

# ANNUAL REPORT 2020



**Trillium**  
Mutual Insurance Company



# NOTICE OF ANNUAL MEETING

**The Annual Meeting of  
Trillium Mutual Insurance Company  
will be held on  
Tuesday, March 30, 2021  
10:30 a.m. via  
Interactive Webcast**

**Purpose:**

1. To receive the financial statements of the Corporation for the fiscal year ending December 31, 2020 and approve the auditor's report thereon;
2. To appoint auditors for 2021;
3. To present an amendment to Bylaw 3.03 (Qualifications of Directors) removing an exception to the term limit of five (5) three (3) year terms.
4. To transact any regular business that may be introduced in the interest of the Company; and
5. To elect two (2) Directors for a three-year term (Note that one incumbent Director is seeking re-election; a second candidate seeks election after having been appointed by the Board to fill a retirement vacancy.)

In accordance with the Bylaws of the Corporation, any person wishing to seek election or re-election as a Director must file an intention to stand for election in writing with the Secretary of the Corporation not later than thirty (30) days prior to the Annual Meeting or General Meeting called for the purpose of electing Directors, ie. on or before February 27, 2021. In accordance with governance best practices, the Board appoints Directors to fill vacancies after a comprehensive application and interview process; the membership, however, ultimately retains the right to confirm appointments or elect Directors. If you would like to learn about our Director selection process, please contact our Corporate Secretary at 1-800-265-3020 or [bhicks@trilliummutual.com](mailto:bhicks@trilliummutual.com).

The Annual Statement will be available on the Corporation's website ([www.trilliummutual.com](http://www.trilliummutual.com)) on or before March 8, 2021, or a member may obtain copies by sending a written request to the Corporation's head office.

**Instructions To Register and Attend:**

Pre-registration will be required in order to attend and participate in the Annual General Meeting. Instructions for registration and voting eligibility (one vote per insured member per policy, subject to exceptions) will be posted on the Company Website at [www.trilliummutual.com](http://www.trilliummutual.com) on or before March 8, 2021.

By order of the Board of Directors

B. Hicks, B.A., LL.B.  
Corporate Secretary

# REPORT FROM THE CHAIR

I am pleased to bring you greetings and provide this report on behalf of the Board of Directors of Trillium Mutual Insurance Company. We also look forward to having you join us at our first ever virtual Annual General Meeting on Mar 30, 2021.

This past year is unprecedented in our lifetimes. Personal and business impacts have been significant for many and will be felt for years to come. Thankfully, it is amazing to see the resilience, compassion and generosity that often rises to the forefront when we need it most. A year (or years) like this however are not unprecedented in the history of Trillium Mutual. With 138 years of existence – this policy holder owned organization has weathered a lot of storms. To give you a sense of this history I looked back at the organizational meeting minutes for the period 1918-1920 during the Spanish Flu outbreak. As I'm sure you have heard – this outbreak was equally widespread and even more devastating. What I found was interesting – it hardly got a mention. Yes it was serious but it did not deter us or deflect us from the important needs of our policyholders. Business appeared to carry on more or less as normal. Renewals and new policies were provided and claims were paid to members. They could count on us. This past year saw much the same result. I give top marks to our staff for being well prepared and executing a move to virtual work more or less seamlessly. I know they worked hard to be accommodating, flexible and sensitive to the challenges we all faced. Our focus remained on meeting the needs of our policy holders and broker partners as it has for over 135 years. The technology certainly changed, but the philosophy has not.

The business of insurance is a challenging one. We provide coverage for risks that are largely unknown in both frequency and significance. Add to that the considerable impacts of things like climate change and a pandemic or two and it gets really interesting. Although we are local, we of course are part of the worldwide insurance marketplace through our reinsurer – so we are by no means immune from the impact of these global issues. As we have seen this past year, the world we live in can be rather unpredictable! Where we can and do make a difference is in two key areas. The first is stability. Our policyholders have been able to count on us for many, many years. Our focus remains on taking care of and always being there for all of our stakeholders. Our structure is such that regardless of the broader challenges we remain focussed on long term stability and not short term profitability. We plan to continue to be here when you need us. The other important advantage we bring is local ownership. You, the policyholders are the owners. Our organization, our staff and our broker partners are all deeply ingrained in their communities. The dollars largely stay local to pay claims of course and to support the jobs and where possible other worthy causes in our communities. You are dealing with local people that live and work here. They care deeply and answer only to you.

In terms of community support our ROOTS Community Fund continues to actively support many areas of need. With the unique challenges this year has brought the decision was made to devote significant resources to mental health support. We are pleased to have been able to provide over \$140,000 to these programs focused on agriculture and rural communities and youth.

As you will see, our financial performance in 2020 was solid. A modest underwriting gain was enhanced by what turned out to be a relatively good year for investment income. This was by no means evident as the year progressed with the investment markets best described as a “roller coaster”. The ability to add to our reserves is welcome to both offset prior year shortfalls and help ensure our future growth and stability.

2020 also saw the retirement of Ross Stone from our Board. Ross has completed the maximum term on our Board as per our bylaws. Ross has been a top notch contributor to the success of Trillium with his agricultural knowledge, entrepreneurial spirit and keen business sense. Ross will be missed at the Board table. We wish to extend our deep appreciation for his service and wish him all the best. I am also pleased to announce that after an extensive search Mr. Patrick Bushby has been appointed as our newest Board member. Pat lives in Thunder Bay and brings a wealth of agricultural, business and governance experience from across Canada. We welcome Pat to the Board and look forward to the benefit of his experience and expertise.

In closing I would like to thank you for the opportunity to serve as your Chair. I would also like to express my deep appreciation to our staff for the manner in which they navigated the challenges of this past year while never losing site of our core mission – serving our policyholder members. No doubt the coming year will bring new and different challenges (hopefully not so significant!). However, I am confident that no matter what, Trillium Mutual will be here if and when you need us.

Thank you,

Ben Rier

Chair of the Board



# OFFICERS OF TRILLIUM MUTUAL

Chair.....	Ben Rier
Vice-Chair.....	Julie Garner
President & CEO.....	Tracy MacDonald
Corporate Treasurer.....	Lindsey Robinson
Corporate Secretary.....	Bryan Hicks

## BOARD OF DIRECTORS



Ben Rier



Julie Garner



Ross Lamont



Cong-Rong Xie



Pat Bushby



Angela De Groot

## EXECUTIVE TEAM



Executive: (left to right) Mike Virley, Tracy MacDonald, and Jenny Hallahan.

# REPORT FROM THE PRESIDENT & CEO

As I write this message, our Country continues to be challenged by the Global Health Crisis. No one expected that, as a society, we would be immobilized by the virus for so long. We face much uncertainty; but I remain hopeful that with science and perseverance 2021 will end on a note filled with optimism and hope.

Reflecting on the year 2020, I recall fondly our Annual Meeting that was held on March 13, 2020 – the Friday before the world shut down. At that meeting, which was held in person, there was lingering uncertainty regarding the days to follow. I recall my instinct at the time was to tell the audience, we will look after our people, in turn, they will look after our members and the business will take care of itself. When I reflect on 2020, looking after our people is the number one thing I am most proud of. We pivoted to an at home work environment over that weekend and have been mostly remote ever since. Our employees and their families are our number one priority while continuing to do our part to flatten the curve. My sincere appreciation is extended to our amazing team as well as our Board of Directors for stewarding the organization through this historic time.

Giving back to our communities continued to be an area of strength for Trillium in 2020. Early in the pandemic our Board made the decision that our efforts should be focused on rural mental health initiatives and carved out budget for this specific purpose. I am proud that our organization was able to respond quickly and provide over \$140,000 to much needed organizations to support initiatives that will directly impact rural communities.

Our business managed well throughout 2020 and was prepared to manage critical tasks virtually allowing us to stabilize quickly while implementing new and innovative virtual claims and risk solutions. Our reason for being is to provide protection for our members and in 2020 we provided \$41.5m in claims payments. Mother Nature gave Trillium a bit of a break in 2020, and while we did experience 3 weather related events, they were less significant than the prior two years. We undertook some difficult decisions in 2020 to enable long term sustainability of our water product. While fires crept back in resulting in 5 of our top 10 losses for the year. In turn, we established a new partnership that focuses on innovative solutions to prevent fires rather than waiting for losses to occur.

2020 ended with modest revenue growth in our strategic areas of focus. Our bottom line showed an underwriting result that allowed for a two percent margin. Investment volatility was a theme in 2020, but market values at December 31 were very favourable allowing for an overall positive bottom line.

Going forward, in 2021 Trillium will be embarking on the most significant technology project in our 138 year history. We will be implementing a core system change that will enable us to meet our members in the digital age which we believe is table stakes for the future. Although this will be a major shift for Trillium we are committed to staying true to our roots and to continue providing the high quality products and service our members have come to expect.

Gratitude is the one word that comes to mind when I reflect on 2020. I am thankful to live in this great country and lead an amazing team that are far stronger together and fully focused on doing the right thing for our members.

Please join us for our first ever virtual annual meeting of members on March 30th at 10:30 am. We promise to be concise in order to leave room for our incredible guest speaker, Andrew Campbell providing his unique perspective on the current state & future of agriculture in Ontario.

On behalf of our staff and our Board at Trillium, we wish you much happiness and prosperity in 2021.

Thank you for continuing to be a valued Trillium Mutual Member.

Tracy MacDonald, BA, FCIP  
President & CEO



# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

DECEMBER 31

(IN THOUSANDS OF DOLLARS)

	2020	2019
<b>Assets</b>		
Cash and Bank	6,865	6,471
Investments	103,409	89,849
Investment Income Accrued	3	-
Income Taxes Recoverable	-	68
Due from Reinsurance	271	273
Due from Policyholders	18,746	18,419
Due from Facility Assoc.	1,407	1,388
Reinsurers Share of Unpaid Claims	15,114	17,354
Other Receivables	1	2
Prepaid Expenses	600	291
Deferred Policy Acq Exp	7,483	7,416
Property Plant and Equipment	7,089	7,475
Intangible Assets	2,106	2,261
Deferred Income Taxes	4,003	5,266
	<u>167,097</u>	<u>156,533</u>
<b>Liabilities</b>		
Accounts Payable and Accrued Liabilities	6,095	4,482
Due to Facility Association	1,412	1,424
Income Taxes Payable	1	-
Unearned Premiums	34,898	34,197
Provision for Unpaid Claims	59,516	57,768
	<u>101,922</u>	<u>97,871</u>
<b>Members' Surplus</b>	<u>65,175</u>	<u>58,662</u>
	<u>167,097</u>	<u>156,533</u>

## CONSOLIDATED STATEMENT OF MEMBERS' SURPLUS

Balance-Beginning of Year	58,662	56,876
Comprehensive Income (loss) for the Year	6,573	2,016
Changes in non-controlling Interest	(60)	(230)
Balance-End of Year	<u>65,175</u>	<u>58,662</u>

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED DECEMBER 31

(IN THOUSANDS OF DOLLARS)

	2020	2019
<b>Revenue</b>		
Gross Premiums Written	71,608	69,283
Less: Reinsurance Ceded	8,579	7,056
Net Premiums Written	63,029	62,227
Less Increase in Unearned Premium	701	2,567
Net Premiums Earned	62,328	59,660
Service Charges	735	724
<b>Total Underwriting Income</b>	<b>63,063</b>	<b>60,384</b>
<b>Expenses</b>		
Net Claims and Adjusting Expenses Incurred	37,599	40,195
Commissions and Acquisition Expenses	16,134	15,123
General Expenses	8,211	8,305
<b>Total Expenses</b>	<b>61,944</b>	<b>63,623</b>
<b>Net Underwriting Income (loss)</b>	<b>1,119</b>	<b>(3,239)</b>
Investment and Other Income	7,030	5,710
Comprehensive Income Before Taxes & Donations	8,149	2,471
Income Taxes	1,311	282
Donations from ROOTS Fund	265	173
<b>Comprehensive Income (loss) for the Year</b>	<b><u>6,573</u></b>	<b><u>2,016</u></b>

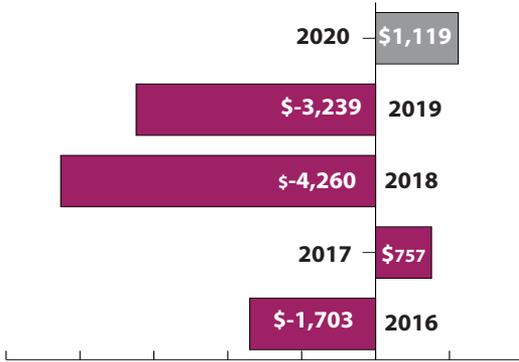
FINANCIAL STATEMENT

A complete audited financial statement can be  
found [HERE](#), or by contacting us.

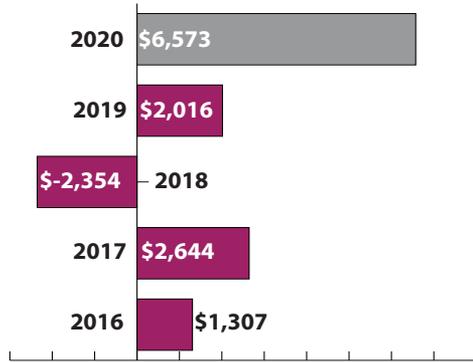
# The Last Five Years

(in thousands of dollars)

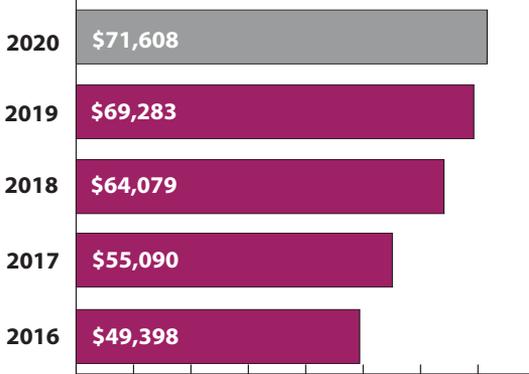
## Underwriting Income (Loss)



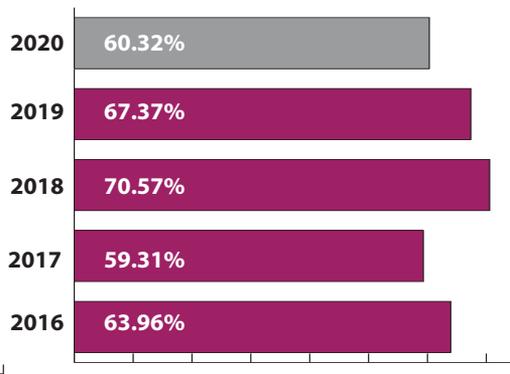
## Comprehensive Income (Loss)



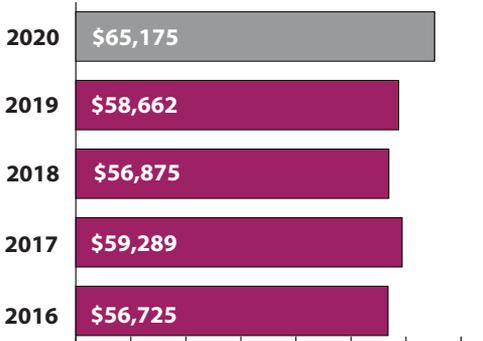
## Gross Written Premium



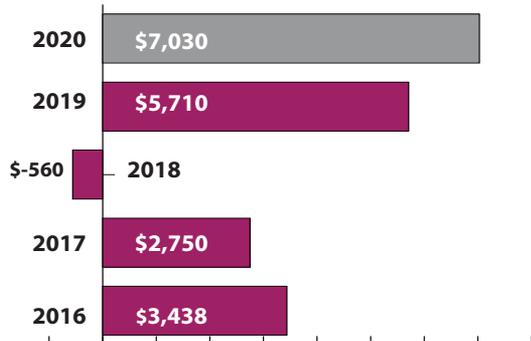
## Net Loss Ratio



## Policyholder Equity (Members' Surplus)



## Investment & Other Income (Loss)



## VISION STATEMENT

To be the leading mutual insurer protecting and enhancing farm and community lifestyles.

## MISSION STATEMENT

We provide our members, through trusted partners, with complete and innovative insurance solutions, delivered with excellent service and integrity.

## VALUES STATEMENT

### **Our Valued Members**

We exist for the sole benefit of our members.

### **Protection through Insurance Solutions**

We protect and respond to member needs with innovative solutions.

### **Exceptional Customer Service**

We strive for every customer experience to be excellent.

### **Financially Responsible**

We are accountable for long term financial stability.

### **Our Partners are Essential**

We choose professional and ethical partners to sell and service our products.

### **Our Employees: Our Success**

We are a team of dedicated professionals working in an environment of mutual respect and continuous improvement.

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[www.trilliummutual.com](http://www.trilliummutual.com)