

**A By-Law relating generally to the transaction  
of the business and affairs of  
Halwell Dumfries Mutual Insurance Company**

**WHEREAS** Dumfries Mutual Insurance Company and Halwell Mutual Insurance Company will amalgamate effective January 1, 2024 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 Halwell Dumfries 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 to each the Corporation under its constating documents and the *Insurance Act* and the *Corporations Act*, the purpose and business of the Amalgamated Corporation shall be the undertaking and transacting of any class of insurance for which a mutual insurance corporation may be licensed 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 Guelph, Ontario or such other place as designated by the Directors, subject to the ratification of the Members.

**MEMBERS**

3. Any person, which term includes an individual, sole proprietor, partnership, trust, unincorporated organization, or corporate body, 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; provided that a reinsurance

policy issued to any other insurance company shall not qualify it or any representative of it for membership in the Corporation.

4. 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*.
5. 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**

6. 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 in accordance with the *Corporations Act*.
7. Before the election, the annual statement for the year ending on the previous 31st of December shall be presented and read to the meeting.
8. 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**

9. Notice of every annual or special general meeting of the Members of the Corporation shall be given to the Members in the manner prescribed by the *Corporations Act*.
10. The Directors may call a special general meeting of the Corporation at any time.
11. The Directors shall, prior to each annual meeting, make available to each Member, in the manner and within the time prescribed by the *Corporations Act*, a copy of the annual statement for the year ending on the previous 31st of December, 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**

12. 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).

13. 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. Any By-law or By-law amendment passed by the Board of Directors to amend this provision shall not be effective until confirmed at a general meeting of the Members.

### **VOTING AT MEMBERS' GENERAL MEETING**

14. (a) 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.  
  
(b) Subject to sections 21 and 31 hereof, if permitted by the Act a vote may be conducted entirely by one or more telephonic or electronic means or by a combination of one or more telephonic or electronic means and voting in person.
15. In case of an equality of votes at any general meeting of the Corporation, the Chair shall have 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 property is insured by a trustee board, a partnership or a corporation, any one Member of the trustee board or the partnership, or any one Director of the corporation who is duly appointed and authorized in writing pursuant to a resolution of the trustee board, partnership or corporation may vote on its behalf.
19. No applicant for insurance is eligible to vote or otherwise take part in the Corporation's proceedings until the applicant's application has been accepted by the Corporation.
20. Members' Meetings shall be conducted in accordance with "Call to Order: Meeting Rules and Procedures for Non-Profit Organizations", by Herb Perry and Susan Perry.

## **ELECTRONIC MEETINGS**

21. Subject to being permitted by the *Corporations Act*, a meeting of Members may be held entirely by one or more telephonic or electronic means or by any combination of in-person attendance and telephonic or electronic means, provided:
- (a) the Corporation makes available means for the holding of such meetings that permit Members to communicate adequately with each other during the meeting and to reasonably participate; and
  - (b) if there is to be an election of directors at such meeting, the Corporation has implemented a process by which votes may be verified as having been made by Members entitled to vote and the Corporation is not able to identify how each Member voted.

Any member who participates in the meeting by telephonic or electronic means or votes shall be deemed to be present in person at the meeting.

22. Subject to the Act and section 21, the directors may determine that any meeting be held entirely by telephonic or electronic means.

## **DIRECTORS**

23. Number of Directors. The Board of Directors shall be composed of twelve (12) Directors. The number of Directors may be changed from time to time in accordance with the *Corporations Act*.
24. Qualifications of Directors:
- (a) A Director shall be eighteen (18) or more years of age and a resident of the Province of Ontario
  - (b) 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.
  - (c) No undischarged bankrupt shall be a Director, and if the Director becomes bankrupt, the person thereupon ceases to be a Director.
  - (d) No person shall be eligible for election or appointment as a director for more than five (5) consecutive full three (3) year terms. The number of terms of each director who was a director of either Dumfries Mutual Insurance Company or Halwell Mutual Insurance Company prior to the amalgamation of those Companies shall be taken into account.

25. Where a partnership or trustee board has the qualifications that would qualify an individual to be a Director of the Corporation, one Member of the partnership, or trustee board that has the qualifications that would qualify an individual to be a Director is eligible to be a Director of the Corporation.

The president or a Director of a Member corporation that has the qualifications that would qualify an individual to be a Director is eligible to be a Director of the Corporation.

26. Nominations:

- (a) There shall be a Nomination Committee consisting of no less than three Members, all of whom need not be directors. The mandate of the Committee will each year compile a list of nominees for election to the Board from those persons who have filed notice of their intention to seek election in accordance with section 26(b) and persons identified by the Committee as potential nominees, having regard to the Board's skill set requirements and needs.
- (b) Any person wishing to seek election or re election as a Director must file his/her intention in writing with the Chair of the Committee prior to the 1<sup>st</sup> day of October preceding the Annual General Meeting at which election or re-election as a director is sought.
- (c) The Committee shall consider all persons who have filed notice of their intention to seek election, including incumbent directors who have filed a notice as well as any other persons identified by the Committee as potential nominees. In considering such persons the 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 his or her commitment to devote adequate time to service as a Board member;
  - (iii) may interview any person.

A majority of the Committee Members shall approve each nominee.

- (d) The Committee shall present to the Board the names of the nominees for election to the Board, in any given year. The names of those persons recommended by the Nomination Committee who are then approved by the Board shall be submitted to the Members with the notice of the annual general meeting.
- (e) Any nominee who filed notice of intention to seek election under section 26(b) and who is not recommended by the Nomination Committee may still seek

election as a director provided that such person gives notice of his or her intention to Corporation no less than 45 days prior to the annual general meeting at which the election is to be held.

27.1 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) A Director or Officer of another Insurance Company which competes with or sells the same or similar insurance as the Corporation, other than an insurance company which is a subsidiary or affiliate of the Corporation or the Farm Mutual Reinsurance Plan Inc.;
- (g) 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, grandparent, grandchild, or the spouse of any of them.
- (i) A relative (as defined in the previous subsection (g) of a current Director of the Corporation.

27.2 No two Directors may have the same employer directly or indirectly through common corporate ownership or otherwise or to be financially associated, for example, by similar sources of material employment income or material consulting income.

28. Retirement of Directors in Rotation. One third of the Directors, or if the number of Directors is changed in accordance with the Act to a number that is not divisible by three,

as close to one-third of the Directors as is mathematically possible, shall retire annually in rotation.

29. Annual Election to Fill Vacancies. At every annual general meeting there shall be elected one third of the total number of Directors to fill the places of the retiring Directors, who are, subject to compliance with sections 24, 25 and 27, eligible for re-election. In the event the number of directors is changed to a number that is not divisible by three, the number whose terms expire in any given year shall not exceed by more than one the number whose terms expire in any other year.
30. Removal of Director. A Director may be removed from office and shall thereupon cease to be a Director of the Corporation upon a resolution being passed to remove the Director by at least 2/3 of the votes cast at a general meeting of which notice specifying the intention to pass such a resolution was properly given.
31. 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.
32. The Election shall be by ballot. On each ballot, a Member shall be entitled to vote for up to as many candidates as there are vacancies on the Board to be filled. No Member is entitled to more than one vote.
33. 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.
34. 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 30 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 31 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 with necessary modification 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 remains, a general meeting of the members shall be called to fill the vacancy.

35. Meetings.

- (a) All meetings of the Directors shall be held at a time and place at the call of the Chair or according to the adjournment of the previous meeting. Regular meetings of the Directors shall be held at such time and place as the Board may determine, with the first meeting to be held immediately after the annual general meeting. A special meeting of the Directors may be called at any time by the Chair and shall be called at any time when required by three Directors.
- (b) 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.
- (c) Subject to the *Corporations Act* the directors may determine that any meeting be held entirely by telephonic or electronic means.
- (d) If Directors are permitted to attend and participate by telephonic or electronic means, the notice of the meeting must include instructions for attending and participating in the meeting by the telephonic or electronic means that will be made available for the meeting, including, if applicable, instructions for voting by such means at the meeting.
- (e) Directors' Meetings shall be conducted in accordance with "Call to Order: Meeting Rules and Procedures for Non-Profit Organizations, by Herb Perry and Susan Perry.
- (f) A majority of directors shall constitute a quorum for the transaction of business. In the case of equality of votes at any meeting, the question passes in the negative.

36. Recording Dissent. A director disagreeing with the majority at a meeting may have his dissent recorded with his reasons therefore.

37. Notice of meetings. Notice of all meetings as referred to in Section 32 shall be given to each Director no later than the seventh day before the meeting, in the following manner:

- (a) delivered personally, in which case it shall be deemed to have been given when so delivered;
- (b) mailed, at the recorded address by prepaid ordinary mail, in which case it shall be deemed to have been given on the fifth day after it is deposited in a post office or public letter box; or

- (c) sent by any means of facsimile or electronic transmission, in which case it shall be deemed to have been given the first business day after the facsimile or electronic transmission.

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.

38. 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;
- (b) A travel allowance for necessary travel 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, the travel 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.

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.

## **OFFICERS**

- 39. 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 Corporate 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 Directors, and shall perform other duties as may pertain to the office of Chair. In the temporary absence or inability to act of the Chair, the Vice-Chair shall perform the duties of the Chair. In the event a vacancy occurs in the office of the Chair due to any of those causes referred to in Section 31 hereof, the remaining Directors shall elect from among themselves a replacement Chair.
- 40. Other Officers. The Officers of the Corporation shall be the President, the Corporate Secretary, the Treasurer (who may also be known as the Chief Financial Officer), 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.

41. 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.
42. 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.

## **COMMITTEES**

43. (a) Executive Committee.

The Board may establish an Executive Committee, consisting of no less than three Directors. If established, the Committee 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. A majority of the Members of the Committee shall constitute a quorum for meetings of the Committee.

- (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*, the By-laws of the Corporation, 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.

## **PROTECTIONS OF OFFICERS AND DIRECTORS**

44. (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 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.

### **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 these shall be binding upon the Corporation.

### **MINUTES**

46. The Secretary shall be responsible to ensure that minutes of all meetings of the directors, committees of the Board and members are recorded. Such minutes shall be open for inspection by any Director.

### **FINANCIAL INSTITUTIONS AND BANKING**

47. (a) The bank of the Corporation shall be such bank or banks or financial institutions as the Directors may from time to time appoint.
- (b) All monies received by the Corporation shall be deposited forthwith in the name of the Corporation in the said bank 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 by such persons and in such manner as may be authorized by the Directors from time to time.
- (d) Such person or persons as may from time to time be authorized by the Directors to do so on behalf of the Corporation, may issue receipts on behalf of the Corporation and may discharge of any security for money held by the Corporation;
- (f) Such person or persons as may from time to time be authorized by the Directors to do so on behalf of the Corporation, shall have access to any safety deposit box rented by the Corporation;

- (g) Subject to the foregoing Sections and any applicable legislation, but without limiting the borrowing powers of the Corporation as set forth in the *Corporations Act*, the Directors of the Corporation may, from time to time:
- (i) borrow money upon the credit of the Corporation by obtaining loans or advances or by way of overdraft or otherwise; in such amounts and upon such terms as may be deemed necessary.
  - (ii) charge, mortgage, or pledge all or any of the real or personal property of the Corporation, present or future, including book debts to secure any liabilities or any money borrowed or other debt or any other obligation or liability of the Corporation.

### **INVESTMENTS**

- 48. The Corporation shall invest its funds in securities or investments in which, under the *Insurance Act*, insurers may invest funds.
- 49. 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.

### **REFUNDS FROM SURPLUS**

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

### **AUDITORS**

- 51. 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.
- 52. The remuneration of the auditor shall be fixed by the Board of Directors and the directors are hereby authorized by the Members to do so.
- 53. The auditor shall make a report to the Members in the form prescribed by the Chief Executive Officer of the Financial Services Regulatory Authority of Ontario and the *Insurance Act*.

**INTERPRETATION**

54. 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 be interpreted in accordance with section 4 hereof.

**AMENDMENTS TO BY-LAWS**

55. 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.**

**Dumfries Mutual Insurance Company**

*"Harry Bryant"*

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Chair:

*"Rocco Neglia"*

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Secretary:

Date: June 13, 2023

**Halwell Mutual Insurance Company**

*"Stephen Graham"*

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Chair:

*"Tom Seaman"*

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Secretary:

Date: June 13, 2023