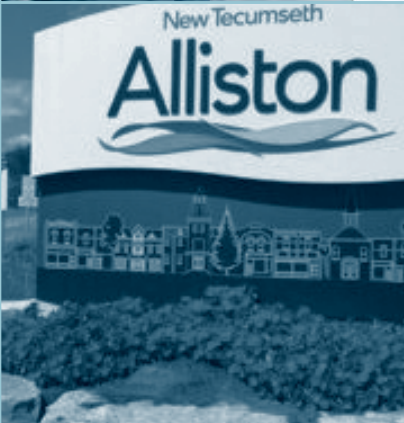




Annual Report



2020

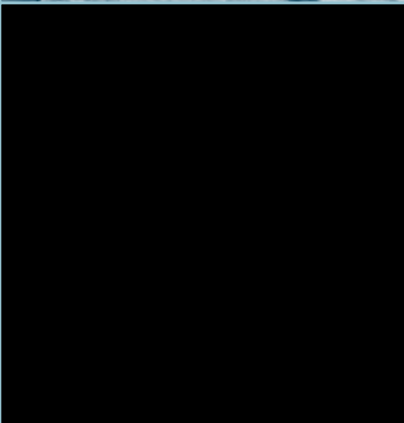
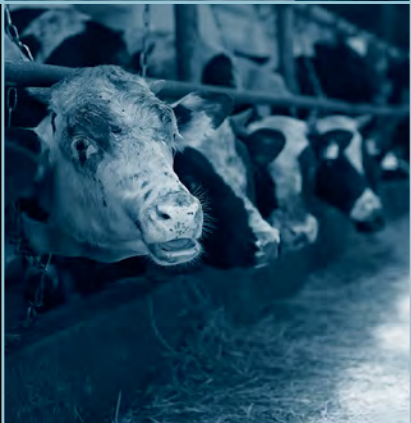




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First row, right: Ayr, Ontario, downtown

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Second row, centre: Old tractors

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Third row, second from left: Owen Sound grain elevators

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Second row, centre: Mennonite buggy

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We have a solid strategic plan focused on attracting brokers to join us, integrating data and technology, building our capital and operational excellence, and being valued members of our communities.

Message from the Chair

What a year 2020 was! It is certainly difficult to summarize the challenges and changes that we all experienced. Despite all of this, as Chair of Collectivfide I am pleased and proud to report that our organization realized many successes throughout the year, building and executing on our strategic plan. The spread of COVID-19 and the subsequent lockdowns and restrictions slowed our pace, but not our resolve. I want to congratulate our President & CEO, Tony Ngo, on his exceptional ability, after only six months on the job at this start-up company, to pivot and drive Collectivfide towards its goals. Not only has he built the organization with sound business practices and talented people but to date has negotiated (remotely!) the acquisition of three excellent brokerages, protecting over \$7 million in various mutuals' Gross Written Premiums.

And that is our purpose – in this market of accelerated consolidation – we must do everything that we can to strengthen the mutuals' presence and continue to build on our very solid foundation. Many of us, as small local insurers, have seen the takeover of our independent brokers by large consolidators and international private equity firms. Our strategy with Collectivfide provides us with not only a defense, but an additional source of growth and revenue for the mutual shareholders from this very profitable sector.

It is very exciting to continue to build this company together, based on our shared mutual values. We have a solid strategic plan focused on attracting brokers to join us, integrating data and technology, building our capital and operational excellence, and being valued members of our communities. We have set our organizational goals and objectives high, and we are confident that we will demonstrate great progress throughout the coming year, despite the ongoing challenges.

I want to thank Tony Ngo for his incredible efforts over the past year in leading the new organization. His courage, his tenacity, and his keen business acuity have, and will continue to lead our company to success. I also want to thank each of the Directors of the Board for their tremendous dedication and work in helping to build this company from an “idea” and a “plan” to a reality. I believe that they are representing you very well.

We have all learned a lot, and we look forward to continuing the learning and sharing that with our shareholders. We thank you, our mutual shareholders and colleagues, for placing your trust in us. It has been an honour and privilege to serve as your Chair these past two exciting years. I believe that the future is very bright for Collectivfide.

Marg Torrance
Board Chair
Collectivfide Insurance Group

We managed to start our journey in fulfilling our mandate by protecting Mutual volume and growing the organization for our investors.



Message from the President and CEO

A look back

The start of 2020 brought a lot of hope and promise; we had formally branded ourselves as Collectivfide Insurance Group Inc., finalized the appointment of (two) independent Directors to the Board, established the company's values and vision, and we were in formal negotiation to purchase our first brokerage. That all changed in February as the headlines across the media pointed towards something ominous on the horizon.

By mid-March, it was clear that things would not be "business as usual" in 2020. The accelerated spread of COVID-19 forced us to postpone our AGM and quarantine at home. This meant adapting to a new way of operating. Fortunately, this transition was not difficult as our organization had already adopted the use of digital technologies that enabled remote meetings, tech we were already proficient with.

Discussions with brokerages progressed, albeit at a slower pace, and we closed our first acquisition, Doner Horsley Insurance Brokers Ltd., in early June. With the arrival of warmer weather, restrictions began to ease, and additional negotiations started to take shape.

By September we had finalized the purchase of our second brokerage: dbi Brokers Ltd. The fall also saw the hiring of our Controller, Lana Triemstra to the organization. Lana is a welcomed addition to our team and she has been extremely instrumental in preparation of our annual audit.

As the year came to a close, further public health restrictions were put in place and we saw our third brokerage closing delayed until Q1 2021.

2020 was indeed a challenging year but we should not lose sight of the accomplishments achieved by Collectivfide as there is always a silver lining. We managed to start our journey in fulfilling our mandate by protecting Mutual volume and growing the organization for our investors. The pandemic also brought about changes to consumer behaviors and the way we do business. COVID-19 has accelerated the adoption of new technologies amongst our organizations and clients. As the digital platform becomes more ubiquitous in our daily lives, Collectivfide is planning several initiatives to facilitate the requirement for us to communicate with our customers.

In closing, the Collectivfide Board and Management team remain steadfast in our commitment to become a sustainable and profitable company for our communities and Mutual partners. We see the future not as series of speed bumps ahead but an opportunity to progress and thrive with our broker and Mutual partners.

Highlights of 2020

- Purchase of two brokerages in 2020, with a third delayed to Feb. 3, 2021
- Protection of over \$7 million in Mutual volume over three acquisitions
- 12% commission income growth at the brokerage level
- 38% revenue growth
- 38% asset growth
- Hiring of Lana Triemstra, Controller

Tony Ngo
President & CEO
Collectivfide Insurance Group



By establishing a positive reputation with Ontario brokers, including communicating the advantages and value proposition of Collectivfide, we will provide broker owners with different succession options.

Collectivfide outlook

Strategy

During our strategic planning session several areas were identified as a priority for our organization to focus on to build upon our values and vision:

Operational Excellence

As Collectivfide continues to grow we will focus on foundational work including identifying best practices to implement across all networks, building a positive culture for our staff and partners, and creating underwriting standards to improve loss ratios and profitability.

Building Capital

To achieve our goal of protecting Mutual volume and growing the investments for our shareholders, objectives have been established to narrow Collectivfide's focus such as raising funds to support future acquisitions and increasing the value of Collectivfide.

Broker Relationships

Maintaining a strong acquisition pipeline is essential for the continued success of our company. By establishing a positive reputation with Ontario brokers, including communicating the advantages and value proposition of Collectivfide, we will provide broker owners with different succession options.

Integrated Data and Technology

The P&C insurance broker landscape has dramatically changed with increased consolidation activity and the challenges COVID-19 has presented. Brokerages need to be able to adapt to the changing demand both

from customers and suppliers. The value of each acquisition is not only in the book of business but also in the data and the underlying insights that are contained in that book. By utilizing data analytics and researching other technologies, we can realize synergies that will improve all aspects across the Collectivfide ecosystem. A secondary objective is to begin the planning process for a viable omni-channel solution for our brokerages and partners.

Community Relationships

The success of Collectivfide and our brokerages will depend on the level of engagement with the communities we serve. The objective of adding value to the community is part of our vision of helping communities thrive. Initiatives relying on social media, marketing, public relations, promotion, and sponsorship will help accomplish this objective.

Operations

As we continue in the growth stage of our organization, the optimization of resources begins to become an important part of achieving a sustainable business model. We have defined the two functions as follows:

1. Acquisition of Brokerages
2. Operations of Brokerages

Acquisition of Brokerages

The framework for acquiring brokerages had been established with the brokerage scorecard and acquisition pipeline. The formal due diligence work will continue to be handled by our due diligence advisors with part of the scope of work being transferred to our internal team.

Good progress is being made with brokerage negotiations and discussions as we look to acquire an additional four to five firms in 2021.

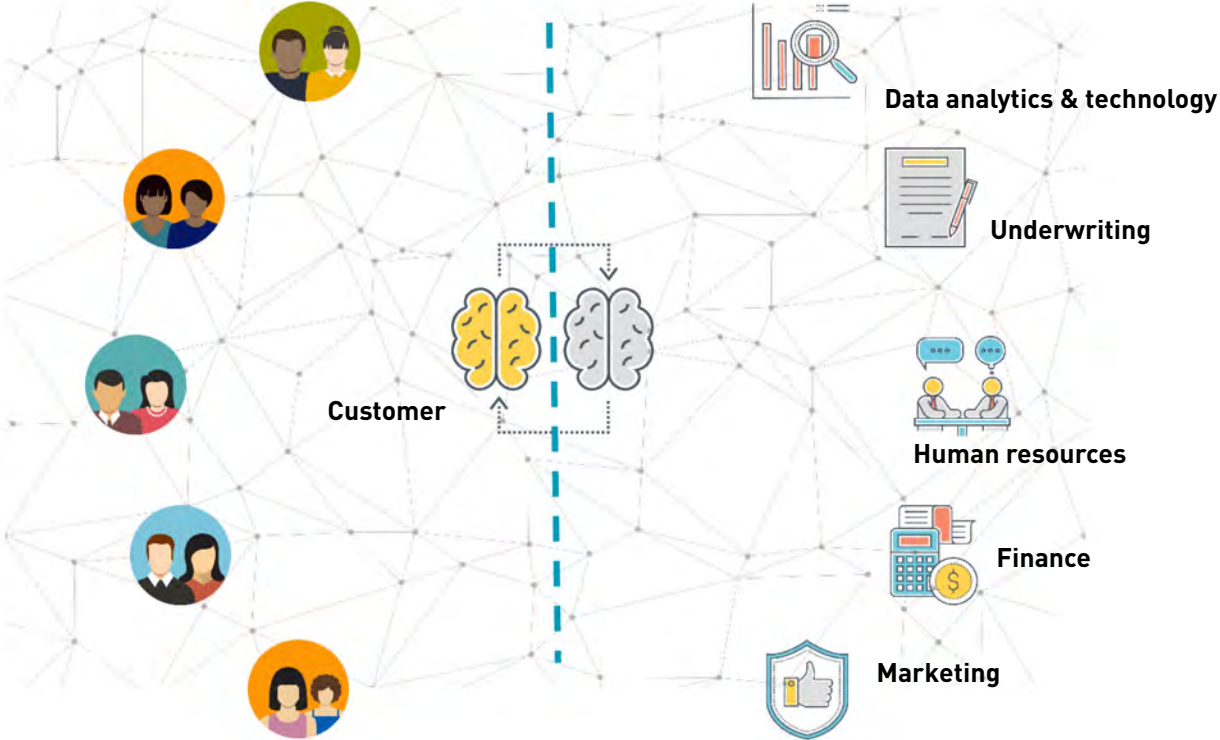
Operations of Brokerages

One of the value propositions that our organization offers to prospective sellers is the autonomy to operate at the local level. The business model allows for the daily operation of each Collectivfide brokerage to be managed by our partner or manager. Each partner or manager will have authority and discretion to make decisions to best grow and protect the

business. Collectivfide’s role is to provide “back office” expertise and support to allow the brokerages to focus on growing and serving their clients. As we expand the Collectivfide team, the supporting activities to our brokerages will include financial, underwriting, human resources, data analytics & technology, and marketing. The Collectivfide management team meets with each brokerage on an annual basis to establish targets related to profitability and operations and develop a plan to achieve those targets for the year. A monitoring process is put in place to track the progress of the brokerage throughout the year.

Locally managed brokerages

Collectivfide support



Meet our partners



Doner Horsley Insurance Brokers Ltd.

Blaire and Laurie Hadwen

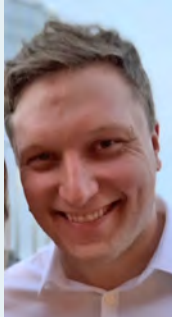
Blaire and Laurie are longtime residents of the Alliston area. Blaire is a Registered Insurance Broker with her Accredited Insurance Brokers Certification (CAIB) with over 15 years of insurance experience and is currently owner, vice-president and runs the office helping with the operations and technology. Laurie is a

licensed Registered Insurance Broker and has extensive background in business. Laurie received the highest mark in his Registered Insurance Brokers class of 2011 and was honored by his peers for his academic excellence. Laurie is also an owner and president of Doner Horsley.

After owning a small business and subsequently working for a competing brokerage, Blaire and Laurie joined Doner Horsley in 2009. A few years later, they had an opportunity to become part owners of the brokerage along with former partner Rick Costello.

Running a business has always been in their makeup with Blaire growing up in a family business and Laurie running a dairy operation before making the switch to insurance. With their limited spare time, the couple enjoy spending time with their family, travelling, sports and getting out for a ride on their motorbikes.





dbi Brokers Ltd.

Trent Brown

After graduating from Conestoga College with a diploma in business insurance in 2013, Trent then earned the CAIB designation after completion of the required

courses. Trent started at dbi in 2014 and, along with his brother Tyler, make up the third generation of the family run brokerage.

Trent is currently the president of dbi and principal broker in training; set to complete the qualifications for the principal broker designation in summer 2021. Trent manages the offices and daily operations of the brokerage. In his spare time, Trent enjoys the outdoors with his family, coaching the men's hockey team at Wilfrid Laurier University, and a backyard barbecue. Trent lives in the Waterloo region with his wife Kelsey and his two year old son named Hudson. Trent and his wife are expecting a baby girl in May 2021.



Tyler Brown

After graduating from the business program at Conestoga College, Tyler earned his life insurance license and started his career as an advisor in

Waterloo, working with a number of life insurance companies; similar to how brokers operate. Tyler gained a few years of experience in that role, but saw an opportunity to take a role in downtown Toronto and made the move. He maintained his license and retained his book while away from the industry and when an

opening presented itself at the family business it was an easy decision for him to get back to his roots. Starting as a processing assistant in 2015, Tyler has worn many different hats over the years and continues to contribute to various initiatives, but primarily works as a producer. Along with Trent, they are the third generation of Browns in the family brokerage. Currently, Tyler manages a book of clients and also assists with process and technology innovations to improve efficiencies within the brokerage. Outside of insurance, Tyler and his partner Leah reside in Paris where he is a volunteer firefighter. Being a dog dad, he has learned to love exploring the outdoors, enjoys being physically active, and is quite involved in the local hockey community.



TG Group Inc.

Taylor Graham

After graduating from the University of Guelph in 2014, Taylor immediately became a licensed insurance broker,

obtained his CAIB designation, and joined his family brokerage located in Owen Sound, Ontario. Following the TG Group brokerage model, which is focused heavily on commercial business, Taylor was trained as a commercial producer under his long-tenured father.

This consisted of building past and present client relationships, constructing innovative

marketing initiatives, and building successful broker-programs alongside insurers; these include a Builders Risk Program, a Bed & Breakfast Program and a Contractors & Surety Program to name a few. In 2018, Taylor was highlighted in Insurance Business Canada Magazine as one of the top up-and-coming “Young Guns” within the Canadian Insurance Industry. In 2020, Taylor became a partner in TG Group Inc.

Currently, Taylor is the acting President and Principal Broker of TG Group where he works with his staff to provide premium service to both new and existing clientele. When Taylor is not in the office, he can be found flight training at the local airport or enjoying a cold craft beer with family and friends.



Our team

Tony Ngo

President & CEO/Board Director, Collectivfide Insurance Group

Lana Triemstra

Controller

Bettina Urban

Human Resources Business Partner

Board of Directors

Marg Torrance (Board Chair)

President & CEO, Halwell Mutual Insurance Company

Brian Downie

President & CEO, West Elgin Mutual Insurance Company

Shawn Durnin

President & General Manager, Hay Mutual Insurance Company

Ed Forbes

President & CEO, Dufferin Mutual Insurance Company

Alex Gallacher (Independent Director)

Managing Director, ENGAGE HR

Mary Garriock

Director, West Wawanosh Mutual Insurance Company

Paul Henderson

Chair, Grenville Mutual Insurance Company

Kevin Inglis

President & CEO, Howick Mutual Insurance Company

Glenn McGillivray (Independent Director)

Managing Director, Institute for Catastrophic Loss Reduction

Doug Patton

Director, Dumfries Mutual Insurance Company

Christine Van Daele

President, Westminster Mutual Insurance Company



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