



GERMANIA

MUTUAL INSURANCE

SINCE 1878 

A helping hand when you need it most

2019 Report



In early spring of 2019, Germania began the construction process for our building addition.

The space is designed to accommodate additional staffing as required but more importantly, facilitate meeting with our policyholders, Brokers/Agents, as well as provide a resource space for internal training

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Annual General Meeting

Ayton Centennial Hall at 818 Albert St., Ayton, on March 18th, 2020 at 2:00 pm



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



Click here to see more photos on our website!

GERMANIA MUTUAL INSURANCE LEADERSHIP



Left to right, back row Roger Smith, Kevin Eccles, Donna Bridge, Doug Townsend, Gary Ross, Bev Schenk, Gary Becker
Front row: Brian Milne, Brian Glass (Chair), Dan Hill (President/CEO),

MESSAGE FROM THE CHAIR

Brian Glass

I am pleased to advise that during my second year as Board Chair, Germania has witnessed more positive results than presented in 2018. I am sure everyone is aware of the turmoil in the investment market throughout 2018, concluding with basically a market crash just before Christmas. In early 2019, we experienced a sharp rebound in the investment market which eliminated the losses seen from the previous year. Accordingly Germania's financials received a positive stimulus from our investment portfolio early in the year which carried on throughout 2019.

A similar phenomenon occurred with Germania's underwriting results. A substantive \$2 million underwriting loss in 2018 was replaced with a small underwriting loss of \$130,000 in 2019. There are several factors that affected these results with the most influential being the avoidance of any major catastrophe activity in 2019. CAT claims of water and wind in both 2017 and 2018 had negative effects on Germania year end results.

The current Federal Government has removed our Farm Tax Credit, which means that our Farm Insurance Portfolio is now fully taxable. This will now have a negative effect on Germania's Financial bottom line results going forward, making it more difficult to accumulate Surplus. Surplus strengthens the Company over the long term. We estimate that the tax change was approximately \$150,000 in 2019.

I am very proud to have been part of the Germania for the past 10 years, serving as Claims Manager, followed by my 6 years as a director. My only regret is that I didn't make the move to the Mutual System earlier in my career. I am humbled to have had the opportunity to serve as Chair of this organization these past two years and it was my pleasure to serve on behalf of the policyholders.

MESSAGE FROM THE CEO

Dan Hill

Germania entered the year expecting it to be challenging. 2019 did not disappoint. Investments rebounded nicely in January. However, fires in the first two months had us showing a substantive loss ratio increase year over year in the first quarter. Thankfully the spring thaw was gentle, bringing our Property Loss Ratio back into line. Our auto experience was not as positive. We anticipate that the new use of the General Linear Modeling (GLM) rating versus traditional rating methodology will assist in improving these results.

The insurance industry began to feel the negative effects of a market hardening in 2019. Insurers started taking substantive rate increases in certain lines, policy cancellation, market abandonment and heavy restrictions on writing new business. Germania tried to maintain a steady approach in 2019, being cognizant of possible anti-selection in the marketplace, while trying to assist our Brokers/Agents. With insurance company results varying from poor to average, we expect the market hardening to continue into 2020 and possibly beyond.

Germania initiated a building expansion in 2019 giving us 7 months of construction activities. Domm Construction has entered the final phases and we expect completion post the March annual meeting. The new space is designed to accommodate additional staffing as required but more importantly, facilitate meeting with our policyholders, Brokers/Agents, as well as resource space for internal training.

Germania is an integral part of the local community and we will continue to be good corporate citizens for that community. We are also part of a larger insurance community which we have a responsibility to make better through commitment to technology advancement, education, training and governance practices.

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

BROKERS AND AGENTS REPRESENTING GERMANIA MUTUAL



AGENCIES

Culbert Insurance
Eric Thacker Insurance
Gear Insurance

INDEPENDENT BROKERS

Absolute Insurance
Brown Insurance
Chatsworth Insurance
Coburn Insurance
Craig, McDonald, Reddon Insurance
Davis & McLay Insurance
Doner-Horsley Insurance
Hanbidge & Bowman Insurance
Hills Insurance
J.P. Uniac Insurance
J.S. Davidson Insurance
Jack Lambertus Insurance
John F. Smith Insurance
Josslin Insurance
Keil-Dadson Insurance
Mass Insurance Brokers Limited
McCuaig Insurance
McGoey Brothers Insurance
Miller Insurance
Padfield-Nelson Insurance
Paul Brown General Insurance
Rice Inc. Insurance
Ron Noble Insurance
Secure Insurance
Will Marshall Insurance Brokers
Wylie Insurance Brokers

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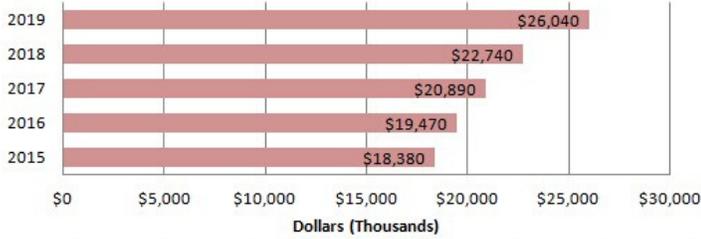


A helping hand when you need it most

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5 Year Performance Financials

Premium Written 2019



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



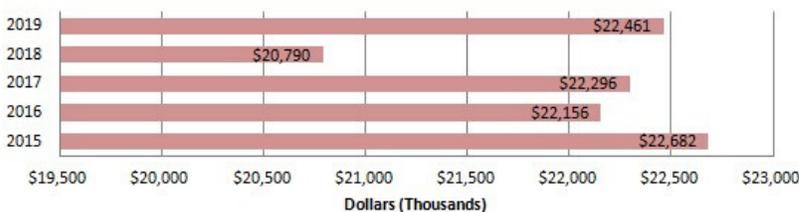
The amount added to or subtracted from Members' Surplus after all claims and expenses are paid and all investment income is included.

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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