

Staying true to our motto, "a helping hand when you need it most", Germania Mutual takes great pride in working with and supporting events, activities and organizations in your community.



139th ANNUAL GENERAL MEETING
for the GERMANIA MUTUAL INSURANCE COMPANY

TAKE NOTICE that an Annual General Meeting of the Members of the Germania Mutual Insurance Company will be held at the Ayton Centennial Hall located at 818 Albert St., Ayton on Wednesday the 22nd day of March, 2017, at the hour of 2:00 p.m., for the purposes of:

1. Receiving the 2016 audited financial statement,
2. Approval of minutes from the 138th Annual General Meeting held March 23rd, 2016
3. To appoint an auditor for 2017
4. To elect three qualified Directors: The members will be asked to elect three (3) directors for a term of three years. Three (3) current Germania Mutual Directors are eligible for re-election (Brian Glass, Mary Golem, and Gary Ross). Written notice of the intention to stand for a Director must be filed with the Secretary of the Corporation no later than 4:30pm on the 28th day of February 2017.

ON BEHALF OF THE BOARD OF DIRECTORS

Pursuant with our corporate by-laws our 2016 Annual Financial Statement (Audited) will be posted on our website twenty-one (21) days prior to our annual meeting and copies of the Annual Statement will also be made available at the Annual General Meeting and following the AGM at our main office located at 403 Mary Street, Ayton, Ontario.

Website viewing at www.germaniamutual.com

As our Chair noted in her report, fire losses were again a major factor in Germania Mutual's 2016 overall financial results. Of the fire losses mentioned, six exceeded our reinsurance retention level of \$450,000, meaning that we not only witnessed a slight frequency increase in fire losses, but also a jump in the severity of those losses.

Over the past seven years, the company has averaged 11.7 losses exceeding \$100,000 per year. In 2016, we had 13 such losses, which include all other property perils plus automobile and liability claims. Again, the number of large losses was not unusual, but the fact that we witnessed \$5.1 million in losses from those 13 claims as compared to our seven-year average of \$3.9 million, did adversely affect our 2016 results.

Appearing to follow the seven to eight year business cycle, Germania Mutual witnessed its worst financial year since 2008, with an underwriting loss of \$1.9 million and a bottom line loss of \$526,000. However, premium growth was steady at \$1.1 million (5.8%), with policyholder growth of 4%. Overall gross losses for 2016 were \$12.6 million compared to \$10.2 million in 2015. Investment yields, including unrealized gains, were reasonable at \$1.2 million (3.7%), but were not sufficient to eliminate the bottom line loss.

After two consecutive years of significant fire loss activity, including four apparent arson claims in 2015, Germania Mutual shares the concerns expressed by the Fire Marshall's office. With this in mind, we will be focusing on Loss Control and Fire Prevention initiatives throughout 2017.

One such program encourages policyholders to purchase fire extinguishers from Germania at a reduced rate of 50% off cost, and take advantage of free inspections and refills of their existing fire extinguishers. (Please contact your Broker or Agent for details on these and other fire prevention services available through Germania Mutual.) In addition, Germania will continue to encourage policyholders to take precautions in eliminating fire hazards for their own personal and financial security.

In summary, although it was not a great financial year for Germania Mutual, we continue to take great satisfaction in being able to assist so many policyholders during their time of need.

Sincerely,

Daniel J. Hill CIP
President/CEO



Germania Staff:

- President/CEO:** Daniel J. Hill
- CFO:** Sharon Hollister
- Manager of Underwriting & IT:** Tracy Campbell
- Manager of Claims & LCS:** Todd Fortney
- Claims Supervisor:** Mary Domm
- Adjusters:** Shawn Higgins, Stacey Rubick
- Loss Control:** Heather Day, Neil Grotenhuis, Brett Martin
- Underwriting Supervisor:** Krista Schuknecht
- Underwriting:** Stephanie Goode, Holly Hawke, Linda Klages, Cathy Lewis, Amber McRobb, Peggy Raftis, Ann Rahn, Harriet Reinhart, Sarah Schoenau
- Administration/Accounting:** Lisa Bramhill, Megan Ruetz
- IT:** Troy Charlton, Mike Zions



a **Helping Hand**
when you need it most

2016
REPORT

www.germaniamutual.com

403 Mary St.
P.O. Box 30
Ayton, ON N0G 1C0



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Message from the Chair



Board Chair: Delores Leith
Vice Chair: Brian Glass
Past Chair: Wayne Lytle
Directors: Gary Becker, Mary Golem, Gary Ross, Roger Smith, Brian Milne, Tim Farquhar

In 2016, the residents of Ontario became concerned over the apparent rash of barn fires occurring across the province. The reality was, however, that barn fire numbers were not higher than normal, but were actually slightly below the five year average. The severity of these claims became the real news, especially when they included a loss of livestock. At Germania Mutual, we only witnessed one major barn fire in 2016, but witnessed no less than eight dwelling fire losses in excess of \$100,000.

Given the growing public concern over barn fires, the Fire Marshall's office called for an increase in barn fire prevention awareness and they saw the 2016 International Plowing match being held in Harriston as a great venue to initiate an awareness campaign. We were pleased to offer space within the "Germania Family Farm" tent to Minto Fire at the IPM. This allowed their local volunteer firefighters the opportunity to promote "Farm Fire Safety" without compromising their responsibilities of providing emergency services at the event.

Germania takes great pride in working with and supporting regional events, activities and organizations in order to be "a Helping Hand when you need it most". We also viewed the 2016 IPM in Harriston as a great opportunity to showcase our "In the Community, for the Community" spirit which included the "Helping Hand Raffle" within the Germania Family Farm tent. This event was a great opportunity for Germania employees and directors to work shoulder to shoulder with three great local charities. With all prizes donated by Germania Mutual, the raffle raised \$27,000, which was divided between the Palmerston District Hospital Foundation, the Louise Marshall Hospital Foundation Mount Forest, and the Saugeen Valley Children's Safety Village.

I truly appreciated the opportunity to Chair the Germania Board in 2016 and look forward to serving our policyholders in the coming years. Be sure to look for Germania's new parade/events vehicle in your community in 2017.

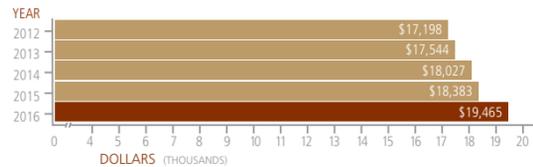
With warmest regards,

Delores Leith
Board Chair

Germania 5-year Performance

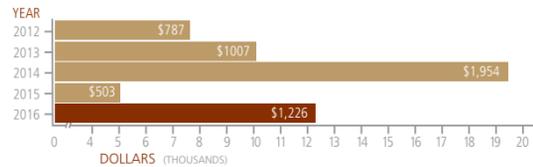
Premiums Written

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



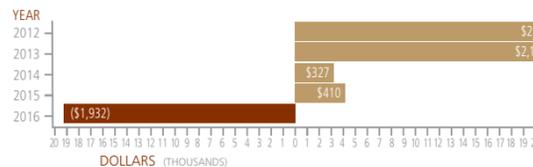
Investment Income

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.



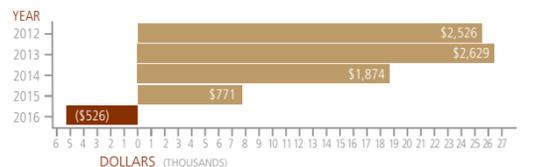
Underwriting Gain

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 a 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.



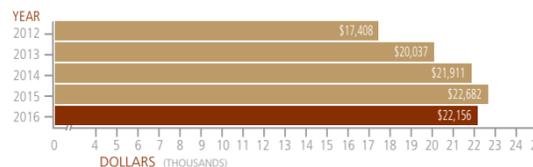
Net Loss Ratio

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



Members' Surplus

The financial strength of the company.



Germania Mutual - In Your Community

THE FOLLOWING BROKERS AND AGENTS PROUDLY REPRESENT GERMANIA MUTUAL IN YOUR HOME COMMUNITY

Independent Brokers:

- Absolute Insurance** - Orangeville
- Brown Insurance** - Palmerston, Moorefield
- Chatsworth Insurance** - Lion's Head, Owen Sound
- Coburn Insurance** - Mount Forest
- Craig, McDonald, Reddon Insurance** - Collingwood, Durham, Hanover, Mildmay, Paisley, Walkerton
- Doner-Horsley Insurance** - Alliston
- Hanbidge & Bowman Insurance** - Owen Sound
- Hills Insurance** - Southampton
- Jack Lambertus Insurance** - Walkerton
- John F. Smith Insurance** - Arthur
- Josslin Insurance** - Cambridge, Elmira, Kitchener, New Hamburg, Tavistock, Wellesley
- JP Uniac Insurance** - Mitchell
- Keil-Dadson Insurance** - Gorrie, Listowel
- Miller Insurance** - Clifford, Hanover, Harriston, Kincardine, Owen Sound, Port Elgin, Southampton, Teeswater
- Padfield Nelson Insurance** - Mount Forest
- Secure Insurance** - Arthur, Collingwood, Drayton, Dundalk, Durham, Erin, Elora, Hanover, Markdale, Newmarket, Orangeville, Stayner, Wasaga Beach
- Will Marshall Insurance** - Barrie, Orillia
- Wylie Insurance** - Gorrie, Harriston

Agencies:

- Culbert Insurance** - Ayton, Owen Sound
- Eric Thacker Insurance** - Ripley
- Gear Insurance** - Orangeville

