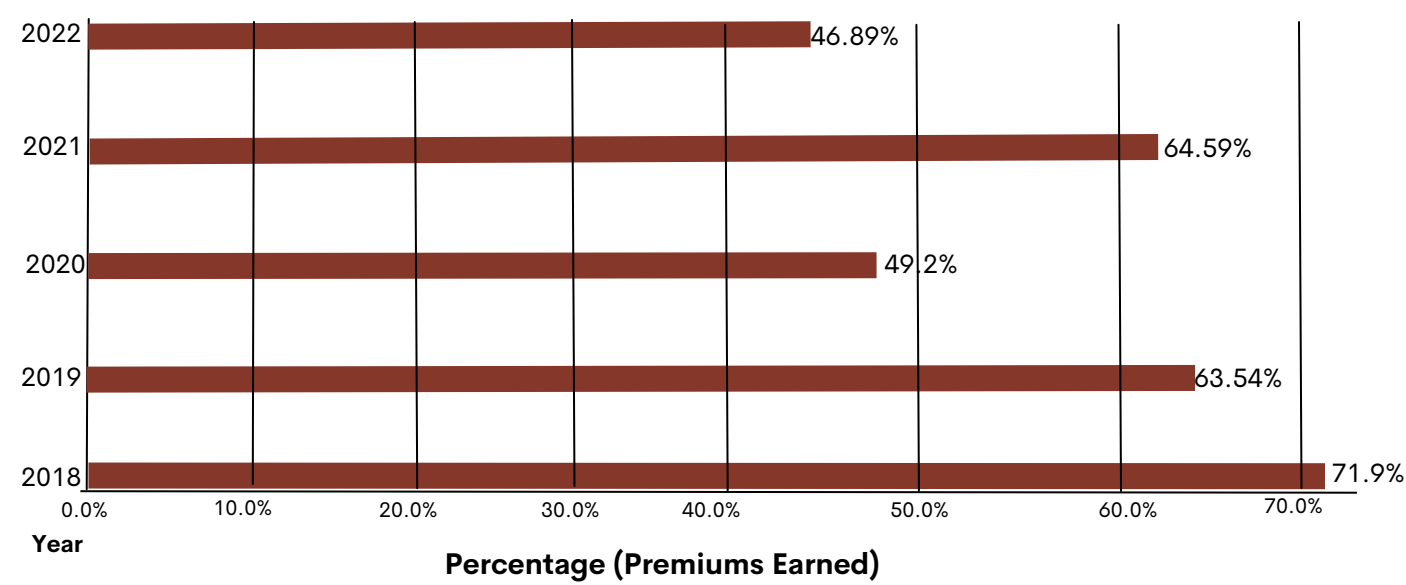
These figures show whether or not premiums received were sufficient to cover Germania claims and operating expenses in that year. A negative figure indicates that investment income was required to make up the shortfall.

## Net Income



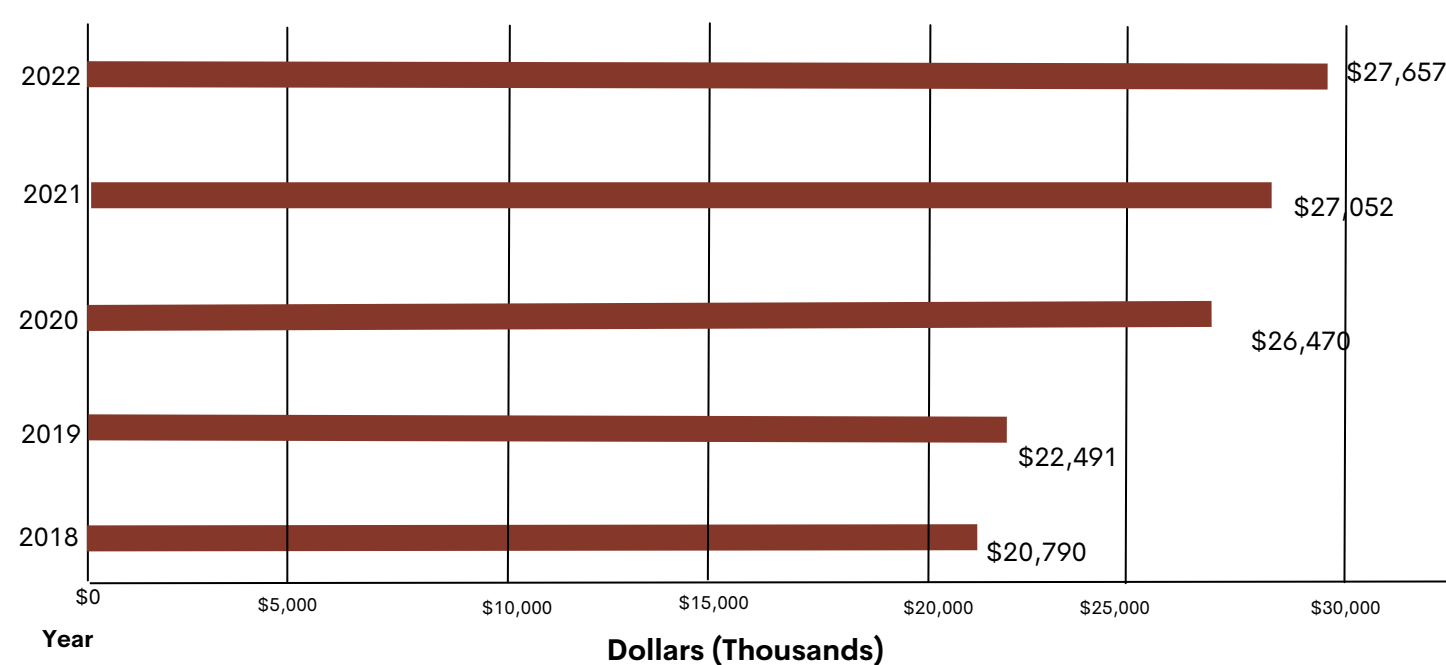
The amount added to or subtracted from Members' Surplus after all claims and expenses are paid and all investment income is included.

## 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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