



**HEARTLAND
FARM MUTUAL**
Agribusiness and Rural Protection

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heartlandfarmmutual.com

March 22, 2023

Heartland Farm Mutual Inc.

Dear Mutual Policyholder:

The Annual General Meeting of Heartland Farm Mutual Inc. is being held by teleconference on Wednesday, May 3, 2023 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 4, 2022
- Heartland Farm Mutual Inc. 2022 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 2022 audited financial statements and notes thereto, please visit our website www.heartlandfarmmutual.com.

Please contact Heartland Farm Mutual at 1-800-265-8813 extension 6000 or by email at policyholderinfo@heartlandfarmmutual.com 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 **Wednesday, May 3, 2023** at 1:00 p.m. 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, 2022 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 **Wednesday, May 3, 2023 at 1:00 p.m.**

The information contained herein is given as of the **28th day of February 2023** 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 28, 2023** 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., Eastern time, on April 21, 2023, either to: Computershare, 8th 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: Mr. Paul Broadhead, Ms. Ruphina Kaulback and Mr. John Stein each for a three-year term. Mr. Graeme McPhail 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. Mr. Andrew Dyment resigned from the Board effective May 5, 2022.

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 Finance 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 24th day of February 2023

Louis Durocher
President and Chief Executive Officer and Corporate Secretary

Heartland Farm Mutual Inc.
Minutes of the Annual General Meeting
May 4, 2022
1:00 p.m. by Teleconference Call

Chair, Secretary and Scrutineers	<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>
Registration Report	<p>The registration report was then received. It showed there were 8 mutual policyholders present on the phone for the meeting and 575 mutual policyholders represented by proxy.</p>
Notice of Meeting	<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><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></p> <p>The Chair declared that the meeting was called and properly constituted for the transaction of business.</p>
Minutes of the Last Meeting Resolution	<p><i>Upon motion duly made, seconded and carried unanimously, it was RESOLVED that the reading of the minutes of the last Annual General Meeting and Special Meeting of Policyholders held April 26, 2021 be taken as presented and approved.</i></p>
Chair's Remarks	<p>The Chair presented his report.</p>
Auditor's Report	<p>Kim Haley of the firm KPMG LLP, Chartered Professional Accountants read the Independent Auditor's Report.</p>
Actuary's Report	<p>Nicolas Beaudoin, the Appointed Actuary, read the Actuary's Opinion.</p>
2021 Financial Statements	<p>Michele Falkins, Vice President and Chief Financial Officer presented the 2021 financial statements and her review of the financial performance for the year.</p>
Resolution	<p><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, 2021, including the Independent Auditor's Report and Appointed Actuary's Report be taken as distributed and adopted.</i></p>
Nomination and Election of Directors	<p>The Chair declared the meeting open for the election of Directors.</p>
Resolution	<p><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></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>
Resolution	<p><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></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)

As at December 31, 2022, with comparative information for 2021

	2022	2021
Assets		
Cash	\$ 15,734	\$ 39,537
Invested assets	276,699	254,160
Due from brokers	5,607	6,218
Premiums receivable from policyholders	43,202	38,185
Accrued investment income	1,116	765
Insurance and other receivables	8,404	1,707
Income taxes recoverable	1,211	–
Reinsurers' share of:		
Unearned premiums	412	407
Unpaid claims and adjustment expenses	35,608	20,312
Deferred policy acquisition costs	20,369	19,112
Property and equipment	8,626	8,985
Intangible assets	12,610	11,047
Other assets	199	630
	\$ 429,797	\$ 401,065
Liabilities		
Expenses due and accrued	\$ 5,516	\$ 4,998
Due to other insurers	2,889	79
Due to brokers	7,822	7,856
Deferred income taxes	2,471	2,361
Income taxes payable	–	2,002
Provision for unpaid claims	133,458	117,500
Unearned reinsurance commissions	115	114
Unearned premiums	90,717	84,090
Total liabilities	242,988	219,000
Surplus for the protection of policyholders		
Policyholders' equity	174,655	167,304
Accumulated other comprehensive income	12,154	14,761
Total surplus	186,809	182,065
	\$ 429,797	\$ 401,065

On behalf of the Board: Larry Binning, Chair, Louis Durocher, Director

HEARTLAND FARM MUTUAL INC.

Summary Statement of Income and Comprehensive Income
(in thousands of dollars)

For the year ended December 31, 2022, with comparative information for 2021

	2022	2021
Gross written premiums	\$ 177,831	\$ 151,199
Reinsurance ceded	(17,842)	(13,526)
Net written premiums	159,989	137,673
Change in unearned premiums		
Gross amount	(6,627)	(8,767)
Reinsurer's share	5	(122)
	(6,622)	(8,889)
Net premiums earned	153,367	128,784
Other	1,384	998
Underwriting revenue	154,751	129,782
Underwriting expenses		
Gross claims and adjustments expenses	98,049	57,026
Reinsurer's share of claims and adjustment expenses	(25,536)	(1,436)
Net claims and adjustment expense	72,513	55,590
Commissions	35,611	30,100
Premium taxes	5,618	4,989
Salaries and benefits	10,950	11,349
Operating expenses	10,023	10,132
	134,715	112,160
Underwriting income	20,036	17,622
Interest income	4,991	3,376
Investment expenses	(814)	(594)
Realized gain on available-for-sale financial assets	—	214
Unrealized loss on financial assets at fair value through profit or loss	(14,765)	(4,319)
Income before income taxes	9,448	16,299
Income taxes		
Current	1,987	1,345
Deferred	110	2,920
	2,097	4,265
Net income	\$ 7,351	\$ 12,034
Other comprehensive income (loss)		
Unrealized gain (loss) on available-for-sale assets arising during the period, net of tax \$(952) (2021 - \$1,873)	\$ (2,607)	\$ 5,162
Other comprehensive income (loss)	(2,607)	5,162
Total comprehensive income	\$ 4,744	\$ 17,196

Heartland Farm Mutual Inc.
Statement of Director Attendance
For the year ended December 31, 2022

MEETINGS of the BOARD of DIRECTORS

During 2022, there were six (6) meetings of the Board of Directors.

The number of meetings attended by each Director: Larry Binning (6/6) Paul Broadhead (6/6); Louis Durocher (6/6); John Stein (6/6); Mary Kelly (6/6); Gayle Whittamore (6/6); Lynn MacLean (6/6); Ruphina Kaulback (6/6); Geoff Bishop (4/6); Graeme McPhail (4/4); Andrew Dymont (2/2)

MEETINGS of the FINANCE and AUDIT COMMITTEE

During 2022, 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: Larry Binning (4/4), Paul Broadhead (4/4); John Stein (4/4); Lynn MacLean (4/4); Ruphina Kaulback (4/4); Graeme McPhail (1/1); Andrew Dymont (2/2)

MEETINGS of the RISK COMMITTEE

During 2022, there were four (4) meetings of the Risk Committee.

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

MEETINGS of the CORPORATE GOVERNANCE COMMITTEE

During 2022, there were four (4) meetings of the Corporate Governance Committee.

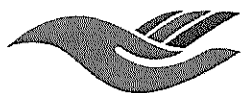
The number of meetings attended by each Director who was a member of this committee: Larry Binning (4/4); Paul Broadhead (4/4); Mary Kelly (4/4); Gayle Whittamore (4/4); Lynn MacLean (4/4); Graeme McPhail (1/1)

MEETING of the CONDUCT REVIEW COMMITTEE

During 2022, there was one (1) meeting of the Conduct Review Committee.

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



HEARTLAND FARM MUTUAL

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

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.

Paul Broadhead

Paul Broadhead joined the Board in 2009 and was Chair from 2017 to 2020. Paul's primary focus outside of Heartland Farm Mutual Inc. Inc. is as an advisor to small and medium sized business owners through his company Blackfriar Group Inc. He has a keen interest in the role of corporate director and is a member of the Institute of Corporate Directors (ICD). He was part of a charter group of ICD members who developed a regional chapter to serve boards in southwestern Ontario.

Ruphina Kaulback

Ruphina joined the Board in 2018. She is a partner in Baker Tilly Nova Scotia Inc. and advises businesses on Canadian taxes, including estate planning, succession planning, corporate reorganization, mergers and acquisitions, and appeals. Ruphina holds the CPA designation. She has worked on several profit and non-profit boards, served with community and business organizations, and lectured at Acadia University as a part-time professor. Ruphina provides presentations to professional and business groups. She has published articles on various tax subjects.

Graeme McPhail

Graeme joined the Heartland Board in 2022. Graeme is a lawyer with broad strategic, legal, governance, transaction and regulatory expertise and has served on a number of business and not-for-profit boards. He worked at Rogers Communications for over 30 years in a number of senior positions, finishing his career as Chief Legal and Regulatory Officer and Corporate Secretary and member of the Executive Leadership Team. Previously, Graeme was a business lawyer with WeirFoulds in Toronto. He holds degrees in economics/political science and law. Since retiring in 2021, Graeme spends much of his time on his farm in Mulmur Ontario.

John Stein

John is a graduate of Western University, BA (Honors) and subsequently earned his CPA designation in Ontario. He recently retired as a Partner in the global professional services firm Ernst & Young (EY). In his client service role at EY John served a large variety of clients, both public and private, in financial services, real estate, construction and health care. Following his career with EY, John has provided financial advisory services to a variety of business owners in areas of transaction support, tax planning, compliance and financial reporting. John is also a member of the Executive of the Board of The London International Airport and chairs its Finance and Audit Committee. John and his wife Joanne live on a small rural property near Poplar Hill.