

By-Law No. 1 – 2018

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

**of the business and affairs of**

**Caradoc Townsend Mutual Insurance Company**

**WHEREAS** Caradoc Delaware Mutual Insurance Company and Townsend Mutual Insurance Company will amalgamate effective January 1, 2018 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 Caradoc Townsend 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 transacting and undertaking of 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.

**SEAL**

2. The seal, an impression whereof is stamped on the margin hereof, shall be the seal of the Corporation.

**HEAD OFFICE**

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

## **MEMBERSHIP**

4. 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. 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. Members Liability. No member shall be liable in respect of any loss or claim or demand against the Corporation beyond the amount of his unpaid 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 the Directors may determine in accordance with the *Corporations Act*.
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. 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 GENERAL MEETING**

10. 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*.
11. The Chair, or the Directors may call a special general meeting of the Corporation at any time.
12. 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*.

### **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.

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, present in person.

### **VOTING AT GENERAL MEETING**

14. At any general meeting, unless a poll is demanded, a declaration by the chairman 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 chairman directs consistent with these by-laws.
15. In case of an equality of votes at any general meeting of the Corporation the chairman shall not be entitled to a second or casting vote and the motion shall be lost.
16. A member of the Corporation who is not in arrears for any cash payment due by him to the corporation is entitled at all meetings of the corporation to one vote if the amount of premium paid by him 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 he is present, or if not present, to the one who stands second, and so on.
18. (a) Where property is insured by a trustee board, any member of the board or its secretary-treasurer duly appointed in writing pursuant to its resolution may vote on its behalf.  
  
(b) Where property is insured by a partnership or a Corporation, any one member of the partnership or any one Director or Officer of the Corporation who is duly appointed in writing pursuant to a Resolution of the partnership or Corporation may vote on behalf of the partnership or Corporation.

19. No applicant for insurance is competent to vote or otherwise take part in the Corporation's proceedings.
20. Chairman of Meeting The Chair of the Board, or in his absence the Vice-Chair of the Board shall act as Chairperson at meetings of the Members.

## **DIRECTORS**

21. Number of Directors. The business of the Corporation shall be conducted by 12 directors, who shall be residents of the Province of Ontario.
22. Qualifications of Directors:
  - (a) No person is eligible to be or shall act as director unless he is a member of the Corporation and insured therein for the time he holds office and entitled to vote and pays a premium in excess of \$25.00 annually.
  - (b) No person shall be eligible for election after the age of 75 years or having served as a director for 6 consecutive three year terms; provided that if otherwise eligible to be elected a Director, after being elected for 6 consecutive three year terms, a person shall be re-eligible for election to the Board following a one-year absence from the Board.
  - (c) Notwithstanding any other provision in the bylaws of the Corporation, at any one time, there may be one director who is not a Member of the Corporation, with such person's consent in writing. All other directors shall be a member of the Corporation and shall have been a Member insured continuously for a minimum period of one (1) year prior to the time he or she seeks office.
  - (d) No person is eligible or shall act as a Director unless he is 18 or more years of age and resident of Canada.
  - (e) No undischarged bankrupt shall be a Director, and if the Director becomes a bankrupt, he or she thereupon ceases to be a Director.
23.
  - (a) Where a partnership has the qualifications that would qualify an individual to be a director of the Corporation, one member of the partnership is eligible to be a director of the Corporation.
  - (b) The President or Director of a member of the Corporation that has the qualifications that would qualify an individual to be a Director is eligible to be a Director of the Corporation.

24. 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;
  - (d) An officer of the Bankers of the Corporation;
  - (e) An employee of the Corporation, including the President of the Corporation;
  - (f) 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.;
  - (g) A spouse, child, parent, parent-in-law or sibling of any person referred to herein. For the purposes hereof, "spouse" shall be as defined in Part III of the *Family Law Act* of Ontario and "child" shall include step-children
25. Nomination. The Board shall annually appoint a Nomination Committee consisting of four 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 Caradoc Delaware Mutual Insurance Company and Townsend Mutual Insurance Company.
- No less than 30 days prior to each annual general meeting of the Members, the Nomination Committee shall compile a list of qualified nominees for the elected positions available on the Board, having regard to the provisions of this By law and the Terms of Reference of the Nomination Committee, as set by the Board from time to time. The list of such nominees shall be submitted to the Members together with the notice of the annual general meeting.
- Any other member having the required qualifications may seek election as a director provided that such person gives notice of his or her intention to the Corporation no less than 20 days prior to the annual general meeting at which the election is to be held.
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.
  - (a) 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.
  - (b) 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 his term of office and may, by a majority of the votes cast at such meeting, elect any person who is duly qualified in his stead for the remainder of his term.
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 28(b) 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(a) 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. Meetings. Regular meetings of the Board may be held at such time and place as agreed upon by the Board from time to time. A special meeting of the Board may be called at any time by the Chair and shall be called at any time when required by three Directors. Notice of all meetings shall be mailed, delivered, sent by facsimile or e-mail or other electronic

transmission, or otherwise given to each director not later than the seventh day before the meeting.

Notice of all meetings shall be mailed, delivered, sent by facsimile or e-mail or other electronic transmission, or otherwise given to each director not later than the seventh business day preceding the date of the meeting; provided that notice of regularly scheduled meetings of the Directors need not be given. The President and such other persons 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 such person or persons absent himself from any meeting or part of a meeting of the Board. Such person or persons shall not be entitled to a vote.

If all the directors present at or participating in the meeting consent, a meeting of directors or of a committee of directors may be held by 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 the meeting by those means is deemed to be present at the meeting.

33. Quorum. A majority of the directors shall constitute a quorum for the transaction of business, and in the case of an equality of votes at any meeting the question passes in the negative.
34. A director disagreeing with the majority at a meeting may have his dissent recorded with his reason therefor.
35. Remuneration. Each director shall be paid such fee for attending Board and Committee meetings as the Board of Directors may from time to time determine, provided that the fee is no more than the average of fees paid to directors of the companies of the Ontario Mutual Insurance Association ("OMIA") from time to time as disclosed in the most current OMIA Compensation and Benefit Survey. Each Director shall also be paid a mileage allowance equal to that paid to employees of the Federal Government as reported at December 31st of the previous year.

In addition the Chair, Vice-Chair, Past Chair, 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, provided that the honorarium is no more than the average of honorariums or fees paid for such positions as disclosed in the most current OMIA Compensation and Benefit Survey. The Directors may also award honorariums to other directors or officers for extraordinary duties undertaken or offices held by them.

## **OFFICERS**

36. 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. They shall hold office for one year, or until their successors are elected. 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 absence of the Chair, the Vice-Chair shall perform the duties of the Chair.

37. Other Officers. The officers of the Corporation shall be the President, the Secretary, and 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 he or she shall be accountable.
38. 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.
39. Duties may be delegated. Subject to section 35, 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.
40. Bond. The Secretary, Treasurer, Directors, Officers and all Employees 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 Superintendent, 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**

41. (a) Limitation of Liability.

Except as otherwise provided in the *Corporations Act*, 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 his office or in relation thereto, unless the same are occasioned by his 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 the Acts, 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 his 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 him in respect of any civil, criminal or administrative action or proceeding to which he is made a party by reason of being or having been a Director or officer of such Corporation or body corporation, if,

- (1) he acted honestly and in good faith with a view to the best interests of the Corporation; and
- (2) in the case of a criminal or administrative action or proceeding that is enforced by a monetary penalty, he had reasonable grounds for believing that his 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 the Acts, 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

42. (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 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 his place and stead.

(b) Other Committees.

The Board shall constitute as standing committees of the Board an Investment Committee, an Audit Committee, a Conduct Review Committee and a Nomination Committee, the terms of reference of which shall be as prescribed by the *Insurance Act* and the Board from time to time. The Board shall also establish or designate a committee of the directors to monitor the application of procedures established by the Board for identifying potential conflicts of interest and resolving conflicts of interest that may arise. The Board may constitute such other Committees of the Board as may be required from time to time by the Act or deemed expedient by the Board. Subject to the *Insurance Act* and the *Corporations Act*, the terms of reference of such other Committees shall be as determined from time to time by the Board. Committees shall meet at the call of the Chair of the Corporation or the Chair of the Committees.

### **EXECUTION OF DOCUMENTS**

43. 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 to attach the corporate seal of the Corporation to any of such documents as executed aforesaid and these shall be binding upon the Corporation.

### **MINUTES**

44. Minutes of all meetings of the directors and all committees shall be recorded by the President or Secretary or someone appointed by the Directors. Such minutes shall be open for inspection by any director during normal business hours of the Corporation at the head office of the Corporation or at such other location as the Corporation is authorized to maintain such records.

### **BANKS AND BANKING**

45. (a) The bank or banks of the Corporation shall be such banks, trust companies or other firms or corporations as may from time to time be designated by or under the authority of the board.
- (b) All monies received by the Corporation shall be deposited forthwith in the name of the Corporation in the said banks, trust companies or other firms or corporations 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 approved 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

46. The Corporation shall invest funds in any securities in which, under the *Insurance Act*, Mutual Insurance Companies may invest funds. 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 in accordance with the *Insurance Act* and revised as necessary..

## INSURANCE

47. 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.
48. 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.

49. Reinsurance. The Corporation may reinsure any risk in accordance with the *Insurance Act*.
50. 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.

### **REFUNDS FROM SURPLUS**

51. The directors may declare a refund from surplus at the end of a calendar year upon such terms and subject to such conditions as they may determine.

### **AUDITORS**

52. 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.

The remuneration of the Auditors shall be fixed by the Board of Directors.

### **INTERPRETATION**

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

### **AMENDMENTS TO BY-LAWS**

54. 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.**

Caradoc Delaware Mutual Insurance Company

\_\_\_\_\_  
Chair:

\_\_\_\_\_  
President:

\_\_\_\_\_  
Date

Townsend Mutual Insurance Company

\_\_\_\_\_  
Chair:

\_\_\_\_\_  
President: Neil Shay

\_\_\_\_\_  
Date