

## **Report to Policy Holders, 2009**

On behalf of the Board of Directors, I am pleased to present to you the 2009 annual report and financial statements.

What a difference a year makes! As the statements show, the underwriting results in 2009 were much better than in 2008, and the equity portion of our investment portfolio has also shown a significant recovery. Premium volume was up slightly and claims were significantly lower compared to last year. On the property side, water damage losses because of sump pump failures, flooding or backup are of increasing concern. On the auto side, deer collisions continue to put dents in our profitability.

Because of the large losses most Mutuals experienced in 2008, and a large drop in its investment income, our Farm Mutual Reinsurance Plan had a crisis of its own that was successfully resolved, but resulted in significantly higher reinsurance premiums for all the Mutuals from mid 2009 onward. In all this, the strength of the Mutual system proved itself and was enhanced by measures taken by FMRP to enable it to better sustain large losses.

Government supervision of the insurance industry is becoming increasingly vigilant after what happened in the US. As well, we are mandated to adopt the new International Financial Reporting Standards (IFRS) for 2011, as a result of which our staff is busy implementing the required changes. Lengthier Financial statements and disclosure notes will be part of that. To save paper, the regulators are allowing us to post our statements on line from here on in, rather than sending paper copies of these lengthy documents to all our policy holders. However, we will still be glad to send you one if you ask our office.

Your company continues to provide you the policy holder with protection from large, unexpected accidental losses in property and auto. These losses can be ruinous without insurance. We are pleased to have been able to provide this protection to you in 2009, as well as benefit the communities we live in by supporting local fall fairs, and making corporate donations to projects such as the Dutton Community Health Centre as well as completing our commitment to the CT Scanner Fund for the Middlesex Health Alliance.

It has been my privilege to serve as president this year and I express my deepest appreciation for the forbearance, cooperation and contributions of my fellow directors, management, staff and agents.

On behalf of the Board of West Elgin Mutual, I would like to extend you an invitation to attend our Annual Meeting on March 11, 2010, at 2:00 p.m. in the Dutton office.



President