



On January 17, 2018, and acting on the advice of the Governance Committee, the Board of Directors passed a motion to recommend amendment of Bylaws 2.04 (Banks and Banking) and 3.03 (Director Qualifications) at the March 27, 2018 Annual General Meeting.

Bylaw 2.04 (Banks and Banking):

The Board of Directors reviews the banking arrangements of the Company annually, and periodically recommends that Management request proposals from the marketplace to ensure best possible terms. In anticipation of such a recommendation in 2018, the Bylaws were reviewed, and it was determined that the Company is limited to only using federally-chartered banks. The *Insurance Act* allows greater flexibility, such that “financial institutions” including trust companies and credit unions may also be used. The Governance Committee and the Board have determined that access to a larger market is in the best interests of the Company, and have recommended that the Bylaws be changed to allow this. If the Bylaw is changed, Management will be empowered to examine the comparative services of a wide array of regulated financial institutions prior to making recommendations to the Board. It is also recommended that “determined” in article 2.04 (d) be changed to “governed” so as to be more consistent with the Bylaws as a whole, and to be more in keeping with governance best practices.

Current Banking Bylaw:

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.

Proposed Banking Bylaw:

2.04 Banks and Banking

- (a) The bank of the Corporation shall be such bank, banks or financial institutions as set out in the *Insurance Act*, 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, banks or financial institutions.
- (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 and transactions with financial institutions shall be governed by the Board of Directors.

Bylaw 3.03 (Director Qualifications)

The Board and Governance Committee review CEO and Board succession annually. During this process in 2017, a question arose as to potential conflicts of interest where a serving Director shows interest in applying for a position of employment with the Company. Although this scenario has not occurred, and is not currently anticipated, it was determined that clarification of the existing Director Qualification Bylaw would avoid potential future conflicts. Essentially, the proposed change would require that serving Directors resign before applying for employment at the Company.

Current Director Qualification Bylaw:

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 sixth 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 seventy (70) years during a term of office may serve out such term.

Proposed Director Qualification Bylaw:

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 is not an agent or employee (excluding the President & CEO) of the Corporation or the Corporation's bankers, and is not applying for employment at the Corporation in any capacity other than Director;
- (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 sixth 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 seventy (70) years during a term of office may serve out such term.

By order of the Board of Directors

B. Hicks, B.A., LL.B.
Corporate Secretary

(Questions regarding these changes may be sent to bhicks@trilliummutual.com, or Bryan may be contacted at 1-800-265-3020 x. 5717).

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