

NOTICE OF ANNUAL MEETING

Pursuant to a Motion of the Board of Directors on August 17, 2022, the Annual Meeting of Trillium Mutual Insurance Company will be held on Tuesday March 21, 2023 at 10:30 a.m., in person, at the head office located at 495 Mitchell Road South, Listowel, ON, N4W 0C8.

Notice of Annual Meeting

Purpose:

1. To receive the financial statements of the Corporation for the fiscal year ending December 31, 2022 and approve the auditor's report thereon;
2. To appoint auditors for 2023;
3. To transact any regular business that may be introduced in the interest of the Company; and
4. To elect two (2) Directors for a three-year term (Note that two incumbent Directors are seeking re-election.)

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 19, 2023. 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.

The Annual Statement will be available on the Corporation's website (www.trilliummutual.com) on or before February 28, 2023, or a member may obtain copies by sending a written request to the Corporation's head office.

Members unable to attend in person will be able to view the meeting via live internet stream. Please register for the live stream viewing option by email to support@trilliummutual.com on or before March 17, 2023. You will receive the live stream link two business days prior to the meeting date. Please note: in accordance with the Bylaws, only members attending in person will have the right to vote at the meeting; personal attendance is strongly encouraged.

By order of the Board of Directors

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



REPORT FROM THE CHAIR

I am pleased to provide this report on behalf of the Board of Directors of Trillium Mutual Insurance Company.

I would like to begin by noting that we are pleased to be back to an in person Annual General Meeting this year. Hopefully we can file away our playbook on “successfully navigating a pandemic” and not need it again for a long time!

This past year at Trillium and in the broader insurance industry was certainly eventful. Here at Trillium it was largely a year of positive events. You will note our exceptional financial performance which is made possible by good strategy, excellent execution and of course a little good luck. Our performance is even more remarkable given the difficult year in the investment markets. The ability to add to our surplus is key for sustainable growth and to ensure we remain a solid, progressive and viable partner. I also believe the other contributor to our performance is the strong positive and inclusive corporate culture that the team has developed. It is something we nurture and take very seriously. It is also something we share – it is reflected in our dealings with each other, our broker partners and our policyholders. 2022 also saw significant progress in the implementation of our new Guidewire operating platform. It remains a bit of a work in progress but we are confident it will drive long term efficiency that will benefit all stakeholders.

Strategically, we continue to focus on agricultural and rural needs. Interestingly – unfortunate global events have highlighted the fact that “the world needs more Canada”, certainly from an agricultural perspective. Together with our key broker partners we continue to work hard to understand and meet the insurance requirements of farmers throughout Ontario. An important component of both our rural focus and our Mutual values of course is our ROOTS program. This program is a true reflection of our strategic direction and social values. Our ROOTS Committee continues to do an exceptional job of supporting worthy causes throughout rural Ontario.

When I reflect back on 2022 the news was dominated by stories of division, disease and disaster. The wind storm in eastern Ontario, the hurricanes in Florida and eastern Canada and the flooding in California were all significant disasters. On Jan 11 of this year for example, approximately 34 million people in California were under flood watch – almost equivalent to the entire population of Canada! The link to us of course is that we are all part of the global insurance industry. Events such as these result in significant claims which in turn drives up insurance and reinsurance costs. We will directly feel the impact of these increases. This is further evidence of the real costs and impact of climate change and how we are all affected one way or another. We remain committed to doing our part to mitigate the impacts. We can make a difference through our own actions, through our work with stakeholders on resiliency and through our support of things like the International Cooperative and Mutual Federations work on an insurance specific checklist built around the UN Sustainable Development Goals.

Our current challenges include climate change, increased reinsurance costs, increased regulatory burden, technology and stakeholder consolidation to name a few. Your Board of Directors at Trillium is committed to navigating through these challenges in a manner that preserves our vision of being the farm insurer of choice in Ontario. With the support of our top-notch staff and broker partners I have no doubt we will be successful in continuing to identify and serve the needs of our policy holders.

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



Back Row (L to R) Ross Lamont & Pat Bushby. Front Row (L to R) Cong-Rong Xie, Julie Garner, Ben Rier, and Angela De Groot.

EXECUTIVE TEAM



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

REPORT FROM THE PRESIDENT & CEO

Welcome to 2023, I am pleased to share this report as President & CEO of Trillium Mutual Insurance.

Last year was one of change and growth for Trillium Mutual. Notably, we successfully converted our policy administration system to a new global provider. As with any system change, we navigated many challenges along the way. Our service levels throughout the year have not been to the standard you, our members, have grown to expect over the years. We appreciate your patience and I'm pleased to say we have evolved as we turn the page on a new year.

Our team continues to work in a hybrid fashion, and is committed to continuing to service all aspects of the insurance lifecycle from home and from the office. We have realized many efficiencies in the new model of working, ensuring that ongoing and effective collaboration translates to the delivery of a strong member experience.

Giving back continued to be a key objective for Trillium in 2022, with our ROOTS Committee supporting thirty-two organizations across the province. With our strategic focus in agriculture, our Board has set a mandate to direct our giving in projects related to the agriculture community. In 2022, 38% of the total budget was given in support of agricultural initiatives!

2022 was a strong financial year for Trillium Mutual. I am pleased to report that we met our financial targets required for long term sustainability and investment in the next strategic horizon. We continue to focus on pricing adequacy in a world where costs are rising at a pace not seen in decades. The Global reinsurance market continues to be challenging due to catastrophic weather events that continue to put pressure on the industry as a whole.

While the year proved successful for the Company, I am pleased that we have been there to assist our members in their time of need. A total of just over \$34m was returned in claims payments in 2022; we tracked two major weather related events during the year, both due to wind. The most significant of the two events was the Derecho event on May 21st which impacted many areas throughout the province. Fire continues to be a challenging cause of loss for us, with seven of our most severe claims resulting from fire.

We continue to prioritize our vision to protect and enhance farm and community lifestyles across Ontario. Our Board of Directors is strategically focusing our efforts to be the preferred Ontario market that services agricultural insurance.

We do hope that you will join us for our Annual General Meeting on March 21th at 10:30am. We will review our financial results and hear from our Board Chair with reflections as well as forward looking thoughts for the Company as we move through 2023. I plan to share our journey with environmental, sustainable and governance practices as a purpose driven organization.

We sincerely appreciate your business, thank you for placing your trust in us.

Tracy MacDonald, BA, FCIP
President & CEO



CONSOLIDATED STATEMENT OF FINANCIAL POSITION

DECEMBER 31

(IN THOUSANDS OF DOLLARS)

	2022	2021
Assets		
Cash	9,158	4,489
Investments	104,215	108,262
Investment Income Accrued	3	3
Due from Reinsurers	204	1,153
Due from Policyholders	21,383	19,999
Due from Auto Facility Association	1,390	1,423
Reinsurers' Share of Unpaid Claims	14,012	15,685
Other Receivables	1	4
Prepaid Expenses	784	1,248
Deferred Policy Acquisition Expenses	8,834	8,065
Property Plant and Equipment	6,966	6,927
Goodwill and Intangible Assets	5,262	5,781
Deferred Income Taxes	570	1,175
	<u>172,782</u>	<u>174,214</u>
Liabilities		
Accounts Payable and Accrued Liabilities	6,275	6,686
Due to Auto Facility Association	1,388	1,346
Income Taxes Payable	13	15
Unearned Premiums	39,344	37,029
Provision for Unpaid Claims	55,125	59,268
	<u>102,145</u>	<u>104,344</u>
Members' Surplus	<u>70,637</u>	<u>69,870</u>
	<u>172,782</u>	<u>174,214</u>

CONSOLIDATED STATEMENT OF MEMBERS' SURPLUS

Balance-Beginning of the Year	69,870	65,175
Comprehensive Income for the Year	2,132	4,825
Changes in non-controlling Interest	(1,365)	(130)
Balance-End of the Year	<u>70,637</u>	<u>69,870</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED DECEMBER 31

(IN THOUSANDS OF DOLLARS)

	2022	2021
Revenue		
Gross Premiums Written	80,504	76,002
Less: Reinsurance Ceded	11,026	9,558
Net Premiums Written	69,478	66,444
Less: Increase in Unearned Premium	2,315	2,131
Net Premiums Earned	67,163	64,313
Service Charges	773	737
Total Underwriting Income	67,936	65,050
Expenses		
Net Claims and Adjusting Expenses Incurred	30,433	34,961
Commissions and Acquisition Expenses	18,886	17,356
General Expenses	11,397	9,100
Total Expenses	60,715	61,417
Net Underwriting Income	7,220	3,633
Investment and Other Income (Loss)	(4,118)	4,328
Comprehensive Income Before Taxes & Donations	3,102	7,961
Income Taxes	685	2,891
Donations from ROOTS Fund	285	245
Comprehensive Income for the Year	<u>2,132</u>	<u>4,825</u>

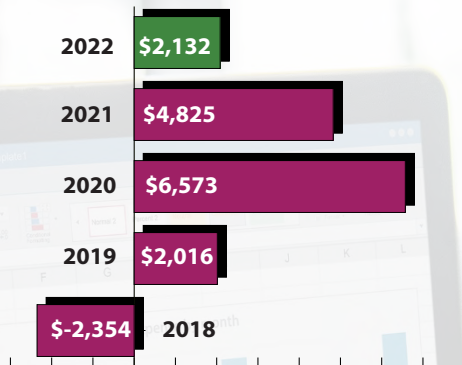
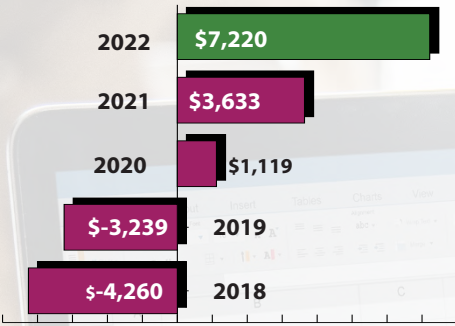
A complete audited financial statement can be
found [HERE](#), or by contacting us.

The Last Five Years

(in thousands of dollars)

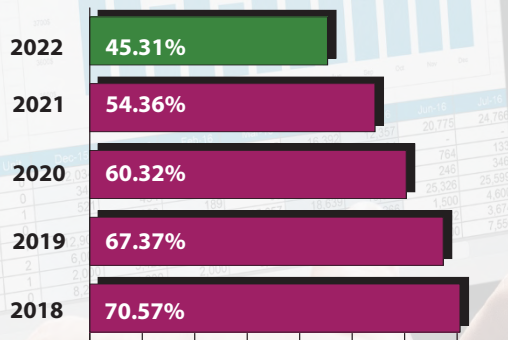
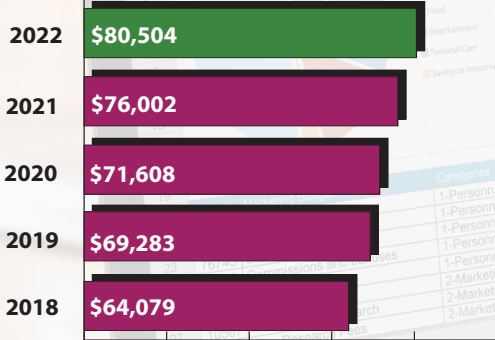
Net Underwriting Income (Loss)

Comprehensive Income (Loss)



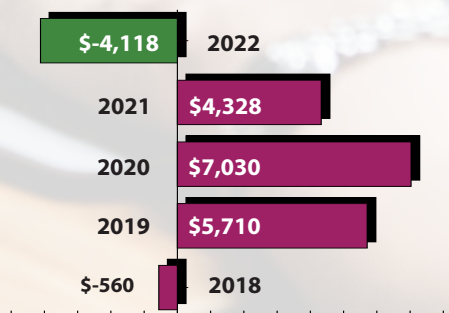
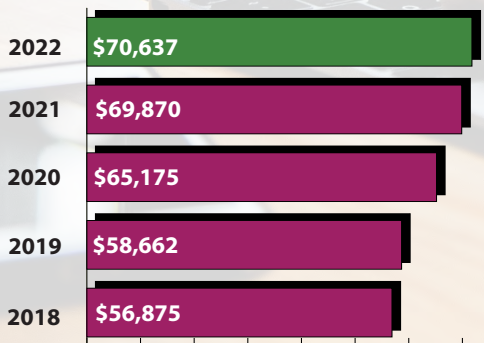
Gross Written Premium

Net Loss Ratio



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.

495 Mitchell Rd South
Listowel, ON
N4W 0C8

1-800-265-3020

www.trilliummutual.com