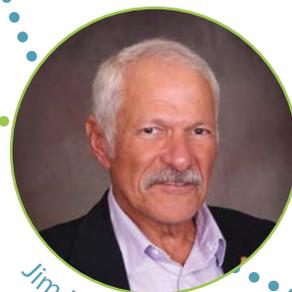


## CHIEF EXECUTIVE OFFICER'S REPORT



Jim H. Sami

On behalf of the OSBIE team, I am very pleased to report on the results of our 30th year in business.

OSBIE had another very successful financial and operational year. On the financial side, we have generated a net income of \$29 million which is an outstanding result for an organization that does not factor any profit margin in its annual actuarial premium projections. This success can be attributed to a number of factors:

- Significant improvement was noted in the loss ratios of all lines of business compared to actuarial projections.
- Sustained reduction in loss frequency which is 38% lower than it had been 10 years ago.
- Substantial investment income by exceeded budgeted expectations.

OSBIE's results enabled the Board of Directors to approve a refund of \$12.5 million to Subscribers, bringing total refunds in the past 10 years to \$52.6 million. This is the largest refund ever declared and the maximum allowable refund (30% of premiums) as prescribed by our Capital Management policy. Even after dispersing this refund, Subscribers' equity in the organization has grown slightly from \$99 million at beginning of year to just over \$117 million at year end.

The chart below illustrates how OSBIE has kept stable premiums over the last 6 years while at the same time consistently provided Subscribers with annual refunds and still achieved growth in Subscribers' equity in the organization.

	2016 (\$)	2015 (\$)	2014 (\$)	2013 (\$)	2012 (\$)	2011 (\$)
Earned Premium	40,092,748	40,523,385	39,846,965	37,614,574	36,416,693	35,297,084
Refund to Subscribers	-12,460,000	-8,320,000	-4,820,000	-3,320,000	-3,000,000	-5,000,000
Surplus	117,287,118	99,043,379	96,648,515	80,167,046	74,024,702	65,572,120

On the operational side, 2016 marked the end of the 5 year subscription period and I am very pleased to note that despite the soft commercial market, 94% of Ontario's School Boards and Authorities (73 Boards and 4 Authorities) have chosen to renew for a further 5 year subscription demonstrating their loyalty to the OSBIE pooling concept and to our shared commitment to Risk Management.

Risk management continues to provide us with competitive advantage in our industry. Our long term and consistent investment in risk management continues to bear fruit as we see a sustained reduction in the overall frequency of losses. Our partnership with our clients through various incentive and audit programs not only help in creating a safer environment for our students and for employees of our schools but also provide tangible financial benefits to the reciprocal and to the School Boards of Ontario.

We measure Subscribers' service satisfaction by way of a rolling quarterly Subscribers' survey. The purpose of this survey is to provide all of our departments with feedback throughout the year of Subscribers' satisfaction of the products and the services that we produce. We also invite, carefully examine and appreciate all of the suggestions and the feedback we get from our Subscribers. We are pleased to report that in 2016 we had a level of satisfaction exceeding 98%. The feedback that we receive through those Subscribers' surveys provides us with solid input that does help us develop future underwriting and risk management plans.

Technology is key to our future success and with the introduction of OSBIE's new software program and portal, we will continue to meet or exceed the service levels and product expectations that our clients have come to expect from us.

The OSBIE staff is our most valuable asset and my thanks go to our management group and to our staff who have embraced and are committed to a culture of continuous improvement. With various retirements taking place and contemplated for the upcoming few years, OSBIE, like many of our school board Subscribers and insurance organizations is undergoing various transformative HR initiatives.

In 2017, we will continue to focus on the implementation of our strategic initiatives. Our aim is to provide our Subscribers with the highest levels of innovative solutions and services to meet their evolving insurance and risk management needs.

My thanks go to our Board of Directors for their unwavering support of the organization and for the guidance, assistance and support that they provided to me throughout the year.

Jim H. Sami



Jim H. Sami  
CHIEF EXECUTIVE OFFICER



## OSBIE'S Global Ends...

OSBIE exists so that Subscribers have protection against insurable financial losses at a stable and competitive premium.

This End is further interpreted to include but not limited to:

1. Customized insurance products and services that meet subscriber needs.
2. Reduction in frequency and severity of losses.
3. Investment of funds to provide revenue to support a stable and competitive premium.