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March 20, 2024

**Heartland Farm Mutual Inc.**

Dear Mutual Policyholder:

The Annual General Meeting (AGM) of Heartland Farm Mutual Inc. is being held by teleconference on Thursday, May 2, 2024 at 1:00 p.m. Eastern Standard Time.

We are providing you with the following:

- Notice of meeting and Management Proxy Circular
- Minutes of the Annual General held on May 3, 2023
- Heartland Farm Mutual Inc. 2023 Financial Summary
- Statement of Director Attendance
- Directors Nominated for Election
- Form of Proxy
- Return envelope (to return the Form of Proxy)

**Conference Call Dial-in Numbers:** (+1) 201-689-8349 or Toll Free (+1) 877-407-8293

**We strongly encourage you to vote using the attached Form of Proxy in advance of the meeting.** Please complete the Form of Proxy using one of the methods indicated on the form. If you are planning to vote during the meeting, you will be required to have your unique **Holder Account Number** available for voting. This number can be found at the top of the proxy form.

If you would like a copy of the 2023 audited financial statements and notes thereto, please visit our website [heartlandmutualinsurance.com](http://heartlandmutualinsurance.com)

If you would like to receive your AGM material digitally next year, please sign into your OPTIM account on our website to update your AGM document delivery preferences accordingly. If you are not currently enrolled in our digital portal OPTIM, you can register through our website with your policy number and postal code.

Please contact Heartland Mutual Insurance at 1-800-265-8813 extension 6000 or by email at [policyholderinfo@hfmi.ca](mailto:policyholderinfo@hfmi.ca) to confirm your attendance by teleconference.

Sincerely,

Louis Durocher  
President & Chief Executive Officer and Corporate Secretary

Enclosures

## NOTICE OF ANNUAL MEETING OF MUTUAL POLICYHOLDERS

NOTICE is hereby given that the Annual Meeting of Mutual Policyholders of Heartland Farm Mutual Inc. will be held on **Thursday, May 2, 2024** at 1:00 p.m. ET by teleconference: Conference dial in numbers are (+1) 201-689-8349 or (+1) 877-407-8293 (toll free), for the purpose of:

- (a) receiving the financial statements for the year ended December 31, 2023 together with the auditor's and actuary's reports thereon;
- (b) electing directors;
- (c) appointing the auditor;
- (d) transacting such other business as may properly be brought before the Meeting.

By Order of the Board  
Louis Durocher  
President and Chief Executive Officer and Corporate Secretary

### Management Proxy Circular

#### Solicitation of Proxy

This Management Proxy Circular is furnished in connection with the solicitation of proxies by the management of Heartland Farm Mutual Inc. (the "**Company**") for use at the Annual Meeting of the Mutual Policyholders of the Company (the "**Meeting**") to be held by Teleconference on Thursday, May 2, 2024 at **1:00 p.m. ET**.

The information contained herein is given as of the **29<sup>th</sup> day of February 2024** except as otherwise noted. It is expected that the solicitation of proxies will be primarily by mail, but proxies may also be solicited by telephone by the Directors or employees of the Company. The cost of this solicitation is being paid for by the Company.

#### Record Date

The Board of Directors of the Company (the "**Board**"), by resolution, has fixed **February 29, 2024** as the record date for the determination of mutual policyholders entitled to receive notice of the Meeting. The holder of one or more mutual policies issued by the Company and in force on the record date, or a duly appointed proxy, is entitled to attend the Teleconference Meeting or any adjournment thereof and is entitled to ONE VOTE, and only one vote, on each issue or matter that is required to be voted upon at the Meeting. Joint policyholders are entitled to one vote between or among them.

#### Revocation of Proxies

Any mutual policyholder who has been given a proxy may revoke it by depositing an instrument in writing, executed by him/her or his/her attorney authorized in writing, by mail at the executive offices of the Company at 100 Erb Street East, Waterloo, Ontario N2J 1L9 on or before the last business day preceding the day of the Teleconference Meeting or any adjournment thereof, or in any other manner permitted by law.

#### Voting by Proxy

Mutual Policyholders may vote by proxy in the manner set out in the Notes to the accompanying Form of Proxy. If a proxy for voting at the Meeting is being submitted by mail, it must be submitted and received by 1:00, p.m., ET, on April 21, 2024, either to: Computershare, 8<sup>th</sup> Floor, 100 University Avenue, Toronto, ON M5J 2Y1 or to Heartland Farm Mutual Inc., 100 Erb Street East, Waterloo, ON N2J 1L9.

**Election of Directors**

The following directors were nominated for re-election: Ms. Lynn MacLean, and Ms. Gayle Whittamore each for a three-year term. Ms. Nancy McCuaig has been nominated as a first-time director for election to the Board for a three-year term.

Mr. Louis Durocher has been nominated as a director for election to the Board for a one-year term.

The representatives of management, if named as proxy by mutual policyholders, intend to vote at the Annual Meeting for the election of the person nominated above to the Board. Management does not contemplate that the proposed nominee will be unable to serve as a director. If, for any reason, the proposed nominee is unable to serve as such, the representatives of management, if so named as proxy, have the right to vote for any other nominee in their sole discretion.

**Appointment of Auditors**

A firm of auditors is to be appointed by vote of the mutual policyholders at the Meeting to serve as auditors of the Company until the close of the next annual meeting. The Board, on the advice of the Risk and Audit Committee, recommends that the firm of KPMG, LLP be appointed as the auditors. It is intended to vote proxies received from the mutual policyholders in favour of the appointment of KPMG, LLP as auditors of the Company.

**Manner of Voting Proxies**

The mutual policyholder proxies will be voted for, or withheld from voting for, the election of directors and the appointment of auditors, in accordance with any directions on the proxy or, absent such directions, such proxies in favour of management shall be voted for the election of the directors, and for the appointment of auditors as referred to in this Management Proxy Circular.

Management knows of no further matters to come before the Meeting other than the matters referred to in the Notice of Meeting. If any matters which are not now known to management should then properly come before the Meeting, or amendments or variations to the matters referred to in the Notice of Meeting are properly proposed, proxies will be voted on such matters, amendments and variations in accordance with the best judgment of the person voting the proxy, which confers such discretionary authority.

The contents and the sending of this Management Proxy Circular have been approved by the Board of Directors of the Company.

Dated this 29<sup>th</sup> day of February 2024

Louis Durocher  
President and Chief Executive Officer and Corporate Secretary

**Heartland Farm Mutual Inc.**  
**Minutes of the Annual General Meeting**  
**May 3, 2023**  
**1:00 p.m. by Teleconference Call**

<b>Chair, Secretary and Scrutineers</b>	<p>The Chair of the Board, Larry Binning, occupied the chair and Louis Durocher Corporate Secretary acted as Secretary for the meeting.</p> <p>The Chair requested that Patty Sigiannis and Shirley Tom of Computershare act as Scrutineers for the meeting. There being no objection from the mutual policyholders, Patty Sigiannis and Shirley Tom were so appointed.</p>
<b>Registration Report</b>	<p>The registration report was then received. It showed there were 6 mutual policyholders present on the phone for the meeting and 211 mutual policyholders represented by proxy.</p>
<b>Notice of Meeting</b>	<p>The Chair requested that Michele Falkins, Vice President and CFO table a certificate providing proof of mailing of the notice of meeting, management proxy circular, proxy form, financial statements summary, and publication of the notice of the meeting.</p> <p><b><i>Upon motion duly made, seconded and carried unanimously, it was RESOLVED that the reading of the Notice of Meeting be dispensed with and that the Notice be taken as if read and approved.</i></b></p> <p>The Chair declared that the meeting was called and properly constituted for the transaction of business.</p>
<b>Minutes of the Last Meeting Resolution</b>	<p><b><i>Upon motion duly made, seconded and carried unanimously, it was RESOLVED that the reading of the minutes of the last Annual General Meeting of Policyholders held May 4, 2022 be taken as presented and approved.</i></b></p>
<b>Chair's Remarks</b>	<p>The Chair presented his report.</p>
<b>Auditor's Report</b>	<p>Kim Haley of the firm KPMG LLP, Chartered Professional Accountants read the Independent Auditor's Report.</p>
<b>Actuary's Report</b>	<p>Nicolas Beaudoin, the Appointed Actuary, read the Actuary's Opinion.</p>
<b>2023 Financial Statements</b>	<p>Michele Falkins, Vice President and Chief Financial Officer presented the 2022 financial statements and her review of the financial performance for the year.</p>
<b>Resolution</b>	<p><b><i>Upon motion duly made, seconded and carried unanimously, it was RESOLVED that the financial statements of the Company for the year ended December 31, 2022, including the Independent Auditor's Report and Appointed Actuary's Report be taken as distributed and approved.</i></b></p>
<b>Nomination and Election of Directors</b>	<p>The Chair declared the meeting open for the election of Directors.</p>
<b>Resolution</b>	<p><b><i>Upon motion duly made, seconded and carried, it was RESOLVED that the directors named and for the terms set out in the Management Proxy be NOMINATED to the Board of Directors.</i></b></p> <p>No further nominations having been received in accordance with the Company's By-laws and the Insurance Companies Act, the Chair declared nominations closed.</p>
<b>Resolution</b>	<p><b><i>Upon motion duly made, seconded and carried, it was RESOLVED that the directors named and for the terms set out in the Management Proxy be ELECTED to the Board of Directors.</i></b></p>

**Appointment of  
Auditors  
Resolution**

*Upon motion duly made, seconded and carried unanimously, it was RESOLVED that KPMG, LLP, Chartered Professional Accountants, be appointed the independent auditor of the Company until the next annual general meeting of policyholders or until a successor is appointed at such remuneration as may be fixed by the directors and the directors are hereby authorized to fix the remuneration.*

**Presentation by  
President and CEO**

President and Chief Executive Officer, Louis Durocher provided his remarks.

**Comments and  
Questions**

The Chair invited questions from the mutual policyholders.

**Termination of  
Meeting  
Resolution**

*Upon motion duly made, seconded and carried unanimously, it was RESOLVED that the meeting be terminated.*

Approved at the Annual Meeting this 3rd day of May 2023.

\_\_\_\_\_  
Secretary

\_\_\_\_\_  
Chair

# HEARTLAND FARM MUTUAL INC.

Summary Statement of Financial Position

(in thousands of dollars)

(expressed in Canadian dollars unless otherwise indicated)

December 31, 2023, with comparative information for December 31, 2022 and January 1, 2022

	As at December 31, 2023	As at December 31 2022 (Restated)	As at January 1, 2022 (Restated)
<b>Assets</b>			
Cash	\$ 23,257	\$ 15,734	\$ 39,537
Invested assets	297,274	276,699	254,160
Accrued Investment Income	1,183	1,116	765
Income tax recoverable and receivable	-	1,211	-
Reinsurance contract assets	29,993	37,796	20,914
Other assets	1,017	1,046	1,014
Property and equipment	8,123	8,626	8,985
Intangible assets	9,775	12,610	11,047
<b>Total assets</b>	<b>\$ 370,622</b>	<b>\$ 354,838</b>	<b>\$ 336,422</b>
<b>Liabilities</b>			
Accounts payable and accrued liabilities	\$ 6,462	\$ 5,519	\$ 4,952
Insurance contract liabilities:			
Liability for remaining coverage	33,982	32,142	31,155
Liability for incurred claims	115,968	119,658	108,875
Income taxes payable	4,480	-	2,002
Deferred income taxes	3,462	4,688	3,710
<b>Total liabilities</b>	<b>164,354</b>	<b>162,007</b>	<b>150,694</b>
<b>Surplus for the protection of policyholders</b>			
Policyholders' Equity	206,268	192,831	185,728
<b>Total liabilities and equity</b>	<b>\$ 370,622</b>	<b>\$ 354,838</b>	<b>\$ 336,422</b>

On behalf of the Board:

Lynn Maclean, Chair, Louis Durocher, Director

# HEARTLAND FARM MUTUAL INC.

Summary Statement of Comprehensive Income  
(in thousands of dollars)  
(expressed in Canadian dollars unless otherwise indicated)

For the year ended December 31, 2023, with comparative information for 2022

	2023	2022
		(Restated)
Insurance revenue	\$ 188,410	\$ 172,505
Insurance service expense	(173,977)	(149,813)
Insurance service result before reinsurance	14,433	22,692
Reinsurance premiums ceded	(20,411)	(17,598)
Recoverable from reinsurers for incurred claims	15,616	23,547
Net income (expense) from reinsurance contracts held	(4,795)	5,949
<b>Insurance service result</b>	<b>9,638</b>	<b>28,641</b>
Net investment income (loss)	20,274	(14,148)
Finance income (expense) from insurance contracts issued	(4,820)	2,194
Finance income (expense) from reinsurance contracts held	1,195	(387)
<b>Net insurance financial result</b>	<b>16,649</b>	<b>(12,341)</b>
General and operating expenses	(8,375)	(7,184)
Net income before tax	17,912	9,116
Income tax expense (recovery)		
Current	5,701	1,035
Deferred	(1,226)	978
	4,475	2,013
<b>Net income and total comprehensive income</b>	<b>\$ 13,437</b>	<b>\$ 7,103</b>

# HEARTLAND FARM MUTUAL INC.

## Summary Statement of Cash Flows

(in thousands of dollars)

(expressed in Canadian dollars unless otherwise indicated)

For the year ended December 31, 2023, with comparative information for 2022

	2023	2022
		(Restated)
Cash flows from operating activities:		
Net Income	\$ 13,437	\$ 7,103
Adjustments for items not involving cash:		
Depreciation and amortisation	3,353	3,049
Deferred income taxes	(1,226)	978
Unrealized (gain) loss on investments	(10,864)	18,324
Loss on sale of capital assets	26	-
	4,726	29,454
Changes in non-cash operating working capital:		
Other assets	30	(32)
Other payables	943	567
Accrued investment income	(68)	(351)
Income taxes payable	5,691	(3,213)
Insurance and reinsurance contracts	5,953	(5,112)
Cash provided by operating activities	17,275	21,313
Cash flows from investing activities:		
Purchase of investments	(113,510)	(139,049)
Investments sold/matured	103,799	98,186
Purchase of property and equipment	(245)	(227)
Proceeds on disposal of capital assets	204	
Purchase of intangible assets	-	(4,026)
Cash used in investing activities	(9,752)	(45,116)
Net increase (decrease) in cash during the year	7,523	(23,803)
Cash, beginning of year	15,734	39,537
Cash, end of year	\$ 23,257	\$ 15,734



**Heartland Farm Mutual Inc.**  
**Statement of Director Attendance**  
**For the year ended December 31, 2023**

**MEETINGS of the BOARD of DIRECTORS**

During 2023, there were seven (7) meetings of the Board of Directors.

The number of meetings attended by each Director: Lynn MacLean (7/7); Larry Binning (7/7); Paul Broadhead (7/7); Louis Durocher (7/7); Mary Kelly (7/7); Gayle Whittamore (7/7); Ruphina Kaulback (7/7); Geoff Bishop (6/7); Graeme McPhail (7/7); Nancy McCuaig (2/2); John Stein (2/2)

**MEETINGS of the FINANCE and AUDIT COMMITTEE**

During 2023, there were four (4) meetings of the Finance and Audit Committee.

The number of meetings attended by each Director who was a member of this committee: Lynn MacLean (4/4); Larry Binning (4/4); Paul Broadhead (4/4); Mary Kelly (1/1); Ruphina Kaulback (4/4); Nancy McCuaig (1/1); John Stein (2/2)

**MEETINGS of the RISK COMMITTEE**

During 2023, there were four (4) meetings of the Risk Committee.

The number of meetings attended by each Director who was a member of this committee: Lynn MacLean (2/2); Larry Binning (3/3); Mary Kelly (4/4); Gayle Whittamore (1/1); Geoff Bishop (3/4); Graeme McPhail (3/4); Nancy McCuaig (1/1); John Stein (2/2)

**MEETINGS of the CORPORATE GOVERNANCE COMMITTEE**

During 2023, there were five (5) meetings of the Corporate Governance Committee.

The number of meetings attended by each Director who was a member of this committee: Lynn MacLean (5/5); Larry Binning (4/4); Paul Broadhead (5/5); Mary Kelly (2/2); Gayle Whittamore (5/5); Graeme McPhail (3/3); Nancy McCuaig (2/2)

**MEETING of the CONDUCT REVIEW COMMITTEE**

During 2023, there was one (1) meeting of the Conduct Review Committee.

The number of meetings attended by each Director: Lynn MacLean (1/1); Larry Binning (1/1); Paul Broadhead (1/1); Louis Durocher (1/1); Mary Kelly (1/1); Gayle Whittamore (1/1); Ruphina Kaulback (1/1); Geoff Bishop (1/1); Graeme McPhail (1/1); Nancy McCuaig (0/0); John Stein (1/1)

In accordance with the provisions of the Insurance Companies Act, the above statement of attendance is included as an attachment to the Notice of Annual Meeting of policyholders.

## Directors Nominated for Election to the Board of Heartland Farm Mutual Inc.

### **Gayle Whittamore**

Gayle joined Heartland's Board of Directors on May 7, 2020 and holds a Bachelor of Science in Nursing from the University of Toronto. She is a Human Resource veteran with experience in professional and leadership roles with a diversified portfolio of skills across many Human Resources competencies. She has held a number of senior positions with IBM, The Hospital for Sick Children, Sun Life and within the mutual insurance industry. Gayle has spent her married life on a fruit and vegetable farm in Markham Ontario. Now retired, she and Mike are avid outdoor enthusiasts.

### **Lynn MacLean**

Lynn joined Heartland's Board of Directors in 2021, as a result of the merger with Kings Mutual. Prior to that, she was on the board of Pictou Mutual which merged with Kings in 2016. Holding a Bachelor of Arts Degree from Dalhousie University, Associate of Education from the Nova Scotia Teachers' College, and Master of Education (Administration) from St. Mary's University, Lynn advanced from teacher to high school principal to sub-system supervisor over her thirty-one-year tenure. Lynn was raised on a dairy/hog farm and continues to support rural communities and their organizations. In addition to her roles with Kings and Heartland Mutuals, she also has held leadership positions in 4-H, Women's Institutes (provincial and national), as well as in several local organizations. In 2020 Lynn earned the OMIA Director certification and in 2023 she earned the Professional Director certification. Also, in 2023 she was awarded an Elizabeth II Platinum Jubilee Medal for her work in education and contributions to the community.

### **Nancy McCuaig**

Nancy McCuaig has been promoted to Executive Vice President, Chief Operations Officer at IGM Financial Inc. (a member of the Power Corporation of Canada group) effective April 1<sup>st</sup>, 2024. She was previously a Vice President and Chief Information and Security Officer (CISO) since 2014 with overall accountability for enterprise technology architecture, technology infrastructure including network, cloud, cybersecurity and technology risk management, technology operations, Service governance, corporate crisis management including Business Continuity Planning and the overall IGM Real Estate portfolio. Nancy has over 20 years of enterprise information technology experience having held executive and leadership-level positions in the financial services, insurance, and gaming industries.

As a senior information technology executive, she is recognized as an agent of change with leadership and delivery of major projects to Canadian, European and U.S. financial services institutions. In 2022, she joined the Mackenzie Investment Board (one of IGM Financial's operating companies), as well has a history of participating in community-based, volunteer Boards. She holds a Bachelor of Commerce (Honours) degree from the University of Manitoba and achieved the Certified Information Services Security Professional (CISSP) designation from ISC2.

## **Louis Durocher**

Louis Durocher was appointed President & CEO of Heartland in July 2018. With 30 years of experience, he is a highly accomplished senior leader in the property and casualty insurance sector. His passion revolves around troubleshooting and fixing unprofitable operations. As such, with the help of a newly formed executive team, he turned around Heartland's results within 18 months, returning the organization to profitability and shaving six points from the expense ratio. He subsequently led the successful implementation of the full suite of Guidewire Centers, including state-of-art functionality commonly seen with large stock companies, positioning Heartland one step ahead of the rest of the mutual community. Now residing in Waterloo Region, Louis relates enthusiastically to the values of Heartland with our focus on client and community relationships.

An actuary by profession, Louis held several senior executive positions during his career, including Chief Risk Officer, Chief Actuary and SVP National Commercial Lines & Reinsurance for Aviva Canada, as well as VP Actuarial and Chief Operating Officer for Economical in Quebec. Throughout his career, he has served on various committees for the Insurance Bureau of Canada and other industry boards.