



The Ostic group would like to offer our best wishes to you and your family during the upcoming holiday season

In recognition of the holiday season, our offices will be closed on the following days:

- **December 23 (Closing at 2:00)**
- **December 26 (Christmas Day)**
- **December 27 (Boxing Day)**
- **January 2 (New Year's Day)**

Other than the dates listed above, our offices are open during regular business hours to help serve you. In case of an emergency after hours claim please call our Claims Alert Hotline toll free at:

(866) 226-0018

Small Cars Are Becoming Safer ...

They may be smaller, but, crash tests show that compact cars have become mightier and much safer over the last few years. Small cars are withstanding front, side, rollover and rear impact collisions much better today than they did five years ago according to the Insurance Institute For Highway Safety.

Their performance in recent crash tests showed improvement over 2006 results – this is partly due to better safety features like electronic stability control (ESC) and improved “crashworthy” vehicle designs.

For 2012, six of thirteen small vehicle models tested have earned the institute’s top safety pick award, compared to only three models chosen back in 2006. While smaller, lightweight cars still are not as safe as the bigger and heavier models, automaker have done a lot to improve the safety features, adding standard side air bags, ESC, while improving crush zones in the front, side and rear of the vehicles.

To test the cars, the Institute puts them through a 63Km/h crash test to gauge how they handle a frontal crash while the side evaluations follow a 50Km/h crash test. The tests also take roof strength into account, measuring strength to weight ratios by pushing a metal bar against the roof of the vehicle. In order to be deemed safe, the roof must be able to withstand stress equivalent to four times the vehicle’s weight before giving way by five inches.

And the winners are ... 2012 Ford Focus, Honda Civic, 2011 Hyundai Elantra, Lexus CT, Nissan Juke, and the Toyota Prius.

Canadian Insurance Magazine
June / 11

Changes To The Drive Clean Program

September 1st saw The Ministry Of Transportation table some important changes to the current Drive Clean Program:

- The requirement for vehicle testing for registration renewal has been moved from 5 years to 7 years
- Vehicles plated “Historic” no longer need to complete the testing process
- Light-duty vehicles no longer require a test for family transfers and lease buyouts by the lessee
- No test is required for license renewal if your light-duty vehicle passed the test in the previous calendar year

No Insurance – No Plate Renewal!

In Ontario it is mandatory for all vehicles to have valid liability insurance coverage. Drivers are required to provide proof of insurance when renewing their plate sticker. As of November 29th, the ministry will have a new tool at their disposal to help confirm the valid coverage electronically.

By partnering with the Insurance Bureau of Canada, the ministry will now have real-time access to an electronic data base that will automatically verify the presence of the automobile coverage.

This will have an impact on any vehicle that is driven seasonally. For example, if you have an older classic car and you choose to “pull” all of the road coverage except for the comprehensive coverage for winter time storage; you will want to speak with your broker and reinstate the full liability coverage before you attempt to renew your plate sticker. The ministry will be checking that the full liability coverage is on the policy prior to the issuance of the plate sticker.

How can we help? Hagerty provides year round coverage for your classic car thereby removing the concern of reinstating coverage before it comes time to renew your plates.

news.ontario.ca

Go For Gold ...

Coined the “asset class of the decade”, gold is one commodity that knows how to impress!

The price of gold has skyrocketed 250% and more over the past five years and 450% in the past ten. It is not surprising that we are now seeing more and more advertisements on television urging gold owners to sell their jewelry or have it melted down for cash.

Many homeowners may not realize that their jewellery may be undervalued given the steep rise in the value of gold. This could result in a coverage gap should a loss occur. Most policies provide a special limit on jewellery coverage but with the increase in the price of gold these values may also be out of date.

How can we help? ... If you feel it is time to have your coverage reviewed then please call us so we can help. It may be time for an updated appraisal to ensure your valuables are properly appraised.



Canadian Insurance Magazine – April / 11

Community Involvement

The Ostic Group remains involved in our communities through charitable and non-profitable donations. Here are just a few of the organizations and events that we have supported this year:

- St. Andrew's HEARTS
- Centre Wellington Food Bank
- Camp Dorset Ride for Dialysis
- Dufferin County Big Brothers & Sisters
- Cure Foundation – 2011 Denim Day
- Elora Lions Christmas Parade
- Elora Rocks Hockey
- Fergus Devil's Hockey
- Rotary - Canadian Open Fiddle Contest
- Shepherd's Cupboard - Shelburne
- Juvenile Diabetes
- 2011 Relay for Life
- Ride for Sight
- 2011 Adopt-A-Family
- ARC Industries in Guelph

This is our way of saying “**Thank You**” by supporting the people and businesses that have helped support us over the past few years.

Looking For Copies of Past Newsletters??

Please check our web-site; we have posted all of our newsletters along with some other interesting industry related information.

January 1st is the date for all businesses in Ontario to have a full AODA (Accessibility For Ontarions With Disabilities Act) program in place. The Ostic Group is AODA compliant and our program will be posted on our web-site by January 1st.

Investment Market Conditions

We realize that anxiety seems to accompany investment portfolio statements lately. Admittedly there has been planet of market turmoil in recent memory, and if you base your investment outlook solely on news headlines, changes are you would be very fearful about the future.

However, there is much to be hopeful for, commerce continues! Read on to see how some our investment partners react to world events that keep others awake at night.

Today, the average investor has many things to be fearful about. The European debt crisis and a potential Chinese slowdown seem to be at the top of the list and deservedly so. Unfortunately, we don't know how the situation in Europe will be resolved or what China's GDP growth will be next year. We don't think anyone in the world actually does. We do understand that issues like these represent headwinds to future global growth and have been saying as much for the last three years.

How do we invest in this type of environment? First, we try to operate in a narrow emotional band. Second, our job isn't to guess the future, but rather to be prepared to deliver superior long-term performance under a wide variety of outcomes. Faced with material headwinds in the global economy for years to come, we think the best course of action is to find businesses that can grow irrespective of what happens in the economy, within a band of reason. We try to avoid situations that depend on macro issues being resolved in order to make money over the long term.

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With all of the negative headlines, it's at times difficult to believe that commerce continues or that it might be possible for a company to grow in today's environment. In spite of this, since the inception of your portfolio, we've been able to find exactly these types of companies.

Let's talk about an example: Intact Financial. Intact is the largest property and casualty (P&C) insurer in Canada – think auto and home insurance. How do P&C insurers make money? They're in the business of taking \$100 from you at the beginning of the year in the form of insurance premiums and then paying out \$95 during the year in the form of accident claims. Furthermore, while they're waiting to pay out the \$95 for your eventual accident, they invest your \$100 to their benefit. Not only do they take more money from you at the beginning of the year than they pay out to you at the end, but, they make money on your money all year long. Sound too good to be true? Oftentimes it is. Few P&C companies have demonstrated a consistent ability to operate in this fashion. Most P&C companies pay out more at the end of the year than they take in at the beginning, hoping to break even with the proceeds from their investments.

Intact is different. The company has a long-term track record of profitable operations. In fact, since 2003, Intact has paid out less than it takes in and has made good returns on that money in the interim. Intact has achieved this due to its relentless focus on lowering costs and its scale advantage. As it relates to scale, being the largest player in Canada allows Intact to draw on a larger database of insured risks to better forecast future losses. In turn, this leads to more effective pricing, which leads to higher profits. We originally purchased Intact in early 2009. Since our original purchase, the

company's profits have increased by over 50% and its share price has almost doubled.

Now, ask yourself the following questions:

- *If Greece defaults on its debt, are you going to give up your car insurance in Canada?*
- *If growth in China slows, are you going to let your home insurance lapse in Canada?*
- *Assuming you answered no to these questions, would you rather purchase insurance from a high-cost provider or a low-cost one?*

Regardless of the macro concerns facing the world, Intact should continue to do well. More people will buy insurance next year in Canada because of population growth. A new car will cost more to replace next year than this year and, therefore, premiums to insure that car will increase. Finally, Intact will continue to take share due to its more effective pricing strategy.

As it relates to valuation, Intact is trading for about an 8% free cash flow yield. That means if we owned 100% of this business, our first-year return would be 8% before growth. Assuming Intact can grow in the future at the same rate that it has in the past, our total return should be above 10% annually over the long term – even if macro headlines continue to give rise to volatility. We don't believe that return will happen smoothly. Short – term volatility will move the share price around a lot. But longer term, Intact should deliver attractive returns just like they have in the past.

In summary, we're pleased with the collection of businesses in your portfolio and excited about their long-term prospects. We continue to approach investing in these markets with a sense of measured confidence. We thank you for your support and look forward to building your wealth

over the long term.

Smart choices can help you reach your retirement goals, regardless of what “the market” is doing. Whether or not you are a client of Ostic Financial Group Limited, consider talking to our investment professionals to see how they can help build and preserve wealth to fund the quest of your dreams.

The preceding article was an excerpt taken from commentary provided by Edge Point Portfolio Manager Tye Bousada in their third quarter assessment of their Canadian portfolio.

Tweet, poke, or shake hands? Are we twits for not twittering??

We are living in the information age: you have probably heard of Facebook. Whether you are just now jumping on the bandwagon, or you have been online since day one, social media is a big part of our lives. As a result, we have set up our own Facebook page.

Let's face facts, some of our clients prefer face to face contact while other rely heavily on email and social media. We are experimenting with another way to help communicate with you. We are new to social media, so let us know how we can deliver the content you want to see. Check us out and “like us” at Facebook.com / Ostic insurance!

We have updated our Web-site to provide better overall service and navigation. Please take an opportunity to visit us at :

www.theosticgroup.com