



September 19<sup>th</sup> 2022

Financial Services Regulatory Authority of Ontario  
25 Sheppard Ave. W. Suite 100  
Toronto, Ontario  
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Dear FSRA Officials:

Thank you for the opportunity to provide input on the Insurance Prudential Supervisory Framework recently published by FSRA.

I have received a copy of the Ontario Mutual Insurance Association (OMIA) response, and I wanted to give Germania Mutual's support for OMIA's position.

Germania Mutual Insurance Company was established in 1878 and is the only Mutual Insurer with their head office located in Grey and Bruce Counties. We have remained a relatively regional insurer with our major customer base located within 100 kilometres of our office, located in Ayton, Ontario. We believe in supporting our region through our insurance operations as a local employer and through our philanthropic activities. We highlight this in our two corporate slogans; "A helping hand when you need it most" and we are "In your community, for your community".

In 2010, Germania Farmers Mutual amalgamated with the then Culross Mutual, located in Teeswater, Ontario, becoming the Germania Mutual Insurance Company. Throughout the early 2000's the Culross Mutual was able to maintain a solid financial position with the assistance of FMRP (now Farm Mutual Re) and a financial quota share reinsurance program. However, by 2008 the Culross Board of Directors recognized that they needed to seek outside assistance from another Ontario Mutual for the long-term benefit of their policyholders. With the assistance and encouragement of the Financial Review Committee, OMIA and Farm Mutual Re, the Culross Mutual started to investigate amalgamation with a suitable partner that would stabilize their insurance portfolio and maintain relationships with both their sales force and their policyholders.

My personal relationship with the Mutuals goes back to 1985 when I was hired by a local brokerage to service a portfolio of clients belonging to a former Howick Mutual agent. I learned very early in my career that Mutual Insurers were different from their stock cousins. They understood that no two farming or rural business operations were the same and that they required personal attention to their individual needs. I spent 11 years as a Producer Broker and then spent five years with a Canadian stock insurer before returning to the Mutual system as General Manager at Germania in 2001.

**Germania Mutual Insurance**

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The Ontario Mutual Guarantee Fund had long been established but the Financial Review Committee was still in its infancy in 2001. I was not with the company when they dealt directly with FSCO from a reporting standpoint but I do feel that the current system is working very well.

My first day at Germania Mutual was September 11<sup>th</sup> 2001, one of the worst days in insurance history. This event along with an already horrible claims year, and investment turmoil because of 9/11 had our Financial Review Committee very active in the 4<sup>th</sup> quarter of 2001. My first Company meeting with the FRC committee was at OMIA's Presidents and Managers meetings in October. The committee was concerned with corporate growth, claims adverse loss activity and a substantive portfolio transfer being undertaken by Germania. In March of 2002 we again met with the FRC committee. This time we were asked to bring both three, and five-year business/financial plans for presentation and review by the committee. This was a very valuable and timely process for both myself and my Board of Directors. Although our MCT and financial position were very strong, it instilled in us the importance of the Financial Review Committee for the protection of our policyholders.

The Fire Mutuals Guarantee Fund to me has many definitions of purpose. When speaking to my policyholders I advise that the policyholder chooses the Ontario Mutual they wish to insure with, but after they do, they get the strength of all the Mutuals. When discussing the same with my Board of Directors we must look at it differently. We must recognize that our actions or nonactions could jeopardize the strength of the Mutual system overall. This is why I feel the Financial Review Committee and the Fire Mutuals Guarantee Fund, play such an important role in the Mutual System.

Lastly, we have received great assistance over the years from the Financial Review Committee, in the preparation of our P & C1 reports, while ensuring we are providing the data and details required within our Management Discussion & Analysis reports. By the Financial Review Committee providing this assistance, FSRA not only receives the information that they require but they receive it in a consistent and understandable manner. Ultimately this insures that the policyholders of the entire Mutual system are protected.

I thank you again for the opportunity to respond to your request for communication regarding the Insurance Prudential Supervisory Framework.

Sincerely,



Daniel J. Hill  
President/CEO  
Germania Mutual Insurance Company

\*\* Given the confidential nature of this document I respectfully request that it is for FSRA use only \*\*