



Hitting our
Stride

140 Years and Counting

Red River Mutual is a Prairie success story. Having protected homes, farms, and businesses on the Prairies since 1875, Red River Mutual is committed to providing competitive insurance products and equitable claims service in Manitoba and Saskatchewan.



Head Office located at 245 Centre Ave East, Altona, Manitoba



Winnipeg Regional Office located at 2445 Pembina Hwy.

Make it your own

This simple phrase is an invitation to our policyholders, brokers, and other stakeholders to embrace the benefits of being a Red River Mutual owner. If you aren't already, we invite you to be a part of it too.

Going the Distance

Red River Mutual defines itself as a 'Modern Mutual', by investing a portion of company profits back into the community through loss prevention education and the support of worthy community projects.

Through Community Involvement

Whether through major sponsorships or supporting staff-initiated charitable efforts like the Big Bike Ride for Heart and Stroke, Run for the Cure for the Canadian Breast Cancer Foundation, or fundraising for local food banks, Red River Mutual is engaged in the community.

Through Loss Prevention

We believe the best insurance policy is the one that is never needed. That is why we invest in educational tools and materials focused on building safety awareness and best practices for policyholders and the general public.



'Angle's Walking Warriors' of Red River Mutual pictured prior to the start of Run for the Cure in Winnipeg, Manitoba.

Message from the Board of Directors

The mission of Red River Mutual is to provide policyholders with value priced protection and superior service. The company perpetuates itself as a financially sound Modern Mutual that is well managed and conscious of its business and social obligations.

Your Board of Directors is pleased to report that in 2015, Red River Mutual continued to make strides in providing superior service to our brokers and policyholders. Our ongoing efforts were confirmed by the results of our most recent 2015 Broker Survey.

Red River Mutual will continue to build on supporting our stated mission of providing superior service through a focus on improving our Claims Experience and the implementation of the Guidewire InsuranceSuite®. This new insurance system, one of the most significant investments ever made by the company, will, over time, support the delivery of superior service through industry leading interfaces with brokers and policyholders.

During 2015 our Gross Premiums Written increased to \$91.9 Million and Equity grew to \$62.8 Million. Although underwriting performance remains an area of ongoing focus, Red River Mutual's balance sheet remains strong and the company is well positioned as we enter 2016.

The business and social obligations referred to in our mission statement also remain high priorities for Red River Mutual. During the past year the Board approved a new donation policy that includes allocations to four areas – Loss Prevention, Healthcare, Education, and Local Community.

We were pleased to see that Red River Mutual's business and social obligations were recognized by the Manitoba Chamber of Commerce, which presented the company with the 2015 Outstanding Medium Business award. This award honours companies who have demonstrated success in company growth including profitability, employment creation, innovative practices, and who have a continuing positive impact on the community.

Two key areas of focus for our Board of Directors are Strategic Planning and Governance. Our Board / Management Planning Session in October again spent time reviewing threats and opportunities, and accordingly adopted a plan that set the direction for the company.

In 2015, Governance continued to be an important area of focus for the Board of Directors. The Board gave approval to begin the process of restructuring Board committees to adapt to the increasingly complex regulatory expectations. This new committee structure will see the role of Audit Committee expanded to include risk; as well as the establishment of a new Governance Committee that will encompass our existing Nominations and Conduct Review Committees.

Message from the Board of Directors

In 2015, the Board also completed a two part Board evaluation process to support our philosophy of continuous improvement of Directors. The Board has adopted an educational program for Directors to achieve a Director Certification designation through the National Association of Mutual Insurance Companies (NAMIC), an organization that provides valuable educational resources specific to mutual insurance companies.

In closing, the Board would like to acknowledge that Red River Mutual has continued to grow and achieve success because of our people. Our success as a company is thanks to the dedicated work of our President and CEO, Brian Esau, and his entire team who deliver Red River Mutual products and services to our policyholders and brokers on a daily basis. On behalf of the Board of Directors, we extend our thanks to all our dedicated employees for making Red River Mutual the company it is today.

The Board would also like to thank our policyholders, brokers, as well as all of our stakeholders, who together play such an important role in our day to day activities. We look forward to working with all of you as we continue building a financially sound Modern Mutual that provides superior service and value priced protection.

Submitted on behalf of the
Board of Directors,



Ray Loewen,
Board Chair

Board of Directors



Ray Loewen
Board Chair



Catherine Kloepper



Darrel Penner



Frank Friesen



Garth Reimer



Heidi Reimer-Epp



Monique Vielfaure-Mackenzie



Bill Siemens



Dr. Sylvie Albert

Message from the President

As we enter our 141st year of operation, we reflect on the journey that has brought us to where we are today. The theme of this year's annual report is *Hitting our Stride*. As a company we are running in stride, as we adapt to the changing landscape, and look forward to the new roads ahead.



It is my pleasure to once again report to our policyholders on the business of Red River Mutual. In 2015, our company grew its Gross Premiums Written by 8.7%, closing the year at a record

high of \$91.9 Million, which places us at about 12% of the Manitoba market share. Our claims department was very busy this year with a 25% increase in gross claims over last year, largely due to catastrophe level weather events, beginning with a wind storm in April and ending with another wind event in October; these events alone generated over \$16 Million and almost 3,000 individual claims.

Reinsurance played an important role in recording a modest underwriting income by absorbing a total of \$14.3 Million of the claims made. The investment portfolio added \$4.3 Million to income leaving us with \$3.6 Million in net income after taxes.

With a market share of 12% in Manitoba and the volatility of the weather events, we have recognized the need for geographical expansion beyond Manitoba and Saskatchewan. We are working with the regional regulators to expand our footprint from Ontario to British Columbia, and embarking on a cautious growth strategy in these new regions.

The insurance industry is in the midst of the most significant transformation in decades with the changing of consumers' expectations; the wave of mobile devices and applications; the growing capability of analytics, including predictive analytics; and the emerging use of 'big data' are causing the industry to examine how to attract and retain policyholders and how to appropriately price the insurance products.

Technology is a driving force in the changing of consumer expectations; but it is also the enabler of the industry to adapt to the new consumer driven business environment. We have taken bold steps in implementing a new technology platform that will enable us to continue to be relevant to our policyholders and brokers in the future.

Message from the President

It was my pleasure to accept the Manitoba Chamber of Commerce Outstanding Medium Business award on behalf of Red River Mutual at the Manitoba Business (MBiz) Awards Gala held in October. This award recognized Red River Mutual for its sustained growth, and exceptional contribution to the community, employee relations and development.

The award is a reflection of a company culture that actively embraces values that build community through fundraising, community volunteering, professional development and demonstrates that the customer is the reason for our success.

We continue to work closely with the Manitoba Firefighters' Burn Fund, the Office of the Fire Commissioner and the Winnipeg Fire and Paramedic Services to promote fire prevention and safety in Manitoba. By educating young people on fire safety through the use of the Fire Safety Trailers and the implementation of the S.A.F.E. (Smoke Alarm For Every) Family Program, the goal of which is to see smoke alarms properly installed in all Manitoba homes.

In closing I wish to thank our brokers and policyholders for placing their confidence in Red River Mutual; our Board of Directors for their leadership and advice; and our management team and staff for seeking to exceed customer expectations every day.

Sincerely,



Brian Esau, FCPA, FCMA
President & CEO

Making Strides

The Manitoba Business (MBiz) Awards is a competition organized by the Manitoba Chamber of Commerce, recognizing companies that have made an exceptional contribution to the community, employment, employee relations/development and experienced sustained growth.

In Fall of 2015 Brian Esau, President & CEO, accepted the award for **Outstanding Medium Business** on behalf of Red River Mutual at the 32nd Annual MBiz Awards Gala.



Robert Thorsten, Board Chair, CPA presenting the award to Brian Esau, President & CEO, Red River Mutual

Outstanding Medium Business Award

Red River Mutual has been a pillar to the community since 1875. In the beginning, the mission was simple – provide insurance to local people who were unable to purchase insurance on the open market. Today, Red River Mutual is the second largest property insurer in Manitoba. Red River Mutual is a customer-centric company with a strong commitment to giving back to the Community. Red River Mutual emulates the “Modern Mutual” by investing a portion of company profits back into the community through loss prevention education and through the support of worthy community projects.



The Red River Mutual Trail

Rekindle your love for winter! Strap on your skates, skis or snowshoes and we'll see you on the Red River Mutual Trail!



Red River Mutual is proud to be the title sponsor of the *Red River Mutual Trail*. Starting in the heart of the city, it offers the unique experience of seeing the sights of Winnipeg from the frozen Red and Assiniboine Rivers.

The direction, timing and length of the Red River Mutual Trail changes every year, as it is initially hand shoveled and takes about three weeks to prepare before it can be used. In 2015, we saw the trail grow to 6.5 km in length. The trail included Olympic sized hockey rinks, and was packed full of kilometers of fun for people of all ages.

In 2015 Red River Mutual partnered with Kelvin High School to create the Warming Hut '6043'. The Warming Hut was designed and built by Kelvin High School students who were inspired by the CNR steam locomotive '6043' located in Assiniboine Park.

Trailblazer App

Burn up the trail with the Trailblazer App. Get stats on how far you've gone or assign yourself to a group and compete against other teams for the best overall distance. Download the Trailblazer app for free for Smartphones. Visit www.trailblazerapp.ca for more information.



Value of the Independent Broker

Our company is represented by some of the finest insurance people in the industry. We are committed to nurturing positive, enduring relationships with our brokers. The broker network provides Red River Mutual and its policyholders with unique benefits.

Benefits to the Policyholder

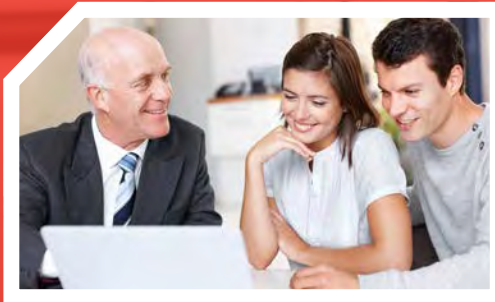
For policyholders this means personal accessibility.

- One size does not fit all when it comes to insurance. An independent insurance broker can help uncover all of your insurance needs.
- Brokers live in the communities they serve, providing in-person access and advice. When you buy insurance through a broker, you support employment in your community. Most brokers are active community supporters and make their cities and towns better places to live.
- In the unfortunate event of a loss, a local broker can assist you in working through the claim process. It's the difference between personal assistance and dialing a 1-800 number.

Benefits to Red River Mutual

Red River Mutual has a deep history with our brokers.

- Brokers understand the communities they serve. They offer us valuable insight into community dynamics and regional needs.
- They help us build and offer better products for our mutual customers.
- Brokers provide frontline policyholder support. It's often brokers who initiate the claims process on behalf of the policyholder; providing vital direction before we make initial contact.
- Brokers also act as industry advocates. Brokers are organized and defend the insurance industry from threats such as big banks selling generic policies directly to consumers.



Business Transformation

We are committed to being an efficient, flexible, and fair company to do business with. Whether through policy issuance or claims service, we strive to be the best partners for our policyholders and brokers.

We believe the deployment of a modern technology platform will enhance our ability, over time, to deliver compelling value to our policyholders and brokers.

We have selected Guidewire InsuranceSuite® as our underwriting, policy administration, billing and claims management platform and began implementation in 2015.

With the growth in digital expectations such as mobile access and big data, this software will help us, over time, transform how business is leveraged by enhancing our commitment to serving both our policyholders and brokers.

We are building a 'culture' of continuous improvement that is constantly on the lookout for how to be better.



2-2-2 Claims Commitment

We understand that an insurance policy is only as good as the claims service you receive after a loss. That is why Red River Mutual introduced the 2/2/2 Claims Commitment.

The 2/2/2 Claims Commitment

If you experience a loss, one of our Claims Specialists will:

- Contact you within 2 hours of receiving the notice of claim.
- Make arrangements to visit you within 2 days of contact.
- Follow up within 2 weeks and stay in touch until your claim is closed and paid.

Our commitment includes:

- A rapid response from a skilled Claims Specialist.
- A clear overview of the claims process prior to an inspection.
- Regular communication until the claim is completed.
- An equitable outcome.

Our goal is to get you back to normal as quickly and smoothly as possible.



Preventing Loss

Red River Mutual believes the best insurance policy is the one that is never needed. That is why we make safety services and products available to policyholders that will aid in preventing a loss before it happens.

The Loss Prevention Program includes:

- Offering access to home, farm, commercial and fire safety information
- Discounted safety products for brokers
- Direct support for firefighters to deliver community level fire prevention messaging through the use of interactive Fire Safety Trailers

Firefighters' Burn Fund Safety Trailer Program

Since 2011, Red River Mutual has been a major sponsor of the Manitoba Firefighters' Burn Fund Fire Safety Trailer Program. This program has seen 25 Fire Safety Trailers deployed throughout Manitoba. They provide interactive fire safety training, emergency-response service and education to young people. The trailers target elementary school-aged children and are designed to look just like a house. Children learn about fire safety through the use of props like smoke machines and heated doors that stimulate a real fire in a home.



Online Resources

With the goal of making homes and businesses safer places, Red River Mutual offers in-depth information and videos related to loss prevention. To learn more go to www.preventingloss.com.

S.A.F.E. Family Program

In 2015 Red River Mutual embarked on the S.A.F.E. (Smoke Alarm For Every) Family Program in conjunction with the Manitoba Firefighters' Burn Fund, the Office of the Fire Commissioner and the Winnipeg Fire Department. The goal of this program is to see a smoke alarm properly installed in all Manitoba homes by the end of 2020. For more information about the S.A.F.E. Family Program visit www.safefamily.mb.ca.

Loss Prevention Safety Evaluations

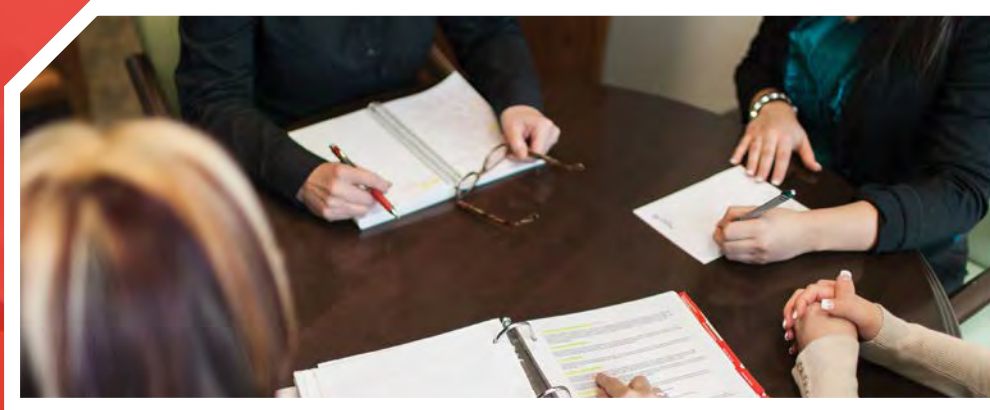
Our Loss Prevention Specialists are trained to identify potential security, fire safety and liability hazard areas and recommend the repairs and upgrades required to keep your home or business safe and operating smoothly.

Commercial Insurance

Business is done a little differently on the Prairies. We should know - we're fortunate enough to live and work here too. Red River Mutual commercial insurance is designed specifically for Prairie businesses.

In 2015 we:

- Enhanced the service capabilities of our growing Commercial and Commercial Farm team;
- Quoted and Bound in excess of \$4 Million of new commercial business;
- Grew our commercial lines premiums by 18%;
- Built stronger relationships with our commercial brokers;
- Continued to reshape Red River Mutual into a leading commercial insurer on the Prairies.



Farm Insurance

Red River Mutual has protected family farms and commercial farms since 1875. We live in farm country – this provides us with the expertise to create customized farm policies for any size operation.

Whether a small mixed farm, a livestock operation, or a large grain and oilseed farm, Red River Mutual has products for every type of operator.

We have been a leader in farm insurance in Manitoba and Saskatchewan for many years and constantly challenge ourselves to provide unique and emerging coverages.

In 2015, Red River Mutual was one of the first insurers in Canada to provide Unmanned Aerial Vehicle coverage on farms for both property and liability coverages.

In 2016, we will be doubling our efforts to reaffirm our position as the best option for Prairie farmers and their evolving commercial farm operations.



Residential Insurance

Whether you have a home or cottage, Red River Mutual has a product to protect your property and contents from damages.

In 2015, we refreshed our “Extra” high-value homeowners’ product which now provides enhanced coverages and limits of insurance for such items as:

- Jewellery
- Sewer Back-Up
- Boat and Motor
- Underground Service Line



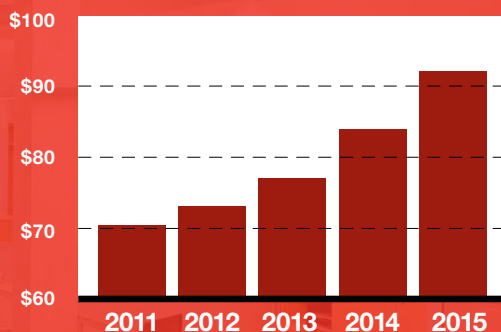
We are committed to providing a quality product for homeowners so our policyholders can enjoy the ‘peace of mind’ that Red River Mutual will be there when you need us most.

Financial Highlights

Financial Highlights

Gross Premiums Written

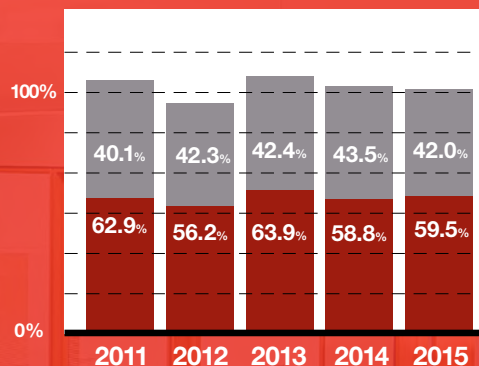
(Millions)



Gross premiums written grew by 8.7% in 2015.

Net Loss & Expense Ratios

(%)

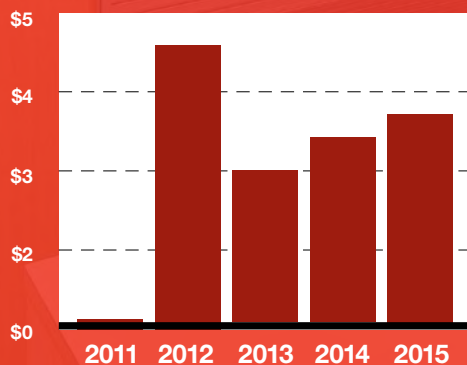


Net Loss Ratio Expense Ratio

The increase in the Net Loss Ratio in 2015 was primarily due to a significant increase in weather related claims, offset by higher reinsurance recoveries. The decrease in the Expense Ratio was driven by the capitalization of costs to Intangible Assets and lower broker compensation costs.

Net Income

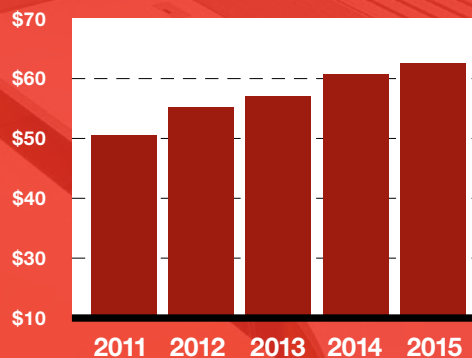
(Millions)



Net income of \$3.6 Million in 2015 reflected the impact of strong investment performance and modest underwriting income.

Equity

(Millions)



The company ended 2015 with equity in excess of \$62 Million.

Statement of Operations

For the year ended December 31
(in thousands of dollars)

	2015	2014
Gross premiums written	91,874	84,518
Premiums ceded	10,783	9,603
Net premiums written	81,091	74,915
Change in unearned premium	3,857	3,607
Net premiums earned	77,234	71,308
Service charges on installment payments	1,211	1,085
	78,445	72,393
Claims incurred		
Gross claims and adjustment expenses	60,216	48,082
Reinsurance portion	(14,302)	(6,155)
Net claims and adjustment expenses	45,914	41,927
Acquisition expenses		
Commissions	19,947	18,803
Premium taxes	3,728	3,432
General expenses	8,780	8,790
	78,369	72,952
Underwriting income (loss)	76	(559)
Net investment income	4,292	5,084
Operating income	4,368	4,525
Income of associates accounted for using the equity method	288	102
Income before income taxes	4,656	4,627
Provision for income taxes	1,032	1,239
Net income for the year	3,624	3,388

Statement of Financial Position

As at December 31
(in thousands of dollars)

	2015	2014
Cash and cash equivalents	8,862	7,280
Investments	84,426	84,623
Investment income accrued	258	524
Receivables	26,050	22,443
Prepaid expenses and deposits	121	134
Deferred policy acquisition expenses	11,646	10,731
Income taxes receivable	536	-
Property and equipment	7,746	7,757
Investments in associates accounted for using the equity method	5,258	4,990
Intangible assets	6,903	818
Reinsurance assets	13,796	9,537
Total assets	165,602	148,837
Liabilities and Equity		
Trade and other payables	14,748	8,947
Income taxes payable	-	322
Insurance contract liabilities	87,897	78,454
Deferred income taxes	178	249
Total Liabilities	102,823	87,972
Equity	62,779	60,865
Total liabilities and equity	165,602	148,837

APPROVED BY THE BOARD OF DIRECTORS



Ray Loewen,
BOARD CHAIR



Frank Friesen,
DIRECTOR