

September 12, 2022

Financial Services Regulatory Authority of Ontario
25 Sheppard Avenue West, Suite 100
Toronto Ontario M2N 6S6

RE: 2022-008 PC0045APP – Insurance Prudential Supervisory Framework Response

In addition to the letter provided from the Ontario Mutual Insurance Association (OMIA), we are pleased to also provide our further support of the input already shared by John Taylor.

For context we would like to provide a bit of information about our Mutual.

Company Overview

In 1893, Ayr Farmers Mutual Insurance Company (AFM) was formed by members of the community on the basic principle to provide financial protection against losses. The concept was simple, the contributions of the many, came together to support the losses of a few. This desire and strategy of neighbour helping neighbour continues to drive the decisions of our Board of Directors and Management of our organization today. The human element of CARE. Caring first in all that we do to support our policyholders, our employees, and our communities that we serve. This is the foundation of AFM and drives our behaviour as we support more than 23,000 policyholders.

Today, our guiding principles include our Company Vision: Through our care, be the insurance relationship of choice in our communities; Company Mission: We build lifelong relationships with a personalized customer experience by providing insurance solutions to protect and care for our policyholders, communities and each other; Commitment Statements: *Our commitment to our Company: "We will commit to be engaged employees and positive representatives within the community and industry, dedicated to professional development and embracing change."*, *Our commitment to Each Other: "We will commit to communicating in an open, positive and respectful manner. We will support each other both personally and professionally along with celebrating our achievements."*; *Our commitment to our Customers: "We will commit to providing personal and respectful service with integrity to our customers, striving to accommodate their needs."*; and Core Values that we exemplify in all we do: *Relationships; Teamwork; Integrity; Enthusiasm; Communication and Stewardship.*

As you can see by our guiding principles, we take great care and pride in the way go about our business, protecting our policyholders, employees and our communities. We believe that our core purpose, which has existed since our inception in 1893, exceeds the goals and

purpose of the Fair Treatment of Consumer mandate as set out by FSRA. It is the reason why we exist.

We are also committed to the Farm Mutual Guarantee Fund (FMGF), which is a means to protect our policyholders and our company solvency. FMGF mutual companies possess a highly effective, policyholder centric solvency monitoring method, and continue to work together as they have for many years, monitoring and reporting diligently on solvency. FMGF mutuals have a proven track record in addressing solvency risks and take remedial action to ensure policyholder protection. It was acknowledged that Mutuals are different and their mandate is quite distinct from a shareholder-driven organization. This was validated by the regulator in providing self-regulation capabilities along with the reference to the FMGF Companies within the insurance act itself.

We are further accountable to our policyholders. Our Board of Directors are policyholders who are elected by policyholders, and the underlying corporate structure of the mutuals places policyholders firmly in a position to influence governance oversight. As a corporation without share capital, the mutual model provides a long-term view to corporate stewardship and removes many of the conflicting priorities that can arise in non-member owned corporate structures. Our direction is to always be mindful of the best interests of our policyholders. We have provided refunds of premium to qualifying policyholders following year-end results 31 of the last 34 years. This is the ultimate story of Mutual success and truly putting the best interest of our policyholders at heart. Sharing our successes when they occur.

We believe in a practical approach and transparency in oversight. There is great value in ensuring that regulation does not detract from policyholder focus, and that increased oversight does not create a financial burden.

We would like to acknowledge the input put forward from OMIA and support the comments that have been shared.

If you require further communication, please feel free to contact us.

Mutually yours,
AYR FARMERS MUTUAL INSURANCE COMPANY



Jeff Whiting
President & Chief Executive Officer

c.c.: OMIA - John Taylor, President