

2008 - Newsletter

Financial Results

Bertie and Clinton has had another good year as the company was profitable on all lines of our business. Therefore we are returning \$866,481.00 to the policyholders in the form of a refund from surplus. This represents a 10% refund on all property, liability and automobile premiums paid during 2008 as long as you have been a policyholder with us prior to January 1, 2008.

Our Net Income for the year equaled \$1,618,339.00 which increases our Surplus by 6.7% over last year. Our Gross Premiums increased by 7.8% over last year which means our Surplus growth has not quite kept pace with our Premium growth this year. (see chart below). To ensure that Bertie and Clinton remains in a good financial position for years to come the board of directors must continue to monitor our surplus levels in relation to our Gross Premiums.

Many of you are aware of the worldwide financial crisis that has caused many companies to declare massive layoffs or even bankruptcy. You can be assured that Bertie and Clinton Mutual is in a very sound financial position. More than 95% of our Investment Portfolio is made up of bonds that are very safe and secure. However, we do show a reduction in the Market Value of our Equity Investments and this is reflected by the fact that our Comprehensive Income for the Year is lower than our Net Income by \$223,777.00.

Pricing and Coverage Changes

Bertie and Clinton Mutual is now including Identity Theft Coverage on all owner occupied package policies. This covers expenses that the policyholder incurs as a result of an Identity Theft. This is a growing problem in our society. If you are a victim of Identity Theft you should:

- Notify your bank and credit card companies
- Report your suspicions to the police
- Advise your passport office
- Cancel all bank or credit cards.

We recently implemented a seasonal dwelling package which provides improved coverages to our members. There are certain restrictions that apply so be sure to contact your agent or broker if you are interested in purchasing this coverage.

Bertie and Clinton Mutual is able to offer the best coverages on owner occupied dwellings. In most cases we do cover dwellings that you own that are not owner occupied. However, the coverages on these dwellings are not the same as they would be on the dwelling you live in. Depreciation may apply in the event of a loss on non owner occupied dwellings. Also the amount of perils that you would be covered for are not as numerous as your Homeowners or Farmowners package.

During the winter season the Peril of Snowload is always a concern. Your Homeowners and Farmowners packages does include the peril of Snowload but not on awnings. Snowload is covered on some outbuildings. Please contact your agent or our office for information on whether your policy covers snowload or not.

There are certain items that must be listed on your insurance policy because you want to ensure coverage is adequate in the event of a loss. Items such as machinery and livestock under farm policies fall into this category. Watercraft and jewellery are items that are frequently added to residential policies. Please ensure that you review your policy limits regarding these items to be sure your limits are not too high or too low. Under the terms of the policy you are only entitled to the lesser of the actual cash value of the item and the amount of coverage that you carry on your policy. If you have any questions about this topic please contact your agent or broker for assistance.

In most cases as part of our Homeowners, Farmowners and Tenants Packages we offer 5,000.00 of coverage for water damage resulting from a Sewer or Sump Pump situation. If you have a finished basement and need more coverage you can request a higher limit. We now offer discounts for this additional coverage you purchase if you have a permanent Natural Gas Generator or a Sump Pump backup system installed.

We also offer Sewer or Sump Pump coverage on Rental Dwellings. However, you must contact your Agent or Broker to add this coverage. This coverage will not be added

automatically. The maximum amount that you can purchase is \$10,000 on Rental Dwellings.

Please take all precautions with regards to water damage resulting from a Sewer and Sump situation (see “Loss Prevention Program” below). We are now offering a 5% discount if you have a permanent Natural Gas Generator installed at your dwelling. This discount does not apply to portable generators.

Please contact your agent or broker if you would like to make changes to your Sewer and Sump Pump coverage or if you have questions about your limits.

Bertie and Clinton Mutual is now able to offer Equipment Breakdown Coverage to our owning members at a reasonable price. This would pertain to Electrical Panels, Heating and Cooling Units, permanently installed Generators, Refrigeration Units and any other permanently installed equipment that would be part of an insured structure. For more information please contact your agent or broker or inquire at our office.

As a local farm mutual our strength lies in serving our local policyholders. We do not wish to grow beyond and insure people who live outside of the Niagara Peninsula. Therefore, we have it made part of our mandate that we do not accept new business outside of our local area. If you do know someone who lives outside of the Niagara Peninsula and is interested in obtaining insurance from a farm mutual you can go to www.omia.com to find the farm mutual that would be closest to them. If you are moving out of the area yourself we also recommend that you check with the farm mutual that is closest to your new area.

We can now accept credit card payments in person or by completing a form with your signature you can return this to our office by mail, email or fax. If you prefer to pay your bill by credit card please contact your agent or our office.

Loss Prevention Program

Our mandatory Loss Prevention program continues to provide services from

rebuilding cost recommendations to upgrades on woodstove and home heating installations. We would like to thank our members for their patience and cooperation in complying with our recommendations. We feel there is a definite co-relation between our Loss Prevention Program and our history of providing Refunds from Surplus to our members.

During the last two years we have seen several storms that have provided us with more than normal amounts of precipitation. We strongly recommend a battery backup system on your Sump Pump. We are also recommending the installation of an alarm system as a warning of high water if you have had water in your basement resulting from Sump Pump failure. You may even wish to consider an automatic generator for your home.

In some cases we are still making recommendations on electrical systems, steps, railings, well and cistern tops, swimming pools and farm fuel tanks.

Woodstove and fireplaces must be installed professionally. Chimneys must be cleaned at least once a year.

If your home heating oil tank is over 20 years old it must be replaced with a new tank. We also require that your old tank be disposed of properly. As a local insurer we have a responsibility to ensure our policyholders are provided with the best advice possible.

If you are purchasing a home with older "Knob and Tube" wiring, Aluminum wiring, a 60 Amp Hydro Service or Galvanized Plumbing we have certain restrictions and standards that may affect you.

We still sell fire extinguishers at cost and we will refill your fire extinguisher in most cases as long as it is less than 10 years old.

Please use extreme care when using candles in your home. Always extinguish candles prior to leaving a room or going to sleep. Don't allow children to use candles or

incense in their room and keep candles and matches out of reach of children. Always keep candles far away from curtains or anything that can burn. Always use stable nonflammable candle holders.

If you are leaving your home for more than 4 days please ensure that you have a competent person enter your home to ensure that your heating system is maintained. The peril of water escape excludes coverage for freezing/rupture of plumbing unless your home is checked daily. Shutting off your water supply would greatly minimize any damages that could ensue.

If you own an above ground swimming pool please ensure that water is kept in the pool all year round to prevent wind damage that can occur. By keeping a limited amount of water in your pool it provides stability to the pool structure.

Vehicle impact with deer and other animals on our highways continues to be safety issue in our area. Please keep the following points in mind when driving:

- Scan the road ahead from shoulder to shoulder. When you see wildlife beside the road, slow down and pass carefully as they may suddenly bolt onto the road.
- Watch for the yellow wildlife warning signs that indicate an area of increased risk. Slow down when traveling through these areas.
- Use high beams at night where possible and watch for glowing eyes of animals.
- Stay in control. Watch your speed and take extra precautions when driving at night as visibility is greatly reduced. Slowing down will give you that extra second to respond.
- Never swerve suddenly. This could cause your vehicle to go out of control or head into oncoming traffic.
- Brake firmly if an animal is standing on, or crossing the road. Never assume the animal will move out of your way.
- If one animal is crossing the road others may follow.
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