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*Rooted in Your Community...
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To Our Valued Policyholders,

It is hard to believe that a year ago at this time, the staff of Yarmouth Mutual were meeting to discuss COVID-19 for the first time and the potential impacts it would have on our operations, for what we believed would only be a couple of weeks, when we locked our doors on March 17th. Yet here we are, a year later, still closely monitoring COVID-19 infection rates, following provincial guidelines and adjusting to their impact on our businesses, communities and our daily lives.

The staff were very quick to adapt to the many changes over the past year to ensure the safety of Yarmouth's staff and policyholders. Throughout the course of the year, work-from-home arrangements and the number of staff in the office on a daily basis changed in accordance with provincial regulations and guidance from Southwestern Public Health. Health screening was setup and the necessary PPE were purchased early into the pandemic to ensure safety and traceability within the office.

Although we went into 2020 with many plans related to technology and improving the broker and policyholder experience, COVID-19 moved those timelines forward. During 2020, Yarmouth successfully leveraged our current technology and implemented changes to increase the ease of which our policyholders, brokers and vendors conduct business with us.

The Company introduced credit card payments through our IBS system, EFT payments to vendors and policyholders as well as the direct download of auto policies to our broker management systems. These initiatives have not only benefitted the Company through the pandemic but also provide a long-term benefit from a customer perspective, on our internal workflows and our financial performance. The Company also invested in additional computer hardware for our staff and a Voice-Over-IP phone system to allow for seamless transition for staff between home and the office. Moving forward we will continue to allow staff to work remotely and enjoy the flexibility and work-life balance it provides to them.

Recognizing the impact COVID-19 had on local communities, our reinsurance partner Farm Mutual Re provided funds to their member companies, including Yarmouth Mutual, in order to make a difference in our community. Yarmouth used these funds to provide flowers to residents of long-term care facilities and first responders, give away over \$8,000 worth of masks to our community, and supporting local business and our own insured's through daily Facebook giveaways in December. We appreciate the generosity of Farm Mutual Re and are very proud of the feedback and appreciation received because of our initiatives.



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Outside of COVID-19, 2020 continued to bring about new challenges for the Canadian insurance industry as the hardening of the market continued. Industry wide actions including rate increases and exiting of unprofitable business lines have led to the firm conditions we now see across all lines. Profitability challenges, particularly in personal property, have put upward pressure on rates as companies continue to adjust to changing weather patterns, among other things. Yarmouth Mutual was not exempt from the challenges facing the rest of the industry and although the Company experienced an underwriting profit in 2020 after a down year in 2019, we recognize the need to improve our underwriting results on a consistent basis moving forward.

There will be no quick fixes to achieving these consistent results from our insurance operations. This will be done through increased use of data analytics, gaining operational efficiencies, the potential for additional rate increases to keep up with trends and the market in general, updates to our underwriting guidelines and continued improvements to our claims management. We will continue to work on all of these areas in 2021 as we also look to continue our involvement in the community through various sponsorships and opportunities.

2020 was a year like no other and 2021 will bring about its own set of challenges but I am excited about the future of Yarmouth Mutual.

I would like to thank the Board of Directors for their leadership and oversight, our brokers and stakeholders for working with us through all of the changes in the last year and I especially want to thank the staff and agents for all of their hard work, resiliency and their ability to adjust in a moment's notice. Our agents, staff and brokers are central to the success of our business, as it is their customer service that separates us from our competition. I look forward to continuing to work with all of you as we move Yarmouth Mutual forward.

Sincerely,

Adam Kuron

Adam Kuron, CPA, CA
President & CEO
Yarmouth Mutual Insurance Company