



**TO THE MEMBERS OF  
TOWNSEND MUTUAL INSURANCE  
COMPANY**

in respect of the proposed Amalgamation of  
Townsend Mutual Insurance Company and  
Caradoc Delaware Mutual Insurance Company

**Notice of Meeting**

Attached is your Notice of the Special General Meeting of the Members of the Company to be held on June 28, 2017 at 7:00 p.m., at the Waterford Heritage & Agricultural Museum, 159 Nichol Street, Waterford, Ontario.

**Purpose of Meeting**

The purpose of the Meeting is to consider the amalgamation of the Company with Caradoc Delaware Mutual Insurance Company.

**Background and Approvals Received**

The Boards of Directors of Caradoc Delaware Mutual Insurance Company and Townsend Mutual Insurance Company have been discussing amalgamation and have been investigating the advantages to the Companies, and their policyholders, of an amalgamation. In considering an amalgamation, each of the Boards, with the assistance of senior management and legal and accounting advisors, conducted appropriate due diligence examinations and reviewed pertinent documents and financial information relating to the other company.

The Boards of both companies have unanimously concluded that an amalgamation will better position the companies for the future in providing competitive insurance services and products to the policyholders of both companies. Further, the amalgamation would allow the companies to take full advantage of new and innovative technology, in a cost effective and efficient manner, while maintaining the principles of mutual insurance that are currently enjoyed by the policyholders of both companies.

Combining the personnel, capabilities, and assets of the two companies will create a stronger company that is able to focus on the needs of future, while maintaining the personal touch that the policyholders expect today.

The principles underlying this amalgamation include:

The amalgamated company will maintain the local presence at both current office locations – Mount Brydges and Waterford;

The amalgamated company will maintain each of the companies' employees in each location;

The amalgamated company will continue the relationship with each of the companies' agents and brokers and maintain the current distribution system;

Claims service and adjudication on a local level will continue;

The amalgamated company will continue to be part of the Fire Mutual Guarantee Fund which provides financial protection to all member mutual insurance companies in Ontario;

The Board of Directors of the amalgamated company will have 12 directors, initially selected from each of the companies' Boards.

Important benefits that will be realized from an amalgamation include:

- The ability to build better and deeper product solutions sets for our members;
- Broader geographic spread of risk;
- Sharing the costs and benefits of identified, and required, technology and computer system improvements;
- Enhanced predictability of financial results, driven by larger volumes; and
- Full access to automobile insurance for the current policyholders of Caradoc Delaware Mutual Insurance Company.

The detailed Business Plan for the amalgamated insurance company identifies many other benefits and is available for viewing on the company website.

The Amalgamation Agreement, By-law 1 – 2018 (the general organizational bylaw for the amalgamated company), and the new name ("**Caradoc Townsend Mutual Insurance Company**") have all been submitted to the Financial Services Commission of Ontario for review and approval under the *Insurance Act*, and the Superintendent of Financial Services Commission of Ontario has granted permission for the Companies to pursue amalgamation and sign the Amalgamation Agreement.

The amalgamation must be approved by at least two thirds of the votes cast at Special General Meetings of the Members called for the purpose of considering the amalgamation and then receive final approval of the Superintendent of Financial Services.

As a policyholder of the Company, you will see little change in your dealings with the amalgamated company. The current offices of both of the companies will be maintained after amalgamation, ensuring that the needs of all policyholders are supported through continued local and

personal service and contact. You will continue to deal with your current insurance agent or broker and claims service will continue without disruption at each of the two offices. Each of the companies are committed to maintaining existing relationships and service levels.

The Company has prepared an Amalgamation Information Package for your review which includes the Amalgamation Agreement between the Company and Caradoc Delaware Mutual Insurance Company, the reasons for Amalgamation and the Business Plan for the amalgamated company. The Amalgamation Information Package is available on the Company's website ([www.townsendmutual.com](http://www.townsendmutual.com)) and will be sent by mail to any Member upon request.

### **Voting by Proxy**

The Directors of the Company are providing you with this information package and request that you vote by proxy in favour of amalgamation.

Members of the Company are entitled to vote by proxy or to attend the Meeting in person and vote at the Meeting. Members may vote on the matters to be considered at the Meeting by using the proxy form included in this package. If you can't attend the Meeting in person, you can still vote by using the proxy form. If you do not send in your proxy, you can still attend the Meeting and vote in person. However, we strongly recommend that you vote by proxy, whether or not you plan on attending the Meeting.

It is expected that the solicitation of proxies will be primarily by mail, but proxies may also be solicited personally or by telephone by the directors, employees, brokers, and agents of the Company.

### **Deposit of Proxies**

To be valid, a proxy must be completed and signed by the Member (or his or her attorney that has been authorized in writing) and must be sent or delivered to the Company at its head office at 780 Old Highway 24, Waterford, ON N0E 1Y0, so that it arrives not later than 7:00 p.m. on June 26, 2017. A return envelope with postage prepaid is enclosed for your convenience.

### **Revocation of Proxies**

A Member may revoke a proxy by delivering written notice to the Company's head office up to 5:00 p.m. on June 27, 2017. Alternatively, a Member can revoke a proxy by delivering the written notice to the Chair of the Meeting on the day of the Meeting. In either case, a written notice to revoke a proxy must be signed by the Member and must include the Member's policy number. This means that if you send in a vote by proxy using the enclosed proxy form you can still attend the Meeting, revoke your proxy, and vote as you wish at the Meeting.

**TOWNSEND MUTUAL INSURANCE COMPANY**

Notice of a

**SPECIAL GENERAL MEETING**

of the Members

**NOTICE** is hereby given that a Special General Meeting of the Members of Townsend Mutual Insurance Company will be held on the 28<sup>th</sup> day of June, 2017 at 7:00 p.m., at the **Waterford Heritage & Agricultural Museum, 159 Nichol Street, Waterford, Ontario**, for the following purposes:

1. To seek the approval of the members of the Amalgamation Agreement between the Corporation and Caradoc Delaware Mutual Insurance Company which provides for the amalgamation of the two corporations under the name "Caradoc Townsend Mutual Insurance Company" which has been approved by the Directors of the Corporation, with the amalgamation to be effective January 1, 2018.
2. To seek the approval of the members of By-law 1 – 2018, being a general By-law relating to the business and affairs of the Amalgamated Corporation, Caradoc Townsend Mutual Insurance Company, to be effective January 1, 2018.

Copies of the Amalgamation Agreement and By-law 1 – 2018 are posted on the Corporation's website at [www.townsendmutual.com](http://www.townsendmutual.com) as part of a Member's ("policyholder") Information Package that also contains a Business Plan, Declarations of no distribution by the President of the Corporation and the Chair of the Board of Caradoc Delaware Mutual Insurance Company, and Certificates of the Secretary of each Amalgamating Corporation confirming director approval of the amalgamation. Copies are also available for review at the Corporation's offices at 780 Old Highway 24, Waterford, ON N0E 1Y0, and will be mailed out to any policyholder who requests such copies. Copies of all of the foregoing will also be available at the meeting.

The Amalgamation Agreement requires the approval by no less than 2/3rds of votes cast at the Meeting.

The proposed amalgamation remains subject to the approval of the Superintendent of Insurance.

Dated the 29<sup>th</sup> day of May, 2017

Neil Shay, President  
Townsend Mutual Insurance Company