



# 2016 ANNUAL REPORT



**Usborne & Hibbert**  
Mutual Fire Insurance Company

***YOU'RE  
INVITED  
TO THE ANNUAL  
GENERAL MEETING***

# **The Board of Directors of Usborne and Hibbert Mutual Fire Insurance Company invite you to attend the Annual General Meeting.**

The 141st Annual Meeting and Special General Meeting of the Usborne & Hibbert Mutual Fire Insurance Company will be held at the Kirkton-Woodham Community Centre at 2 p.m. on **Monday, March 20, 2017** for the presentation of the Annual Report, to elect Directors, to appoint auditors and authorize the directors to fix the auditors' remuneration, and to consider and if thought fit, to adopt, with such amendments as may be made at the meeting, amendments to the General By-laws of the Company that were passed by the Board of Directors at their meeting on December 13th, 2016. A summary of the amendments to the General By-laws follows. A full copy of the General By-laws as amended is available for review by all members at the Company office during regular business hours, or will be provided upon request.

Nominations will be received for the election of two Directors for a three year term. The Directors whose term of office expires are Michael O'Shea and Tom Feeney both of whom are eligible to and will stand for re-election. Article 22 of the Corporation's General By-laws provides: Any person wishing to seek election or re-election as a Director must file his/her intention to stand for election in writing with the Secretary of the Corporation in person at least thirty days in advance of the Annual and Special General Meeting.

The 2016 Financial Statements for Usborne & Hibbert Mutual will be posted to the company's website at [www.usborneandhibbert.ca](http://www.usborneandhibbert.ca). Copies will be available at the Company office, 507 Main Street South, Exeter, Ontario or may be obtained by sending a written notice to the Company office at least 14 days before the Meeting.

## **Summary of Amendments made to By-law 2011-1 by By-law 2017-1**

**(The numeric references herein correspond with the section numbers of the By-laws)**

- 13 50% of members required to be present in person for quorum for meeting to consider demutualization.
- 14 Chair of Board to be chairperson for members and directors meetings.
- 17 Members of the Corporation in good standing are entitled to one vote at members' meetings.
- 22(c) Nominating Committee established, to recruit potential candidates for election to the board. Any person seeking election, including those recruited by the Committee, to file notice 30 days before the election.
- 27(b) A Director may be removed from office by special resolution of the members.
- 34. Directors shall be paid remuneration as set by the Board from time to time and may be provided with benefits provided to company employees.
- 37 Minutes of directors and committee meetings to be recorded by authorized person.
- 45 Persons authorized by the Board may execute documents on behalf of the company.
- 46 Agents and other producers to be appointed by the board or persons authorized by the board. Board to fix their remuneration and set policies affecting them.
- 53 Quarterly reports on transactions involving company investments to be given to the board.
- 57 Specific provisions dealing with underwriting duties of the manager deleted.

***MESSAGE***  
***FROM THE CHAIR***



It has been a privilege to serve as Chair of Board of Directors this past year. Your Board of Directors have had a busy year with the construction of a new office building on adjacent property the former directors saw fit to purchase years ago for this purpose.

New agents were hired, as well as personnel in loss prevention and office employees. A new computer system has been installed.

One hundred and forty-one years ago two brother-in laws, Mr. Robert Gardiner from Hibbert Township and Mr. Alex Duncan from Usborne Township saw the need to form Usborne and Hibbert Mutual Fire Insurance Company. It is a testament to your loyalty the very strong company continues as your insurance provider today.

I take this opportunity to welcome you to the Open House planned for later this spring.

Thank-you,

A handwritten signature in black ink that reads "Jack Hodgert". The script is cursive and fluid, with the first letters of "Jack" and "Hodgert" being capitalized and prominent.

Jack Hodgert  
Chair

***MESSAGE***  
***FROM THE PRESIDENT & CEO***

I am pleased to report the highlights of another successful year. 2016 was a year for building, not only the new office and the upgraded technology platform but new products, in particular the Premier Dairy Package.



The company's growth remains steady and controlled producing a gross written premium increase of over 9%. Claims experience deteriorated from the prior year in both frequency and severity. Fires and water damage were the major cause of loss. Expense management continues to be a priority and therefore I am pleased to report an underwriting profit of just under \$300,000.

Investment income recovered from 2015 generating modest returns and increasing policyholders' equity to \$34,780,089. Once again the Board of Directors declared a refund from surplus of 10% or \$532,745.

The company for the past 140 years has continued to build relationships with our policyholders and we look forward to continuing to invest in the company and within the community. We are looking forward to seeing many of our policyholders at the Open House later on in the spring. Operationally, we have implemented a new computer system and throughout 2017 we will be enhancing the company's technology capabilities, as well as developing and launching the new Premier Poultry Package.

Thank you for placing your trust in Usborne and Hibbert Mutual for your insurance needs.

Sincerely,

A handwritten signature in black ink that reads "S. Cleary". The signature is fluid and cursive.

Shelagh Cleary, BA, FCIP  
President & CEO



# OUR MISSION

***To provide competitive insurance solutions that protects your home, farm, or business and your peace of mind.***

## BOARD OF DIRECTORS

**Jack Hodgert, Chair**

**Joe Chaffe, Vice Chair**

**Tom Feeney**

**Michael O'Shea**

**Calvin Strathdee**

**Jennifer Schroter**



*President & CEO,*  
**Shelagh Cleary, BA, FCIP**



# Famme & Co.

*Professional Corporation*

BERNARD M. LINSEMAN, BMath, CPA, CA  
JEFFREY R. SKUBOWIUS, BA, CPA, CA  
FRANKLIN H. FAMME, BBA, CMgr, CPA, CA  
BRADLEY J. W. McNEIL, BA, MAcc, CPA, CA  
STEPHEN VAN DEN HENGEL, BAcc, CPA, CA  
PETER D. BRICKMAN, BA, CPA, CA  
STEPHEN J. WARD, BA, MAcc, CPA, CA  
LYNN EIDT, BBA, CPA, CA  
MICHAEL P. B. JAREMCHENKO, BA, CFP, CPA, CA  
PHILLIP W. HART, BMath, MAcc, CPA, CA

CHARTERED  
PROFESSIONAL ACCOUNTANTS  
125 ONTARIO STREET  
STRATFORD, ONTARIO N5A 3H1  
STRATFORD 519-271-7581  
FAX 519-271-2737  
LONDON 519-432-1663  
FAX 519-432-7662  
ST. MARYS 519-284-1030  
FAX 519-284-4393

E-MAIL: [office@fammeandco.on.ca](mailto:office@fammeandco.on.ca)

WEBSITE: [www.fammeandco.on.ca](http://www.fammeandco.on.ca)

## REPORT OF THE INDEPENDENT AUDITORS ON THE SUMMARY FINANCIAL STATEMENTS

To the Board of Directors  
Exeter, Ontario

The accompanying summary financial statements which comprise the summary statement of financial position as at **December 31, 2016** and the summary statement of income of **Usborne & Hibbert Mutual Fire Company** for the year then ended are derived from the audited financial statements of **Usborne & Hibbert Mutual Fire Insurance Company** for the year ended **December 31, 2016**. We expressed an unmodified audit opinion on those financial statements in our report dated February 14, 2017.

The summary financial statements do not contain all the disclosures required by International Financial Reporting Standards. Reading the summary financial statements, therefore, is not a substitute for reading the audited financial statements of **Usborne & Hibbert Mutual Fire Insurance Company**.

### Management's Responsibility for the Summary Financial Statements

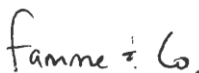
Management is responsible for the preparation of a summary of the financial statements in accordance with International Financial Reporting Standards.

### Auditors' Responsibility

Our responsibility is to express an opinion on the summary financial statements based on our procedures, which we conducted in accordance with Canadian Auditing Standards (CAS) 810, *Engagements to Report on Summary Financial Statements*.

### Opinion

In our opinion the summary financial statements derived from the audited financial statements of **Usborne & Hibbert Mutual Fire Insurance Company** for the year ended **December 31, 2016** are a fair summary of those financial statements, in accordance with International Financial Reporting Standards.



Professional Corporation

Chartered Professional Accountants

*Authorized to practise public accounting by  
the Chartered Professional Accountants of Ontario*

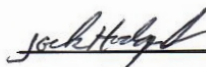
Stratford, Ontario  
February 14, 2017

Usborne & Hibbert Fire Insurance Company Summary  
Statement of Financial Position as at December 31, 2016

## ASSETS

	2016	2015
<b>Current Assets</b>		
Cash	\$ 1,864,593	\$ 1,941,609
Accrued investment interest	163,384	145,383
Premiums receivable	971,284	703,661
Prepaid expenses	32,669	32,720
Reinsurers' share of - provision for unpaid claims	808,965	784,400
- other	2,627	879
Deferred policy acquisition expenses	544,582	502,084
Current portion of other assets	81,015	165,236
	<b>4,469,119</b>	4,275,972
<b>Investments</b>		
Fair value through profit and loss	36,313,848	36,332,917
Hensall District Co-op demand loan	57,403	55,777
	<b>36,371,251</b>	36,338,694
<b>Property, Plant and Equipment - net of depreciation</b>	<b>2,395,332</b>	293,075
<b>Other Assets - at unamortized cost</b>		
Promissory notes receivable	111,328	344,949
Less: Current portion	81,015	165,236
	<b>30,313</b>	179,713
	<b>\$ 43,266,015</b>	\$ 41,137,454

Approved on Behalf of the Board:

  
Director

  
Director

## LIABILITIES

	2016	2015
<b>Current Liabilities</b>		
Accounts payable	\$ 723,565	\$ 82,477
Due to reinsurers	161,017	190,687
Income and premium taxes payable	17,082	28,688
Refund from surplus payable	548,080	544,542
Unearned premiums	3,515,483	3,234,832
Unpaid claims	3,194,750	2,832,967
Premium deficiency	211,646	293,896
	<b>\$ 8,371,623</b>	<u>7,208,069</u>
<b>Deferred Income Taxes</b>	<b>114,313</b>	64,925
	<b>8,485,926</b>	<u>7,272,994</u>
<b>POLICY HOLDERS' EQUITY</b>		
<b>Members' Surplus</b>	<b>34,780,089</b>	<u>33,864,460</u>
	<b>\$ 43,266,015</b>	<u>\$ 41,137,454</u>

## COMPREHENSIVE INCOME

	2016	2015
<b>Gross Premiums Written</b>	<b>\$ 7,411,437</b>	<b>\$ 6,823,031</b>
Less:		
Increase in reserve for unearned premiums	\$ 280,651	\$ 262,810
Reinsurance premiums	1,391,486	1,509,699
Reinsurance assumed	(51,242)	(31,590)
Net premium income	<b>1,620,895</b>	<b>1,740,919</b>
	<b>5,790,542</b>	<b>5,082,112</b>
<b>Claims and Expenses</b>		
Gross claims incurred	4,151,059	2,858,140
Reinsurance plan recoveries	<u>1,694,095</u>	<u>845,156</u>
	<b>2,456,964</b>	<b>2,012,984</b>
Adjusting expenses	418,205	235,899
Commissions	1,376,326	1,002,502
Salaries and directors' fees	776,590	663,957
Audit and legal fees	73,238	38,260
Office	188,740	125,337
Fire prevention	52,667	54,947
Telephone	20,834	20,105
Insurance	29,444	26,395
Association fees	36,536	28,316
Office premises	45,841	29,977
Advertising	45,452	38,640
Donations	12,923	13,241
Postage	17,895	17,725
Premium taxes	28,668	27,528
Premium deficiency (recovery)	(82,250)	(148,632)
	<b>5,498,073</b>	<b>4,187,181</b>
Underwriting income	<b>292,469</b>	<b>894,931</b>

## COMPREHENSIVE INCOME

CONTINUED FROM PREVIOUS PAGE

	2016	2015
<b>Other Income</b>		
Investment	\$ 584,423	\$ 566,530
Market value appreciation (depreciation) of investments	331,362	(657,821)
Realized gain on investments	307,093	669,137
Recovery on matured debenture receivable	26,265	-
Gain (loss) on U.S. translation	(2,521)	1,848
	<u>1,246,622</u>	<u>579,694</u>
	<u>1,539,091</u>	<u>1,474,625</u>
<b>Refund from Surplus</b>	<u>532,745</u>	<u>539,802</u>
<b>Income before income taxes</b>	<u>1,006,346</u>	<u>934,823</u>
Provision for (recovery of) income taxes - current	41,339	26,612
- deferred	49,378	35,773
	<u>90,717</u>	<u>62,385</u>
<b>Net income for the year</b>	<u>\$ 915,629</u>	<u>\$ 872,438</u>

***COMMUNITY  
INVOLVEMENT***

**Usborne and Hibbert Mutual continues to support the community through corporate donations on behalf of our policyholders.**

- Academic Scholarships to 10 local high schools
- South Huron Hospital Foundation
- Ontario Association of Food Banks
- Ronald McDonald House Southwestern Ontario
- Huron County Crime Stoppers
- Centralia Huron Park Lions
- Kirkton Woodham Pool
- Children’s Benefit Fund

**In keeping with our strong agricultural roots, Usborne and Hibbert sponsored the following local agricultural fairs and shows.**

- Ilderton Fall Fair
- Mitchell Fall Fair
- Kirkton Fall Fair

**The Employees:**

President & CEO:	Shelagh Cleary
Accountant:	Jenny Menard
Reception/Claims Assistant:	Chris Giller
Administrative Assistant:	Lori Stephens
Loss Prevention:	Dave Erb
Underwriting Manager:	Trudie MacDonald
Underwriters:	Tanya Doell
	Sarah Fletcher
	Heather Wicke

**The Agents:**

Becky Case, Wayne Maver, Julia Simpson

**The Brokers:**







# Usborne & Hibbert Mutual Fire Insurance Company

507 Main Street S., Exeter, Ontario

Phone: 519-235-0350 | Toll Free: 800-422-3996 | Fax: 519-235-3623

[www.usborneandhibbert.ca](http://www.usborneandhibbert.ca)

