



# The Reciprocal

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JUNE, 2012

## Reciprocal Protection - Celebrating 25 Years of Successfully Protecting Our Subscribers

It was 1987: Meech Lake Accord was in the news; the “loonie” was introduced; the “Black Monday” market crash occurred; NAFTA was negotiated; Bon Jovi was on the radio; and the Edmonton Oilers won the Stanley Cup!

Perhaps closer to home, 1987 saw the formation of MEARIE with the intention to provide Subscribers with control over their insurance coverage and costs. Since its early liability beginnings, MEARIE has taken steps to create appropriate programs, based on customers’ needs and industry trends. Twenty-five years later, MEARIE is one of the most successful reciprocal insurance exchanges in existence and continues to demonstrate the unity and purpose that originally brought Subscribers together.



The past 25 years has seen MEARIE increase the Liability Program policy limit from \$16 million to \$24 million, add the Enhanced Directors & Officers endorsement in 2001 and in 2012, the Privacy/Cyber Security endorsement. As our Subscribers have branched out to provide more than just electricity distribution, MEARIE has been there to protect their operations including generation activities under the Green Energy Act.

MEARIE has grown and expanded over the years to meet the needs of our Subscribers. 1993 saw the introduction of the MEARIE Vehicle program. Currently we insure over 2,200 vehicles of all sizes and types across Ontario. Unlike the commercial market, MEARIE’s Fleet/Vehicle Program enjoys a low loss ratio which has allowed rates to remain steady and secure with minimal changes over the past eight years.

Building on the success of both the Liability and Vehicle Programs, 2004 saw the introduction of the MEARIE Property Program which includes equipment breakdown (boiler and machinery coverage) and crime. Despite a slow start, the past couple of years have seen the program grow and stabilize with reduced pricing.

Over our 25 year history, MEARIE Subscribers have received 11 premium reductions totaling more than \$14 million in premium dollars being returned to them. This financial stability has resulted from putting in place many safeguards. Some of these lines of defense include:

- Determining appropriate premium levels
- An adequate claims fluctuation reserve (CFR)
- Multiple layers of reinsurance
- Claims and litigation strategies and claims payment strategies
- Structured debt financing



To put the strength of MEARIE's CFR into perspective, commercial insurance companies the size of MEARIE are required to have \$4 million of capital and MEARIE's capital is over \$45 million which is 11x the required amount. The CFR and other safeguards have allowed MEARIE to keep premiums low, pay claims and remain financially stable.

Outside of the Reciprocal, MEARIE introduced Credit Insurance to protect your commercial accounts receivables. Additionally, introduced last year, the MEARIE Construction Program for Builder's Risk and Wrap-up Liability coverage protects your interests as you expand, retrofit and build new physical assets.

With the formation of MEARIE Management Inc. in 1997, MEARIE grew from being strictly a Liability insurer to becoming a multi-product service provider with services/ programs such as: Group Benefits, Group Home & Auto, UPM Survey, Human Resources Information Services, Conferences (such as CUEE, EDIST and ENERCOM), Professional, Management, and Trades Training and Executive Education, Employee and Labour Relations Services and more!

The past 25 years has seen MEARIE grow to become the leading insurer of LDCs in Ontario. MEARIE's growth and success is a reflection of the growth and diversification of our Subscribers. Over the next 25 years as Subscribers continue to grow and evolve, MEARIE looks forward to the sector's continuously changing opportunities the future will surely present.

MEARIE - your insurance, business and financial partner, yesterday, today and tomorrow.

## Happy 25th!

[www.mearie.ca/mearie/25](http://www.mearie.ca/mearie/25)

The MEARIE Group's Reciprocal News is an electronic publication intended for Subscribers of The MEARIE Group's Insurance programs. It is published on a periodic basis and is intended for information purposes only. In the event of specific claims, incidents or legal actions against the Subscriber, coverage will be determined by MEARIE policy interpretation.



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