

By-Law 2017-1

A By-Law relating generally
to the transaction of the business
and affairs of

TRILLIUM MUTUAL INSURANCE COMPANY

By-Law 2017-1

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TRILLIUM MUTUAL INSURANCE COMPANY

BY-LAW 2017-1

WHEREAS FORMOSA MUTUAL INSURANCE COMPANY was organized and commenced business on the 8th day of April, 1880 as a Mutual Insurance Company, ELMA MUTUAL INSURANCE COMPANY was organized and carried on business on the 29th day of February, 1884 as a Mutual Insurance Company (the "Amalgamating Corporations") and TRILLIUM MUTUAL INSURANCE COMPANY was organized and carried on business on the 1st day January, 2004 as the successor of the Amalgamating Corporations;

AND WHEREAS the Corporation wishes to enact the following as the general by-law for the Corporation to consolidate prior revisions to the Bylaws since Amalgamation and to modernize the Bylaws to accurately reflect efficient business practice and the principles of good Governance.

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

ARTICLE - OBJECTS

1.01 Insurance

Subject to the powers granted under the charter, the purpose and business of the Corporation shall be the undertaking and transacting of any class of insurance for which a mutual insurance corporation may be licensed under the *Insurance Act*. [Corporations Act, s.148, s.149(13)]

ARTICLE II - GENERAL BUSINESS

2.01 Seal

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

2.02 Registered Office

The Registered Office of the Corporation, also known as the "Head Office", shall be located at such location in Ontario as is determined by the directors from time to time.

2.03 Financial Year

The financial year of the Corporation shall terminate on the 31st day of December in each year.

2.04 Banks and Banking

- (a) The bank of the Corporation shall be such bank or banks as the Board of Directors may from time to time appoint.
- (b) All monies received by the Corporation shall be deposited forthwith in accounts in the name of the Corporation in such bank or banks.
- (c) The Board shall, from time to time as it deems necessary, authorize policies by which withdrawals or deposits from such accounts may be made.
- (d) All matters of banking shall be determined by the Board of Directors.

2.05 Execution of Documents

The Chairman or the Vice-Chairman, together with the Secretary or the President & CEO, or such other person or persons as are designated by the Board of Directors, are hereby authorized and shall have power to execute and deliver all policies and contracts of insurance, deeds, mortgages, leases or other contracts or documents whatsoever requisite or expedient to be executed on behalf of the Corporation, and to affix the corporate seal of the Corporation thereto.

ARTICLE III - DIRECTORS

3.01 Powers, Quorum, Voting

The Board of Directors shall supervise the management of the business and affairs of the Corporation. A majority of the directors shall constitute a quorum for the transaction of business. At all meetings of directors, every question shall be decided by a majority of votes cast on the question and in the case of an equality of votes, the question fails. A director disagreeing with the majority at a meeting may have such dissent, and the reasons therefor, recorded. [*Corporations Act*, s.173(1), (2)]

3.02 Terms

Subject to any terms set out in the Letters Patent of Amalgamation, Directors shall hold office for three (3) years, unless elected or appointed to fill a vacancy in which case the term shall be the unfulfilled portion of the vacant office. [*Corporations Act*, s. 167, 168]

3.03 Qualifications

No person shall be eligible to become a director unless such person:

- (a) is a resident of the Province of Ontario;
- (b) is at least eighteen (18) years of age, but no more than seventy (70) years of age, at the time of election to the board;
- (c) is not of unsound mind;
- (d) is not bankrupt;
- (e) is a member of the Corporation;
- (f) is not an agent or employee (excluding the President & CEO) of the Corporation or the Corporation's bankers.
- (g) No person may be elected more than five (5) times to serve a three (3) year term as a director of the Corporation. Notwithstanding the foregoing, a serving Director may be elected to a fourth term with the consent of the majority of the other Directors where that Director is serving on the Board of an industry-related company, organization or committee, and the Bylaws or mandate of that entity require its Directors to be employees or Directors of a mutual insurance company.

In the event that an existing director no longer qualifies, such director shall thereupon cease to be a director. A director attaining the age of sixty-five (65) years during a term of office may serve out such term.

3.04 Where Member is a Partnership

Where a partnership has the qualifications that would qualify an individual to be a director of the Corporation, one partner of the partnership is eligible to be a director of the Corporation. [*Corporations Act*, s.164(4)]

3.05 Where Member is a Corporation

The Chairman or a director of a member corporation that has the qualifications that would qualify any individual to be a director is eligible to be a director of the Corporation. [*Corporations Act*, s.164(3)]

3.06 Nomination

Any person wishing to seek election or re-election as a director must file an intention to stand for election in writing with the Secretary of the Corporation not later than thirty (30) days prior to the Annual Meeting or General Meeting called for the purpose of electing directors.

3.07 Number

- (a) The Board of Directors shall be composed of six (6) directors.

- (b) The number of directors may be amended within such parameters as are set out in the *Corporations Act* from time to time by by-law passed at an annual or general meeting of the Corporation on one (1) month's advance notice in writing to the Secretary of the Corporation who shall advise the membership in the notice or amended notice of the meeting. [Corporations Act, s. 165(1), (2)]

3.08 Retirement

One-third (1/3) of the directors shall retire annually in rotation.
[*Corporations Act*, s.167]

3.09 Election

- (a) At every annual general meeting, one-third (1/3) of the total number of directors shall be elected for a period of three (3) years to fill the places of the retiring directors. [*Corporations Act*, s.168]
- (b) The election shall be by ballot. [*Corporations Act*, s.171(2)]
- (c) 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 or partnership, by a director, officer, shareholder or partner authorized in writing to represent it. [*Corporations Act*, s.171(1)]
- (d) Subject to the provisions of paragraph 6.10(c), for the purpose of clarifying who may cast a vote, the following rules apply:
- i. if the member is an individual, that individual may vote;
 - ii. where more than one member is named on a policy, the right to vote belongs to the one first named on the policy if present, or, if not present, to the one who stands second, and so on;
 - iii. where the member is a trustee board, any member of the board or its secretary duly authorized in writing may vote on its behalf;
 - iv. where the member is a corporation, any director, officer or shareholder authorized in writing may vote on its behalf; and
 - v. where the member is a partnership, any partner duly authorized in writing may vote on its behalf, subject to paragraph 3.09(e)(iii) below. [*Corporations Act*, s.162(2),(3)]

(e) Notwithstanding the rules set out in paragraph 3.09(d) above:

- i. no member is entitled to more than one vote;
- ii. where a member corporation is controlled by an individual who is also a member, that corporation shall not be entitled to a vote [control is deemed to mean ownership of more than 50% of the voting shares of the member corporation]; and
- iii. where all partners of a member partnership are individuals who are also members, the partnership shall not be entitled to a vote; where not all partners of a partnership are individuals who are members, the partnership shall be entitled to one (1) vote which must be cast by a nonmember partner duly authorized in writing.

(e) If two or more candidates have an equal number of votes so that less than the whole number to be elected appears to have been chosen directors by a majority of votes, the members present shall proceed by ballot until it is determined which of the candidates so having an equal number of votes shall be the director or directors. [*Corporations Act*, s.171(3)]

3.10 Delay

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 directors and in such case the directors then in office shall continue to hold office until their successors are elected. [*Corporations Act*, s.160]

3.11 Vacancies

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 or by absence without previous leave of the directors from three successive regular meetings which shall *ipso facto* create such vacancy, the vacancy, in the case of a required board of six (6) directors shall be filled, and in the case of a larger board, the vacancy may be filled until the next annual general meeting by any 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. [*Corporations Act*, s.172]

3.12 Meetings

All meetings of the directors shall be held at such place as the Board of Directors determines from time to time or at the Head Office of the Corporation. Regular meetings of the directors shall be held monthly, the first meeting to be held immediately

after the annual general meeting, and the others to be held as determined by the Board from time to time. A special meeting of the directors may be called at any time by the Chairman, or by any three directors, on not less than forty-eight (48) hours' notice to all directors which notice may be given as follows:

- (a) by telephone to the home or office of a board member wherein a message is taken either by a person or an answering machine;
- (b) by fax, e-mail or other electronic communication to the number, location or address provided by the board member; or
- (c) by delivering a notice in person to the board member.

The Secretary and the President & CEO shall be present at all meetings of the directors except as set out in Article 3.17 and 4.02(d).

3.13 Remuneration

Each director shall be paid such remuneration as is determined by a resolution of the members at an annual or general meeting of the Corporation provided that notice of such determination is clearly expressed in the notice of meeting. The remuneration so determined may be amended from time to time in like manner. [*Corporations Act*, s.166]

- (a) In 2017, Directors shall receive a payment of \$446.00 *per diem* for work performed on behalf of the corporation;
- (b) In successive years, the Board *per diem* shall be indexed in accordance with the Core Inflation Rate as set by the Bank of Canada on January 1 of that year.
- (c) The 2017 Additional Annual Honorarium payable to each Board Member shall be \$6,360.00 and the 2017 Additional Annual Honorarium payable to Board Chair shall be \$12,720.00.
- (d) In successive years, Board Honoraria and the Board Chair Honorarium shall be indexed in accordance with the Core Inflation Rate as set by the Bank of Canada on January 1 of that year.
- (e) Directors shall also be reimbursed for expenses actually incurred on behalf of the company subject to the same policies and procedures applicable to company staff.
- (f) Directors shall be entitled to have a maximum of \$2,000.00 contributed to an R.R.S.P. in 2017, and in successive years this contribution shall be indexed in accordance with the Core Inflation Rate as set by the Bank of Canada on January 1 of that year, each annual contribution being subject to a qualifying personal contribution of at least \$1,333.33 (to be indexed as above in years subsequent to 2017) being made by that Director.
- (g) Directors shall also be entitled to other benefits and services available to employees on the same terms as available to employees, with reasonable modification as required by law.

3.14 Declaration 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. [*Corporations Act*, s. 71]

3.15 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.

3.16 Indemnity of Directors and Officers

- (a) The Corporation shall indemnify the directors and officers of the Corporation, the former directors and officers of the Corporation, and anyone acting at the Corporation's request as a director or officer of a corporation of which the Corporation is a shareholder or member, and their heirs and legal personal representatives, against all costs, charges and expenses, including an amount paid to settle an action or satisfy a judgment, reasonably incurred by them in respect of any civil, criminal or administrative action or proceeding to which they are made a party by reason of being or having been a director or officer of the Corporation and, with the approval of the Court, in respect of an action by or on behalf of the Corporation to procure a judgment in its favour to which they are made a party by reason of being or having been a director or officer of the Corporation, against all costs, charges and expenses reasonably incurred by them in connection with such action provided that they acted honestly and in good faith with a view to the best interests of the Corporation; and in the case of a criminal or administrative action or proceeding that is enforced by a monetary penalty, they had reasonable grounds for believing that their conduct was lawful.
- (b) The Corporation shall indemnify and save harmless out of the funds of the Corporation every director and officer of the Corporation, and his or her heirs, executors and administrators, and estate and effects, respectively, from and against:
 - i. all costs, charges and expenses whatsoever that he, she or it sustains or incurs in or about any action, suit or proceeding that is brought, commenced or prosecuted against him, her or it, for or in respect of any act, deed, matter or thing whatsoever, made, done or permitted by him, her or it, in or about the execution of the duties of his, her or its office; and
 - ii. all other costs, charges and expenses that he, she or it sustains or incurs in or about or in relation to the affairs thereof, except such costs, charges or

expenses as are occasioned by his, her or its own willful neglect or default.
[Corporations Act, s. 80]

3.17 Committees of the Board

(a) Governance Committee:

Three directors designated by the Board from time to time shall constitute the Governance Committee of the Board of Directors. The Chair of the Governance Committee shall be appointed by the Chair of the Board. This Committee shall meet at least four times annually or additionally at the call of the Chairman of the Board or of the Committee to advise and assist the President & CEO in dealing with emergency business during the intervals between meetings of the Board of Directors, to review the conduct of the Company and the Board of Directors as required by the *Insurance Act* and the *Corporations Act*, or to dispose of routine business in accordance with the instructions of the directors, and to fulfil the Governance Committee Mandate as approved by the Board annually. During the absence or inability to act of a member of the Governance Committee, another director shall be invited by the Board to act on the Governance Committee in substitution. A majority of the members of the Governance Committee shall constitute a quorum for the transaction of business by the Governance Committee. [Corporations Act, s. 70] Notice of such meetings may be given in the same manner as for meetings of directors (see section 3.12). The Secretary or his designate and the President & CEO shall be present at all meetings of the Governance Committee.

(b) Standing Committees of the Board:

The Standing Committees of the Board shall be the Governance Committee as set out above, the Audit and Risk Review Committee, the Human Resources and Benefits Committee and the Finance and Investment Committee. The Standing Committees shall be composed of three or more independent Directors appointed by the Chair of the Board, and these Committees shall have Chairs appointed by the Chair of the Board from the three members. The Standing Committees shall complete mandates in accordance with the policies of the Board of Directors and as approved annually by the Board. The President & CEO or their designate shall be present at all Committee Meetings as shall any other staff liaison appointed by the President & CEO to assist the committee.

(c) Other Committees of the Board:

The Board shall constitute such other Committees of the Board as may be required from time to time by the *Insurance Act*, and the *Corporations Act*, or otherwise. Subject to those Acts, the terms of reference of such other Committees shall be as determined from time to time by the Chairman and such Committees

shall meet at the call of the Chairman of the Corporation or the Chair of the respective Committees.

3.18 Minutes

Minutes of all meetings of the Board of Directors and of the Board Committees shall be recorded by the Secretary or such other person who shall be designated by the Secretary. Such minutes shall be open for inspection by any director at any time during regular business hours.

ARTICLE IV - OFFICERS

4.01 President & CEO

The President & CEO shall be appointed by the Board of Directors. The term of employment and remuneration of the President & CEO shall be settled from time to time by the Board of Directors. The President & CEO shall be the Chief Executive Officer of the Corporation and shall be accountable to the Board of Directors for the day to day business and affairs of the Corporation and for advising the Board of Directors and the Committees of the Board of Directors of all requirements, regulations and restrictions affecting the business of the Corporation and, in particular, the relevant insurance rules and regulations affecting the Corporation under any applicable legislation. The President & CEO shall attend all meetings of the Board of Directors, the Committees of the Board of Directors and the members.

Unless the Corporation has appointed a Treasurer, the President & CEO shall have all the duties of a treasurer, shall keep full and accurate books of account of all transactions of the Corporation, shall report regularly to the Board of Directors the financial position of the Corporation and shall perform such other duties as may from time to time be determined by the Board of Directors. In the absence of other duly appointed officers, The President & CEO may hold the titles and offices of Manager, Secretary and Treasurer concurrently.

4.02 Chairman, Vice-Chairman and Secretary

- (a) The directors shall at their first meeting held after every annual general meeting of the Corporation, appoint a Secretary and elect from among themselves a Chairman and a Vice-Chairman. The Secretary shall preside at such elections.
- (b) The Chairman, Vice-Chairman and Secretary so elected and appointed shall hold office for a term of one (1) year, or until their successors are elected or appointed.
- (c) The Chairman shall preside at all meetings of the Board of Directors and the members, and shall perform such other duties as may pertain to the office of Chairman. In the absence of the Chairman, the Vice-Chairman shall perform the

duties of the Chairman. In the absence of the Chairman and the Vice-Chairman, the directors or members shall elect a presiding director.

(d) The Secretary shall:

- i. be ex officio clerk of the Board of Directors and shall attend all meetings of the Board of Directors and the members, shall maintain all facts and minutes of such proceedings in proper books, and shall give notices required for all such meetings.
- ii. attend, or shall designate a person to attend, Committees of the Board of Directors, and the Secretary or his designate shall maintain all facts and minutes of such proceedings in proper books, and shall give notices required for all such meetings.
- iii. be in charge of the custody of all books and records of the Corporation and shall perform such other duties as may from time to time be determined by the Board of Directors. [*Corporations Act*, s. 149(9), s. 171(4)]

4.03 Remuneration

In addition to any directors' remuneration to which they are entitled, the Chairman and Vice-Chairman may be paid a fee determined in accordance with the procedures set out in paragraph 3.13. [*Corporations Act*, s. 166]

4.04 Other Officers

The Board of Directors shall appoint such other officers as it deems necessary from time to time and upon such terms as it sees fit and, without limiting the generality of the foregoing, may include a Treasurer, a Vice-President or Assistant to any other office referred to in Section 4.02 or created under this Section 4.04.

4.05 Bond

Every officer or person appointed or elected to any office concerning the receipt or proper application of money shall furnish security for the just and faithful execution of the duties of that office at the highest level required according to the bylaws or rules of the Corporation or the *Corporations Act*, as determined by the Board of Directors or as required by the Superintendent of Financial Institutions, and any person entrusted with the performance of any other service may be required to furnish similar security, and security so furnished and then subsisting shall be produced to the auditors at the annual audit. [*Corporations Act*, s.174]

ARTICLE V - AGENTS/BROKERS

5.01 Appointment

- (a) The directors shall approve policies and procedures by which the President & CEO or his designates may appoint such agents and brokers as they deem necessary or desirable and upon such terms and conditions as they see fit, provided that any person so appointed shall be duly qualified and licensed.
- (b) The directors may confer specific authority for the performance of such acts as may be required from agents and brokers. The directors may from time to time cancel such appointments or alter or vary the terms and conditions thereof.
- (c) The agents and brokers shall report to the President & CEO or his designates with respect to the business of the Corporation being carried out by the agents in accordance with their authority as prescribed by the Board of Directors from time to time.

ARTICLE VI - MEMBERS

6.01 Membership

A person 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. [*Corporations Act*, s.158(1)]

6.02 Liability

No member shall be liable in respect of any claim or demand against the Corporation. [*Corporations Act*, s.158(2)]

6.03 Withdrawal

A member may, with the consent of the directors, withdraw from the Corporation upon such terms as the directors may lawfully prescribe, subject to the provisions of the *Insurance Act*. [*Corporations Act*, s.158(3)]

6.04 Annual Meeting

The Annual Meeting of the members for the election of directors and the transaction of other business shall be held on or before March 31st in each year at the Head Office of the Corporation or at such other location in Ontario as is determined by the directors from time to time. [*Corporations Act*, s.159(1)]

6.05 Financial Statement

Before the election, the annual audited financial statement for the year ending on the previous 31st of December shall be presented and read to the meeting. [*Corporations Act*, s.159(2)]

6.06 Notice of Meeting

Notice of every annual or general meeting of the Corporation shall be sent by mail to every member, or shall be displayed in a newspaper published at or near the place where the Head Office is located, at least twenty-one (21) days before the day of the meeting. [Corporations Act, s.161(1)]

6.07 General Meeting

The directors may call a general meeting of the Corporation at any time. [Corporations Act, s.161(2)]

6.08 Financial Statement Mailing or Publication

The directors shall, at least twenty-one (21) days before the day of the annual meeting, send to each member by mail, or display in a newspaper published at or near the place where the Head Office is located, or publish on the corporation's website, the annual audited financial statement for the year ending on the previous 31st day of December, which shall be certified by the auditors and shall be in the form prescribed by the regulations made under the Insurance Act. If the Corporation chooses to publish the annual statement on its website, the notice of the annual general meeting must state that the annual statement is available on the corporation's website and that a shareholder or member may obtain a copy by sending a written request to the corporation's head office at least 14 days before the meeting, and the Corporation shall mail a copy of the annual statement to any member who makes such a written request. [Corporations Act, s.161 (2),(3), (4)]

6.09 Quorum

Twenty-five (25) members present in person shall constitute a quorum for the transaction of business at any general meeting of the Corporation; provided that the quorum for a meeting called to vote on demutualization, winding up or any other form of dissolution (excluding amalgamation) shall be not less than fifty percent (50%) of the members present in person. [Corporations Act, s. 129(1), s. 149(8)]

6.10 Voting

- (a) At any general meeting, unless a poll is demanded, a declaration by the presiding officer 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 of or against such resolution. If a poll is demanded it shall be taken in such manner as the presiding officer directs consistent with these By-laws.

- (b) In the case of an equality of votes, the resolution fails.
- (c) A member who is not in arrears for any assessment or cash payment due to the Corporation is entitled at all meetings of the Corporation to one vote if the amount of premium paid annually is in excess of twenty-five dollars (\$25.00) and no member is entitled to more than one vote. [*Corporations Act*, s.162(1)]
- (d) In ascertaining who may vote on resolutions, the rules in paragraphs 3.09 (d) and (e) shall apply.
- (e) No applicant for insurance is eligible to vote or otherwise take part in the Corporation's proceedings until the application has been accepted by the company in accordance with its underwriting policies and procedures. [*Corporations Act*, s.163].

ARTICLE VII - INVESTMENTS

7.01 Restrictions

The Corporation shall invest its funds in any security in which, under the *Insurance Act*, insurers may invest funds. The directors, as advised by the Finance and Investment Committee, shall formulate instructions for the investment of the funds of the Corporation, and may from time to time consider and revise same. Information about the purchases, sales or transfers of securities shall be reported to or available to the Board of Directors as it requires from time to time.

7.02 Investment Policy

The Board of Directors, as advised by the Finance and Investment Committee, shall establish and the Company shall adhere to investment and lending policies, standards and procedures that a reasonable and prudent person would apply in respect of a portfolio of investments and loans to avoid undue risk of loss and obtain a reasonable return.

7.03 Annual Review

The Board of Directors as advised by the Finance and Investment Committee, shall review the investment and lending policies and standards at least once each year and shall make such revisions as may be necessary to ensure that the investment policies and standards satisfy the requirements of Article 7.02.

ARTICLE VIII - INSURANCE

8.01 Limits of Liability

Subject to the provisions of the *Insurance Act*, as amended, the charter and the 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 risks or classes of risk shall be undertaken or refused by the Corporation. [*Corporations Act*, s. 148(1), s. 149(13)]

8.02 Contracts of Insurance

Subject to the foregoing, the directors shall approve policies and procedures by which the President & CEO or his designates may determine the forms, terms, conditions, rates, and premiums for all contracts of insurance undertaken by the Corporation.

8.03 Reinsurance

The directors shall reinsure such risks as are required to be reinsured and may reinsure other risks subject to the approval of the Superintendent of Financial Services.

8.04 Underwriting Duties of President & CEO

Subject to the provisions of this Article VIII, the President & CEO, acting under the instructions of the directors, shall arrange for the acceptance or refusal of all proposals or applications for insurance and the issuing of policies; provided that where any risk is unsatisfactory in respect to either hazard or rate, the President & CEO shall have authority to cancel the policy, but shall not cancel the policy of any director without instructions from the directors. The President & CEO shall arrange for the reporting of all cancellations to be promptly available for the directors. The consent of the Corporation to transfers or assignments of policies, other insurance and comparable matters may be given by the signature of the President & CEO.

ARTICLE IX - CLAIMS

9.01 Adjustment of Claims

Subject to the instructions of the directors, all claims shall be adjusted by such persons as the President & CEO may designate. In difficult or questionable cases the adjuster may retain the services of a specially trained person or persons to assist in the adjustment. The adjuster shall use all available means to determine the true cause of loss or damage and shall endeavor to reach a fair understanding with the claimant regarding the amount of loss or damage, and the liability of the Corporation under the terms of the Insurance Contract. The adjuster shall verify as far as possible the statements of the claimant in the Proof of Loss and shall arrange for the prompt reporting of all relevant particulars to the directors with recommendations.

9.02 Settlement of Claims

The final decision for settlement and payment of claims shall be made by the Board of Directors in all cases, which may delegate such duties to the President &

CEO. The Corporation shall have full power and authority to discharge claims arising from policies of insurance granted by the Corporation, upon such evidence of the claims as to the directors may appear sufficient, and may pay, allow, contest, compromise or reject any such claims, as in the discretion of the directors may appear just and reasonable.

ARTICLE X - REFUNDS OF SURPLUS

10.01 Procedure

Subject to the applicable statutory provisions, the directors may declare a refund from surplus at the end of a calendar year upon such terms and conditions as the directors see fit.

ARTICLE XI - AUDITORS

11.01 Appointment

The members shall at each annual meeting appoint an audit firm with Chartered Accounting qualifications (the "auditors") to hold office until the next annual meeting and, if an appointment is not made, the auditors in office shall continue in office until a successor is appointed. [*Corporations Act*, s. 94]

11.02 Remuneration

The remuneration of auditors appointed by the members shall be fixed by the members, or by the directors if they are authorized so to do by the members.

11.03 Duties

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.

11.04 Report

The auditors 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 Superintendent of Insurance. [*Insurance Act*, s.80, *Corporations Act*, s. 97(1)(a),(c),(d) and (e)]

11.05 Certificate

The auditors shall sign a certificate at the foot of the financial statements stating whether the auditors have 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 auditors and whether, in the opinion of the auditors, the financial

statements set out truly and correctly the financial position of the Corporation as at the date thereof and comply with these by-laws.

ARTICLE XII - AMENDMENTS TO BY-LAWS

12.01 Procedure

Any By-laws of the Corporation, other than those which are restatements of statutory provisions, may from time to time be repealed, amended, varied or otherwise dealt with at a general meeting of the members of the Corporation, called by the Chairman for the purpose, or at an annual meeting, if notice in writing of the intention to propose such repeal, amendment or variation at such meeting is given to the Secretary at least one month before the holding of the meeting. Where such notice has been given to the Secretary, particulars of such proposal shall be stated in the notice of the meeting to the members.

12.02 Amendment to Legislation

Any relevant amendment to the said *Insurance Act* and the said *Corporations Act*, enacted after the date on which any such By-laws are approved by the members of the Corporation, shall be amendments to any such By-laws on and after the day on which such amendments receive Royal assent, without any formal requirement to amend any such By-laws, and the Secretary is hereby authorized and directed to annotate any such By-laws with such amendments by date and amending statutory reference, including a reference to this section of this By-law.

12.03 Prior By-laws

This By-law shall repeal and replace the by-laws of the Corporation from the date it is enacted by the Members.

ARTICLE XIII - INTERPRETATION

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

DATED, PASSED AND SEALED, this 22nd day of March, 2017.

TRILLIUM MUTUAL INSURANCE
COMPANY

Per:

Scott Cumming
Board Chair
Per:

Bryan M. Hicks
Corporate Secretary