



2014 REPORT FROM THE PRESIDENT & CEO

As President and CEO it is my pleasure to offer this report on the operations of McKillop Mutual Insurance Company for 2014.

One of the most noticeable changes for McKillop Mutual in 2014 was the unveiling of a fresh, new logo. McKillop Mutual has gone through many changes during the past couple of years, and although the former logo carried much history, we felt timing was perfect for the logo to reflect the current McKillop Mutual. The new logo represents protection, while also striving to reach new horizons!

After coming off of a very disappointing 2013, it was important for the Company to rebound from poor underwriting results and mediocre investment performance. I'm very pleased to report that we met and in some instances exceeded our own goals and expectations.

Many strategies were implemented in 2014 aimed to reduce operating costs and improve profitability. Furthermore, McKillop, as a member of the Ontario Mutual Insurance Association, reduced private passenger automobile rates by over 15% within the past eighteen months, the first to meet the government mandates. Although these rate reductions did have an impact on the company's overall premium volume we were still able to manage a respectable growth in our property lines of business, especially commercial.

Although claims frequency remained consistent the company was able to avoid severe losses, and unlike many prior years, Mother Nature remained fairly subdued throughout our territory allowing us to avoid potential catastrophic activity. As a result, the company was able to achieve a much improved underwriting income. An upturn in investment markets also allowed the company to substantially improve upon prior year investment results.

To acknowledge the company's excellent results the Board of Directors is pleased to be able to provide a 10% refund from surplus to all qualifying property policyholders while also being able to add to the company's surplus to ensure McKillop's continued financial viability and further strategic development.

As the CEO of McKillop Mutual, it is my priority to ensure our policyholders are offered industry leading products and services at competitive rates, and I personally guarantee that our staff, agents and brokers will meet the challenge to provide the best customer service available. In the unfortunate event when one of our policyholders experiences a loss we will be there to guide and support them through the entire claims process. That is our promise to you!

These results would not be possible without the many contributions of our people. To the Board of Directors for their continued governance and direction, to our agents and brokers for providing our policyholders with professional advice and guidance, to our staff for continuing to manage demands and change with utmost professionalism, and lastly, to our policyholders, for continuing to entrust us with the duty and privilege of looking after your insurance needs.

Sincerely,

A handwritten signature in black ink that reads "Rob Moorehead". The signature is written in a cursive, flowing style.

Rob Moorehead, CIP
President & CEO