

SANDY PAYNTER & CO. INC.

The Commonwell Mutual Insurance Group Vice President, Finance & Risk

Position Profile

The Company

With over 100,000 policies in force and \$161 million in premiums (2018), The Commonwell Mutual Insurance Group (“Commonwell” or “CMIG”) was formed in 2014 through the amalgamation of three like-minded, financially strong mutual insurance companies operating in eastern Ontario: Farmers’ Mutual Insurance Company in Lindsay, Lanark Mutual Insurance Company in Perth and Glengarry Mutual Insurance Company in Alexandria. With its head office in Lindsay, Ontario, Commonwell currently employs approximately 180 people in three offices (Lindsay, Perth, Alexandria) and also has a satellite office in Whitby, Ontario. The amalgamation of the three organizations formed Ontario’s largest mutual insurer, CMIG, with broader geographic reach and better distribution of risk than the predecessor entities. Further, the launch of Commonwell has brought forth the opportunity to develop a new brand that leverages the history, reputation and commitment to community inherent in a mutual insurer, while also evolving its business model to remain relevant and grow in the competitive and changing insurance market.

More information can be found on-line at: www.thecommonwell.ca

Mutual Insurance Companies--Overview

A mutual insurance company is owned entirely by the policyholders. Profits within a mutual insurer are used to benefit policyholders and their communities as well as reinvestment into the business. Mutual insurance companies in Ontario began in the 19th century and were often formed in rural areas to protect farmers and their properties. While mutual insurers have evolved greatly over the years, they remain committed to their policyholders, offering a high degree of personal service, excellent customer relationships, face-to-face communications and a strong sense of community. Mutual insurers are known for taking a long-term, customer-centric approach to building their businesses and are driven to make investments in the business that will benefit their policyholders and fund business growth.

The Context

The successful amalgamation of the three companies resulted in a stronger, more competitive organization with a more diverse customer base and broader suite of products. As part of the Company’s ongoing evolution, Commonwell is currently undergoing a significant transformation with an aggressive growth plan (to 2022) that targets premiums of \$250 million per annum, doubling its size from 2015. CMIG has been making impressive progress towards that target by developing and embracing new ways of doing business, thus flourishing in a marketplace characterized by disruption. The plan will continue to leverage the Company’s strengths (nimbleness, close customer relationships and minimal bureaucracy) to achieve its objectives both organically (expanding its product offering

and broadening distribution) and inorganically, by considering strategic acquisitions. In order to successfully drive the transformation, grow the business and increase efficiencies and effectiveness of systems and processes, the company culture is becoming more agile and focusing on continuous improvement. The goal is to raise the bar across the organization while maintaining the positive, family-like culture which makes Commonwell unique. CMIG has been undergoing an extensive review of their operating model and recently announced a new organization structure to help steer them on this exciting journey. A significant investment in a new technology platform is a big part of the Company's new direction and a state-of-the-art system is set to go live in the third quarter of 2019.

The current Vice President, Finance & Risk will be retiring and a search for his replacement has begun. As part of the Company's growth and maturation, this role and the finance function must undergo a significant shift from a traditional accounting function to a strategic, forward-looking partner to the business. The role is expanding to have oversight of Risk, Actuarial and Compliance, in addition to Finance and Accounting, with a view to contributing to the organization's success and growth in a more creative and holistic fashion. Finance & Risk must ensure that CMIG's capital is leveraged while also developing and driving appropriate risk strategies, programs and processes. The new Vice President, Finance & Risk will build and develop a culture that is well-integrated with the business and proactively focused on growth and corporate development opportunities.

The Role— Vice President, Finance & Risk

The Vice President, Finance & Risk reports to the CEO and is part of the Executive Leadership Team (ELT). This individual will build, develop and lead a high performance team.

It is important to note that the role of Vice President, Finance & Risk must evolve; the incumbent will be responsible for building the function to its "future state". Proposed Key Accountabilities are laid out below, however, the expectation is that the new Vice President, Finance & Risk will assess the needs of the business and structure the role and his/her team accordingly.

Mandate

Lead and provide a forward-driven view of Finance and Accounting, Risk & Compliance, and Corporate Actuarial. The responsibilities of the role will include financial reporting, planning and analysis, accounting, budgeting and investment/capital management. There will be an emphasis on maximizing the return on assets and capital investments while mitigating risk and ensuring compliance. The new Vice President, Finance and Risk will also develop and oversee: enterprise risk management, financial risk management, internal controls and validation, as well as regulatory compliance and reporting. This individual will create and build out an effective Corporate Actuarial function to internally assess and monitor reserve adequacy, develop product pricing models to ensure pricing adequacy, contribute to business cases that pursue more active capital management and assist with periodic actuarial reporting. Once these priority areas are developed and operating, the Legal and Facilities areas will be assessed to determine optimal structure, scope, and functional responsibilities.

Key Accountabilities

Organizational Leadership & Development

- Provides oversight to a team of directors and/or managers and individuals who lead and manage the following areas: Finance and Accounting, Risk and Compliance, Corporate Actuarial
- Assist in developing organizational structure, role description and strategic priorities for the Legal and Facilities areas, which may fall under the responsibility of the VP Finance & Risk in the medium term
- Establishes and owns an annual business strategy and plan in alignment with the overall organizational strategy; executes against that plan, collaborating with cross-functional leaders
- Provides coaching/talent development and performance management to all sub-functional direct reports and broadly oversees the development of talent within these functions
- Champions strategic enterprise change initiatives, collaborating with the Executive leadership team to support and enable organizational transformation (e.g., Guidewire implementation, business growth, M&A, geographic expansion, products and services, etc.)
- Participates in Executive leadership meetings representing the function to all internal and external stakeholders/forums; participates in Board and Board committee meetings as required and builds relationships internally and externally (as needed) on behalf of CMIG
- Leads continuous improvement of the Finance & Risk function operating model and develops new approaches
- Drives expense management and efficiencies within the function (e.g., costs, budget management, continuous improvement mindset)

Functional Leadership

The Vice President Finance & Risk provides strategic leadership for the following sub-functions: Finance & Accounting, Risk & Compliance Management and Corporate Actuarial ensuring alignment that drives mutually-informed support and collaboration between these key corporate functions. At a later date, the VP Finance & Risk may also assume responsibility for the Legal (including Sourcing Strategy & Vendor Management) and Facilities sub-functions, if this is deemed optimal.

More details on each sub-functional area are provided below.

Finance & Accounting

- Oversees the preparation of all statutory, regulatory, and management reporting for compliance with external and internal stakeholder needs
- Leads forward-looking as well as historical financial and risk reporting (annual financial planning, forecasting, and budgets) to monitor financial performance and identify trends; ensures financial forecasting is conducted to drive strategic decision-making and mitigate risk exposure (e.g., capital allocation, capital management)

- Oversees all financial reporting controls and monitors systems to ensure relevant accounting procedures are adhered to

Risk & Compliance

- Oversees and monitors all enterprise risk activities with the goal to reduce exposure to external shocks and recommend acceptable risk levels by segments (e.g., customer, product)
- Ensures Asset Liability Management (ALM), Capital Management (CM), and Investment Portfolio Management (IPM) risks remain within acceptable parameters; including stress-testing, as needed
- Oversees risk compliance by establishing effective internal compliance measures and policies as well as a risk management framework
- Provides oversight on pricing and profitability actuarial assumptions, acquisitions, reserve management, and scenario/stress testing (e.g., DCAT)
- Oversees the actuarial components of reinsurance and valuation, collaborating with the Distribution & Member Innovation and Underwriting & Claims Operations functions
- Oversees the completion of Own Risk & Solvency Assessment (ORSA) to confirm future solvency in response to CMIG's risk profile
- Completes an annual Capital Management review that ensures appropriate adequacy targets are in place and excess capital is levered to achieve strategic goals

Corporate Actuarial

- Build and oversee the Corporate Actuarial CoE to lead the actuarial expertise throughout the organization to collaborate with Underwriting and Member Innovation (pricing) functions
- Ensure key actuarial capabilities are built-up within the organization (knowledge development) to enhance and strengthen this area of the business

Potential Future Accountabilities:

Legal (including Sourcing Strategy & Vendor Management)

- Oversees CMIG's legal strategy, including the provision of an internal legal perspective on CMIG strategic objectives and projects (e.g., M&A)
- Develops a structure and plan for Legal support to CMIG which considers: CMIG's legal strategy, legal perspective on CMIG's strategic objectives, claims litigation support, provision of due diligence on third-party contracts, and legal counsel to the executive team and all areas of the business

Facilities

- Assesses and develops a Facilities function that drives efficiency while overseeing all of CMIG's physical facilities in accordance with Company policies

Candidate Profile

- The ideal candidate will possess a CPA/CA designation and/or actuarial designation (FSA or ACAS) combined with a minimum of 20 years' experience in finance/accounting and/or actuarial functions.
- S/he will have experience in the insurance industry (preferably P&C insurance), culminating in a senior leadership capacity. Experience gained within a mutual insurance company would be an asset.
- A solid understanding of risk and compliance/internal audit will also be required. Experience managing facilities would be considered beneficial.
- S/he will be well-versed in strategy and forward-looking financial practices (including forecasting, budgeting, financial planning and analysis) as well as financial and management reporting with a view to informing strategic decision-making
- This individual must be adept at managing risk exposure and capital requirements; a solid understanding of regulatory reporting/requirements is needed.
- S/he will have a proven risk management mindset in order to effectively plan and mitigate potential regulatory and legal issues through controls, reporting and scenario testing.
- A strategic thinker, the successful candidate will be capable of developing and implementing strategic plans, and contributing to the overall business and growth strategy as part of the executive team and a partner to the business.
- S/he will be a creative/lateral thinker with a solutions-oriented mindset who is able to respectfully challenge the CEO and Executive leadership team for the betterment of the organization.
- Excellent presentation and communication skills are required; this individual will conduct her/himself as a senior executive who communicates effectively and credibly with the Board and is also capable of explaining complex technical material to business people across the organization.
- Prior experience with Board/Audit Committee reporting and communications or as a Board member is strongly preferred; an understanding of good governance practices is important.
- The candidate will have a track record of building and managing high performing teams; s/he must be able to envision and drive new approaches and build a cohesive, high functioning and integrated team that will be responsible for a broad variety of functional areas
- This individual will be a driven and results-oriented leader who is energized to drive growth and continuous improvement in a changing and competitive market. At the same time, superior interpersonal and collaboration skills are required to be successful within this people-, customer- and community-centric culture.
- An open-minded, engaging leader and team-player, this individual must be able to set a new course by building a proactive Finance and Risk culture that is business-focused, collaborative and able to partner/integrate effectively with all areas of the business.

Key Priorities of the Role

- Build out a risk profile for the organization;
- Mitigate risk and maximize opportunities by developing an effective capital utilization model and providing financial support to enable the achievement of CMIG's strategic plan; evaluate the organization's true financial strengths and provide advice and counsel in order to facilitate business growth in alignment with CMIG's risk appetite; and
- Develop and implement a strategic approach to building the organizational structure and acquiring/managing/developing talent while building this new, broader function.

Success Criteria

The Vice President, Finance & Risk will make a positive impact in the following areas:

- Strengthening financial management (e.g., reporting requirements by stakeholder, audit results);
- Developing financial performance processes/reporting (e.g., management reporting, annual financial planning);
- Developing profitability measurements for the business (e.g., P&L by function, product, geography, and segment);
- Improving compliance per regulatory expectations (e.g., internal audit findings, compliance training completion rates, employee compliance survey outcomes);
- Developing and improving effectiveness of capital management strategy (e.g., ORSA risk capital metrics, effective use of capital);
- Strengthening expense/cost management (e.g., operational costs, function expenses);
- Maintaining positive employee engagement within the function (e.g., employee engagement survey index); and
- Developing and executing against a plan to build out the Risk, Compliance and Actuarial areas, aligned with the business strategy.

In order to be considered successful in this role, the Vice President, Finance & Risk will accomplish the following within the first 12 to 18 months of employment:

- Develop a deep understanding of all parts of CMIG's business and five-year strategy and become a proactive, responsive and well-respected member of the executive leadership team;
- Demonstrate ownership of the Finance & Risk function to help steer the financial direction on growth, identifying business levers and providing value-add information;
- Lead and implement a plan to transform a traditional accounting function into a holistic, forward-looking Finance & Risk function focused on optimizing capital utilization while maintaining an appropriate risk level for the business;
- Develop and implement a risk management framework for the business;
- Lead the development of a high performance team, building an adaptable, collaborative and proactive culture that will partner with and enable the business to achieve its strategic priorities; and

- Develop and implement an optimal organizational structure for the new Finance and Risk function that will enable the achievement of goals in the areas of: finance, accounting, actuarial, risk and compliance.

Location:

Lindsay, Kawartha Lakes
and Whitby, Ontario

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