

**A By-Law relating generally to the transaction**

**of the business and affairs of**

**H T & C Mutual Insurance Company**

**WHEREAS** Hay Mutual Insurance Company and Town & Country Mutual Insurance Company will amalgamate effective January 1, 2021 pursuant to the provisions of the *Corporations Act*, R.S.O. 1990, c.C.38, as amended, and the *Insurance Act*, R.S.O. 1990, c.I.8, as amended, and carry on the business of insurance in Ontario under the name H T & C Mutual Insurance Company (the "Corporation");

**AND WHEREAS** the Corporation will carry on business by license issued under the *Insurance Act* as amended, and be subject to the provisions of Part V of the *Corporation Act*;

**NOW THEREFORE BE IT ENACTED**, and it is hereby enacted as follows:

**OBJECTS**

1. Subject to the powers granted under the Articles of Amalgamation of the Corporation and the *Insurance Act* and the *Corporations Act*, the purposes and business of the Corporation shall be the insuring, under any class of insurance for which a Mutual Insurance Corporation may be licensed in Ontario under the *Insurance Act* and the carrying on of or involvement in any business or activity which a mutual insurance company is permitted to carry on or be involved in.

**HEAD OFFICE**

2. The Head Office of the Corporation shall be located in Zurich, Ontario, or such other place as designated by the directors, subject to the ratification of the members.

## MEMBERS

3. Any person, trustee board, partnership or corporation, insured under a policy issued by the Corporation shall, from the date upon which the insurance becomes effective, be deemed a member of the Corporation so long as such Insurance remains in force, and shall cease to be a member when such insurance is terminated or expires.
4. A reinsurance policy issued to any other insurance company shall not qualify it or any representative of it for membership in the Corporation.
5. Any member, with the consent of the directors, may withdraw from the Corporation upon such terms as the directors may lawfully prescribe, subject to the provisions of the *Insurance Act*.
6. No member shall be liable in respect of any loss or claim or demand against the Corporation beyond the amount unpaid on the member's premium.

## ANNUAL MEETING

7. The annual meeting of the members for the election of directors and the transaction of other business shall be held on such date and at such time and place as shall be fixed by the Directors.
8. Before the election the annual statement for the year ending on the previous 31st of December shall be presented and read to the meeting.
9. The Directors shall, prior to each annual meeting, cause the annual statement for the year ending on the previous 31st of December to be delivered, served upon or made available to each member in the manner prescribed from time to time by the *Corporations Act*, and such annual statement shall be certified by the auditors and shall be in the form prescribed by the regulations made under the *Insurance Act*.
10. If an election of directors is not made on the day on which it ought to have been made, the Corporation shall not for that cause be dissolved, but the election may be held on a subsequent day at a meeting to be called by the directors, or as otherwise provided by the by-laws of the Corporation, as in such case the directors then in office shall continue to hold office until their successors are elected.

## NOTICE OF MEMBERS' MEETINGS

11. Notice of every annual or special general meeting of the Corporation shall be given to the Members of the Corporation in the manner prescribed by the *Corporations Act*.

12. The Chair, or the Directors may call a special general meeting of the Corporation at any time.

### **QUORUM**

13. Seven (7) members present in person shall constitute a quorum for the transaction of business at any general meeting of the Corporation other than a meeting to vote on demutualization, wind up, or any other form of dissolution of the Corporation (except for the discontinuance of the Corporation as a result of its amalgamation with another).

The quorum for a meeting called to vote on demutualization, wind up, or any other form of dissolution (except for the discontinuance of the Corporation as a result of its amalgamation with another), shall require a quorum equaling at least fifty percent (50%) of all of the Corporation's members, to be present in person at the meeting.

### **VOTING AT GENERAL MEETING**

14. At any general meeting, unless a poll is demanded, a declaration by the Chair that a resolution has been carried and an entry to that effect in the minutes shall be prima facie evidence of the fact without proof of the number or proportion of the votes recorded in favour or against such resolution. If a poll is demanded it shall be taken in such manner as the Chair directs consistent with these by-laws.
15. In case of an equality of votes at any general meeting of the Corporation the Chair shall not be entitled to a second or casting vote.
16. A member of the Corporation who is not in arrears for any cash payment due by the member to the corporation is entitled at all meetings of the corporation to one vote if the amount of premium paid by the member annually is in excess of \$25.00 and no member is entitled to more than one vote.
17. Where a policy is made to two or more persons, one only is entitled to vote, and the right of voting belongs to the one first named on the register of policyholders if the person is present, or if not present, to the one who stands second, and so on.
18. Where the member is:
  - (a) a trustee board, any member of the board or its secretary duly authorized in writing my vote on its behalf;
  - (b) a corporation, any director, officer or shareholder authorized in writing may vote on its behalf; and

- (c) where the member is a partnership, any partner duly authorized in writing may vote on its behalf.
19. No applicant for insurance is competent to vote or otherwise take part in the Corporation's proceedings.

## **DIRECTORS**

20. Number of Directors. The Board of Directors shall be composed of twelve (12) directors, who shall be residents of the Province of Ontario.
21. Qualifications of Directors:
- (a) No person is eligible to be or shall act as director unless the person is a member of the Corporation and insured therein for the time the person holds office and is entitled to vote, or if not a member at the time of being elected, becomes a member within one year of being elected.
  - (b) No person is eligible or shall act as a Director unless the person is 18 or more years of age and resident of the Province of Ontario.
  - (c) No undischarged bankrupt shall be a Director, and if the Director becomes a bankrupt, the person thereupon ceases to be a Director.
  - (d) No person shall be eligible for re-election as a director having served a total of (6) consecutive full three year terms. A person may seek re-election after a one year absence from the Board.
22. Where a partnership, corporation or trust has the qualifications that would qualify an individual to be a Director of the Corporation, one member of the partnership, the president or a director of a corporation or any member of the board of the trust or its secretary or treasurer is eligible to be a Director of the Corporation.
23. Notwithstanding any other provision of the By-laws of the Corporation, the following persons are not eligible to be elected as a Director of the Corporation and shall not interfere in the election of Directors:
- (a) An Insurance Broker or Insurance Agent associated with the Corporation, or anyone having a financial interest in an insurance brokerage or insurance agency associated with the Corporation;
  - (b) A Director, Officer, shareholder, employee or agent of an Insurance Brokerage or Insurance Agency business associated with the Corporation;

- (c) An agent or paid Officer of the Corporation (subject to the right of a director who is an officer, such as Chair or Vice Chair to be compensated as a result of holding such office);
  - (d) An officer of the Bankers of the Corporation;
  - (e) An employee of the Corporation, including the President of the Corporation;
  - (f) An employee of any property and casualty insurance company;
  - (g) A Director or Officer of another Insurance Company other than an insurance company which is a subsidiary or affiliate of the Corporation or the Farm Mutual Reinsurance Plan Inc.;
  - (h) A relative of any of the persons identified in subsections (a) through (f) inclusive. For the purposes hereof, relative means a spouse (as defined in the *Corporations Act*), child, step-child, child-in-law, parent, step-parent, parent-in-law, sibling, step-sibling, sibling-in-law, or the spouse of a child, step-child, child-in-law, parent, step-parent, parent-in-law, sibling, step-sibling, or sibling-in-law.
  - (i) A relative (as defined in the previous subsection (h)) of a current Director of the Corporation.
24. Any person who is a director of the Corporation on the effective date of the amalgamation of Hay Mutual Insurance Company and Town & Country Mutual Insurance Company shall not be ineligible to continue to act as such or to be re-elected as a Director, as a result of the application of section 21 of this By-law.
25. Nomination.
- (a) The Board shall annually appoint a Nomination/ Governance Committee consisting of not less than three Members, all of whom need not be directors. To the greatest extent possible the members of the Committee shall represent different communities and areas in the market area of the Corporation, and not all be from the same community or only from the traditional market area of the previous Hay Mutual Insurance Company and Town & Country Mutual Insurance Company.
  - (b) Any person wishing to seek election or re-election as a Director must file notice of their intention in writing with the Chair of the Nomination Committee, care of the Head Office of the Corporation, no less than 90 days in advance of the meeting at which directors are to be elected.
  - (c) The Nomination Governance Committee shall consider all persons who have filed notice of their intention to seek election, including incumbent directors who have

filed notice of their intention to seek re-election, having regard to the provisions of this By-law, the Terms of Reference of the Corporate Governance Committee as set by the Board from time to time and the geographical territories from which directors are to be elected. In considering such persons the Corporate Governance Committee:

- (i) shall confirm each person's qualification to be elected as a director;
  - (ii) shall assess each person's personal and professional integrity and commitment to promote the long term interests of the Corporation, and each person's commitment to devote adequate time to service as a Board member;
  - (iii) may interview any person.
- (d) No less than 45 days in advance of the meeting at which directors are to be elected the Nomination Committee shall present to the Board the names of those persons it recommends for election as directors.
- (e) Any person who filed notice of their intention in writing with the Chair of the Nomination Committee to seek election as a director who is not recommended by the Nomination Committee for election as a director and who is otherwise qualified to be elected as a director, may seek election as a director provided that such person gives notice of their intention to the Corporation no less than 30 days prior to the annual meeting at which the election is to be held.
- (f) The names of the nominees recommended by the Nomination Committee and those who filed notice of intention to seek election under subsection (e) shall be submitted to the Members with the notice of the annual meeting.
26. Retirement of Directors in Rotation. One third of the directors shall retire annually in rotation.
27. Annual Election to Fill Vacancies. At every annual general meeting one-third of the total number of directors shall be elected for a period of three years to fill the places of the retiring directors, who are eligible for re-election.
28. Election of Directors. The election of directors shall be held and made by such members as attend for that purpose in person, or in the case of a corporation, trustee board or partnership, by a director, officer, or member authorized in writing to represent it.
29. The Election shall be by ballot.
30. If two or more members have an equal number of votes, so that less than the whole number to be elected appear to have been chosen directors by a majority of votes, the

members present shall proceed to ballot until it is determined which of the persons so having an equal number of votes shall be the director, or directors.

31. Interim Vacancies in Office. If a vacancy occurs among the directors during the term for which they have been elected, by death, resignation, ceasing to have the prescribed qualifications, insolvency, removal in accordance with section 32 or by absence without previous leave of the directors from three successive regular meetings which shall ipso facto create such vacancy, the vacancy may be filled, until the next annual general meeting by a person duly qualified, chosen by a majority of the remaining directors as soon as may be after the vacancy occurs, and at the next annual general meeting the vacancy shall be filled for the portion of the term still unexpired. An election separate from the election referred to in Article 28 hereof shall be held to fill the vacancy so created, and the provisions of this bylaw relating to the qualifications of a Director and the conduct of the elections of Directors shall apply mutatis mutandis to any election to be held for the purpose of filling such vacancies. If as a result of a vacancy on the Board created as is herein referred to, no quorum of Directors remain, a general meeting of the members shall be called to fill the vacancy.
32. Removal of Director. The members of the Corporation may, by resolution passed by at least two-thirds of the votes cast at a special general meeting of which notice specifying the intention to pass such resolution has been given, remove any director before the expiration of the director's term of office and may, by a majority of the votes cast at such meeting, elect any person who is duly qualified in place of the removed director for the remainder of the removed director's term.
33. Meetings.
  - (a) All meetings of the Directors shall be held at the head office of the Corporation at the call of the Chair or at such other place as may be determined by the Board of Directors from time to time. Regular meetings of the Directors may be held on such date and at such time as determined by the Board. The Board shall meet no less than nine times per year. A special meeting may be called at any time by the Chair and shall be called at any time when required by three Directors.
  - (b) Notice of all meetings of Directors shall be mailed to each Director, not later than the 7th day before the meeting or may be sent by facsimile transmission or by any other form of electronic transmission, such as e-mail (provided there is a written record that such notice has been sent in such manner), not later than the 3rd day before the meeting. Notwithstanding the foregoing, notice of a meeting shall not be necessary if all of the directors are present, and none objects to the holding of the meeting, or if those absent have waived notice of or have otherwise signified their consent to the holding of such meeting. Notice of an adjourned meeting is not required if the time and place of the adjourned meeting is announced at the original meeting.

- (c) With the unanimous consent of all of the Directors present at or participating in the meeting, a director may participate in a meeting of the Board of Directors or in a meeting of a committee of directors by means of such telephone, electronic or other communication facilities as permit all persons participating in the meeting to communicate with each other simultaneously and instantaneously, and a director participating in such a meeting by such means is deemed for the purposes of the Act and this by-law to be present at that meeting. A consent pursuant to this provision may be given before or after the meeting to which it relates and may be a blanket consent, relating to all meetings of the board and/or committees of the board.
- (d) The President and such other officers as the Board may from time to time designate, shall be entitled to notice of and to attend meetings of the Board, subject always to the right of the Board to request that any officer absent themselves from any meeting or part of a meeting of the Board, and they shall not be entitled to a vote.
- (e) A majority of the Directors constitutes a quorum for the transaction of the business, and, in the case of an equality of votes at any meeting, the question passes in the negative.
- (f) Directors disagreeing with the majority at a meeting may have their dissent recorded with their reason therefor.

34. Remuneration. Each Director of the Corporation shall be entitled to:

- (a) An amount determined by the Board of Directors from time to time for attending meetings of the Board, Committees of the Board or members at which their attendance is required by these by-laws or the Chair of the Corporation and for fulfilling their duties as Board Members, provided such amount reflects the average for similar sized companies based on premium written as published in the most recent Ontario Mutual Insurance Association Compensation and Benefit Survey;
- (b) A mileage allowance for necessary mileage in attending such meetings and fulfilling their duties as Directors, at the rate as set from time to time by the Board, using as a benchmark, mileage allowance paid to employees of the Federal Government;
- (c) Such sums in respect of their out-of-pocket expenses incurred in attending such meetings or in the performance by them of their duties as the Board may from time to time approve; and
- (d) Benefits, as may be approved by the Directors from time to time.



- (e) In addition the Officers and Directors may be paid an honorarium for acting as such in such amount as the Board of Directors may from time to time determine.
- 35. Conflict of Interest. Every director who has an interest in any matter coming before the Board of Directors shall declare such interest before such matter is dealt with, shall not participate in any manner with respect to the matter and shall, if the presiding officer determines, leave the room while such matter is being considered.
- 36. Standard of Care. Every director of the Corporation in exercising the powers and discharging the duties of a director, shall act honestly and in good faith with a view to the best interests of the Corporation and shall exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

## OFFICERS

- 37. Chair and Vice-Chair. The directors shall at their first meeting held after each annual general meeting of the Corporation, elect by ballot from among themselves a Chair and a Vice-Chair, and the Secretary shall preside at such elections. The Chair shall preside at all meetings of the members and directors, and shall perform other duties as may pertain to the office of Chair. In the temporary absence of the Chair, the Vice-Chair shall perform the duties of the Chair.  
  
In addition to any directors' remuneration to which they are entitled, the Chair and Vice-Chair shall be paid as a result of his/their holding that office such amount or amounts as the Board of Directors may from time determine.
- 38. Other Officers. The officers of the Corporation shall be the President, the Secretary, the Treasurer, and such other officers as the directors deem necessary. The President shall be the Chief Executive Officer, responsible for the general management and direction of the Corporation, subject to the authority and direction of the Board of Directors, to whom the President shall be accountable.
- 39. Appointment. Such other officers of the Corporation shall be appointed by the directors, who shall specify their duties and remuneration and they shall hold office at the pleasure of the directors.
- 40. Duties may be delegated. Subject to section 37, in the case of the absence or inability of the Chair or Vice-Chair, or any other officer of the Corporation, a majority of the remaining directors may delegate the powers and duties of such officers to any other officer or to any director for the time being.
- 41. Bond. Every officer or person having charge of the money of the Corporation shall be adequately bonded, in favour of the Corporation, in such amount as may be prescribed by

the Executive Director of the Financial Services Regulatory Authority, the *Corporations Act*, or such greater amount as may be prescribed by the Board of Directors. Such bond shall be that of a licensed Guarantee Insurance or Surety Company.

## **PROTECTIONS OF OFFICERS AND DIRECTORS**

42. (a) Limitation of Liability.

Except as otherwise provided in applicable legislation, no Director or officer or past director or officer shall be liable for the acts, receipts, neglects or defaults of any other Director or Officer or employee, or for joining in any receipt or other act for conformity, or for any loss, damage or expense happening to the Corporation through the insufficiency or deficiency of title to any property acquired for or on behalf of the Corporation, or for the insufficiency or deficiency of any security in or upon which any of the monies of the Corporation shall be invested, or for any loss or damage arising from the bankruptcy, insolvency or tortious acts of any person with whom any of the monies, securities or effects of the Corporation shall be deposited, or for any loss occasioned by any error of judgment or oversight on this part, or for any other loss, damage or misfortune whatever which shall happen in the execution of the duties of office or in relation thereto, unless the same are occasioned by such person's own willful neglect or default; provided that nothing herein shall relieve any Director or Officer from the duty to act in accordance with the *Corporations Act*, the *Insurance Act*, or any other pertinent legislation affecting the Corporation (hereinafter referred to in this Article as the "Acts") or from liability for any breach thereof;

(b) Indemnity of Directors and Officers.

Except as provided in applicable legislation, every Director and officer of the Corporation, every former Director or officer of the Corporation or a person who acts or acted at the Corporation's request as a director or officer of a body corporate of which the Corporation is or was a shareholder or creditor, and such person's heirs and legal representatives shall, from time to time, be indemnified and saved harmless by the Corporation from and against all costs, charges and expenses, including an amount paid to settle an action or satisfy a judgment, reasonably incurred by such person in respect of any civil, criminal or administrative action or proceeding to which a person is made a party by reason of being or having been a Director or officer of such Corporation or body corporation, if,

- (i) the person acted honestly and in good faith with a view to the best interests of the Corporation; and

- (ii) in the case of a criminal or administrative action or proceeding that is enforced by a monetary penalty, such person had reasonable grounds for believing that such person's conduct was lawful.

The Corporation shall also indemnify any such person in such other circumstances as the *Corporations Act* or law permits or requires. Nothing in this By-law shall limit the right of any person entitled to indemnity to claim indemnity apart from the provisions of this By-law to the extent permitted by the *Corporations Act* or law.

(c) Insurance.

Subject to the limitations contained in applicable legislation, the Corporation may purchase and maintain such insurance for the benefit of its Directors and officers as such, as the board may from time to time determine.

## COMMITTEES

43. (a) Executive Committee.

The Chair, Vice-Chair and Past Chair shall constitute the Executive Committee of the Corporation, and shall meet at the call of the Chair to advise and assist the President in dealing with emergency business during the intervals between meetings of the Directors or to deal with other routine business in accordance with instructions of the Directors. During the absence or inability of a member of the Executive Committee, some other Director may be invited to act on the Executive Committee in their place and stead.

(b) Other Committees.

The Board shall constitute such other Committees of the Board as may be required from time to time by the *Corporations Act*, the *Insurance Act* or as may be deemed expedient by the Board and, subject to the applicable legislation, the terms of reference of such other Committees shall be as determined from time to time by the Board. Such Committees shall meet at the call of the Chair of the Corporation or the chair of the Committees.

## MINUTES

44. Minutes of all meetings of the directors and all committees shall be recorded by the President or Secretary or some other person appointed by the Directors or the Chair of a committee. Such minutes shall be open for inspection by any director at any reasonable time.

## **EXECUTION OF DOCUMENTS**

45. Such person or persons as are designated by the Board from time to time shall be authorized and shall have power to execute and deliver all policies of insurance deeds, mortgages, leases, or other documents whatsoever requisite or expedient to be executed on behalf of the Corporation, and if required, to attach the corporate seal of the Corporation to any of such documents as executed, and these shall be binding upon the Corporation.

## **BANKS AND BANKING**

46. (a) The bank or banks of the Corporation shall be determined by the Directors from time to time.
- (b) All monies received by the Corporation shall be deposited forthwith in the name of the Corporation in the said banks excepting such amounts as may be expended for small losses, rebates of office expenses, which shall be supported in each case by proper receipts.
- (c) Monies may be withdrawn from the bank account or accounts of the Corporation by such persons and in such manner as may be authorized by the Directors from time to time.
- (d) The Directors of the Corporation may from time to time:
- (i) borrow money upon the credit of the Corporation in such amounts and upon such terms as may be deemed necessary;
  - (ii) charge, mortgage, hypothecate or pledge all or any of the real or personal property of the Corporation, present or future, including book debts and unpaid calls, right, powers, franchises and undertaking to secure any liabilities or any money borrowed or other debt or any other obligation or liability of the Corporation.

## **INVESTMENTS**

47. The Corporation shall invest its funds in any securities or investments in which under the Insurance Act, insurers may invest funds.

48. The Directors shall formulate policies, standards and procedures for the investment of the funds of the Corporation, which policies, standards and procedures shall be reviewed no less than annually and revised as necessary.
49. Purchases, sales and transfers of investments and securities shall be carried out in accordance with the instructions of the directors by such persons who are authorized to do so by the Directors from time to time.
50. Full particulars of all purchase transactions shall be reported to the Board of Directors no less than quarterly.

## INSURANCE

51. Subject to the foregoing Articles, the President, or such other person or persons as may be authorized by the Board from time to time, acting under the instructions of the Directors, shall:
  - (a) Accept or refuse all proposals or applications for insurance and issue policies.
  - (b) Have authority to cancel any policy, but the President shall not cancel the policy of any Director without instructions from the Board of Directors.
52. Limit of Liability. Subject to the foregoing articles, any applicable legislation and the limitations of the charter and license powers of the Corporation, the directors shall fix the limits of liability which the Corporation may assume under any insurance contract, and may vary and alter the same from time to time, and may determine what risk or classes of risk shall be undertaken or refused by the Corporation.
53. Contracts of Insurance. Subject to the foregoing articles and applicable legislation, the Directors or those to whom the Directors may delegate the responsibility, shall approve the forms, terms, and conditions, rates and premiums for all contracts of insurance undertaken by the Corporation.
54. Reinsurance. The Corporation may reinsure any risk in accordance with the *Insurance Act*.
55. Adjustment and Settlement of Claims. Subject to the foregoing articles all claims shall be adjusted and settled in accordance with the policies of the Corporation, as determined from time to time by the Directors, and the terms and conditions of the prevailing policy of insurance and governing legislation.
56. Payment of Claims. The President, or such other person or persons as may be authorized by the Board from time to time, acting under the instructions of the Directors, shall have

full power and authority to discharge all claims arising from any policies of insurance granted by the Corporation.

### **REFUNDS FROM SURPLUS**

57. The Directors may, subject to the applicable legislation, declare a refund at the end of a fiscal year upon such terms and subject to such conditions as the Directors may determine.

### **AUDITORS**

58. The members shall, at each annual meeting, appoint one or more auditors to hold office until the next annual meeting and, if an appointment is not so made, the auditor in office shall continue in office until a successor is appointed.
59. The remuneration of the auditor appointed by the members shall be fixed by the members, or by the directors if they are authorized so to do by the members.
60. It shall be the duty of the auditors to examine all books, vouchers, and accounts of the Corporation, and all documents having reference to the business thereof, at least once in each year.
61. The auditor shall make a report to the members of the accounts and examinations made. The balance sheet and other financial statements shall be in the form prescribed by the Chief Executive Officer of the Financial Services Regulatory Authority of Ontario.
62. The auditor shall sign a certificate at the foot of the financial statements stating whether the auditor has verified the assets and liabilities of the Corporation as at the date thereof; whether the statements are in accordance with the books and information given to the auditor and whether, in the opinion of the auditor, the financial statements set out truly and correctly the financial position of the Corporation as at the date thereof.

### **INTERPRETATION**

63. In this by-law and in all other by-laws of the Corporation hereafter passed, words, importing the singular number shall, unless context otherwise requires, include the plural number, as the case may be, and persons shall include firms and corporations.

**AMENDMENTS TO BY-LAWS**

64. Any by-laws, other than those which are restatements of statutory provisions, may from time to time be repealed, amended, varied or otherwise dealt with in accordance with the *Corporations Act*.

Any relevant amendment to the applicable Acts enacted after the date on which these by-laws are approved by the members of the Corporation, shall be amendments to these by-laws on and after the day on which they receive Royal assent.

**Enacted by the Boards of Directors of the amalgamating Corporations on the date shown.**

Hay Mutual Insurance Company

\_\_\_\_\_ Date:  
Chair Secretary: Shawn Durnin

Town & Country Mutual Insurance Company

\_\_\_\_\_ Date:  
Chair: Secretary: Rob Pearson