

**BYLAW #1-2023**

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



**Ayr Farmers  
Mutual  
Insurance Company**

**Passed by the Board of Directors  
Friday, December 22<sup>nd</sup>, 2023**

# **Ayr Farmers Mutual Insurance Company**

**WHEREAS** the Ayr Farmers Mutual Insurance Company (hereinafter referred to as the "Corporation") was organized on the 13th day of December, 1893 and commenced business on the 13th day of December 1893, under and pursuant to the provisions of "An Act respecting Mutual Insurance Companies" being chapter 18 of the Consolidated Statutes of Upper Canada;

**AND WHEREAS** the Corporation is now carrying on business by License issued under the Insurance Act, being Chapter 1.8 of the Revised Statutes of Ontario 1990 as amended, and is subject to the provisions of Part V of the Corporations Act, being Chapter C.38 of the Revised Statutes of Ontario 1990 as amended;

**AND WHEREAS** the directors and members of the Ayr Farmers Mutual Insurance Company deem it advisable to revise By-law #5 of the Corporation, and to enact this revised and consolidated By-law #1-2023 in lieu thereof;

## **INTERPRETATION**

In this By-law and in all other By-laws of the Corporation hereafter passed, words importing the singular number shall, unless the context otherwise requires, include the plural number, and persons shall include firms and corporations.

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

## **OBJECT**

1. Subject to the power granted under the charter, the purpose and business of the Corporation shall be insuring, under any class of insurance for which a Company may be licensed in Ontario, as provided in Part V of the Corporations Act of Ontario.

## **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 Township of North Dumfries, Ontario.

## 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. (See the Corporation Act S. 158 (1)). A subscription policy where the Corporation is not the first listed insurer on the schedule of insurers shall not qualify the insured as a member or any representative of it for membership in the Corporation.
5. **Members' Liability.** No member shall be liable in respect of any loss or claim or demand against the Corporation, beyond the amount of any unpaid premium.

## ANNUAL MEETING

6. The Annual Meeting of the members for the election of Directors and the transaction of other business shall be held at the head office of the Corporation or at such other location as the Directors may determine, on such date and at such time as set by the Directors, in accordance with the Corporations Act.
7. Before the election of Directors, the financial statement for the year ending on the previous 31st of December shall be presented 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, and 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 Corporation shall be given to the members of the Corporation in the manner prescribed by the Corporations Act.
10. a) The Directors may call a special general meeting of the Corporation at any time.  
  
b) One-tenth of the members of the Corporation entitled to vote at members meetings may request the Directors to call a general meeting of the members, by depositing at the head office of the Corporation a requisition signed by at least one-tenth of the members, stating the general nature of the business to be presented at the meeting, in which case the Directors shall forthwith call a general meeting of the members.

11. The Directors shall provide to, or cause to be provided to, each member, in the manner prescribed by the Corporations Act, a copy of the financial statement for the year ending on the previous 31st day of December, which statement shall be in the form prescribed by the regulations made under the Insurance Act.

## **QUORUM**

12. Five (5) members present in person shall constitute a quorum for the transaction of business at a general meeting 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 of the corporation (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 members, present in person.

## **VOTING AT GENERAL MEETINGS**

13. At any general meeting, unless a poll is demanded, a declaration by the Chair of the meeting 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 Chair directs consistent with these By-laws.
14. Subject to section 26 hereof, 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 the case of an equality of votes at any general meeting of the Corporation, the Chair of the meeting shall be entitled to a second or deciding vote.
16. A member of the Corporation (as defined in Article 4 hereof) 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 that person 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 of the corporation who is duly appointed and authorized 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.

## **METHOD OF MEETING**

20. The directors may determine that a meeting of Members may be held entirely in-person, entirely by one or more telephonic or electronic means, or by any combination of in-person attendance and telephonic or electronic means.

21. If a meeting of Members is to be held entirely by one or more telephonic or electronic means, or by any combination of in-person attendance and telephonic or electronic means:

a) the Corporation shall make available means for the holding of such meetings that permit Members to communicate adequately with each other during the meeting and to reasonably participate;

b) if there is to be an election of Directors at such meeting, the Corporation shall have 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;

c) any Member who participates in the meeting by telephonic or electronic means or votes by electronic means shall be deemed to be present in person at the meeting.

## **DIRECTORS**

### **22. Number of Directors**

There shall be no less than six and no more than fifteen Directors. Until changed in accordance with the Corporations Act the business of the Corporation shall be conducted by six (6) Directors.

### **23. Qualifications of Directors:**

a) A Director shall be eighteen (18) or more years of age, and be a resident of the Province of Ontario;

- b) No person is eligible to be or shall act as a Director unless they are a member of the Corporation and insured therein for the time they hold office and are entitled to vote;
- c) No person shall be eligible for election or re-election as a Director after having served as a director for five three year terms, provided always that if a Director who has served for five three year terms is then the Chair or a Vice-Chair of the Board of Directors of the Farm Mutual Reinsurance Plan Inc. or the Ontario Mutual Insurance Association or a Trustee of the Fire Mutuals Guarantee Fund, the Director may be elected for one further three year term so as to allow such Director to complete the Director's term on the executive of the Farm Mutual Reinsurance Plan Inc. or the Ontario Mutual Insurance Association or as a Trustee of the Fire Mutuals Guarantee Fund;
- d) No undischarged bankrupt shall be a Director, and if a Director becomes a bankrupt they shall thereupon cease to be a Director;
- e) The Board shall annually appoint a Nomination Committee consisting of not 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, having regard to the Board's skill set requirements and needs.

Any person wishing to seek election or re-election as a Director must file no less than 90 days in advance of the meeting at which directors are to be elected notice of their intention in writing with the Chair of the Committee, care of the Head Office of the Corporation, using the Corporation's Nomination form which will be provided by the Corporation upon request.

No person shall seek election to fill a vacancy on the Board under section 30 if they seek election to a three (3) year term. If pursuant to section 30 hereof there is to be a separate election to fill the remaining portion of a vacancy on the Board, when filing notice of their intention to seek election, such notice shall specify if they are seeking election to fill the remaining portion of the vacancy or seeking election for a three year term.

The Committee shall consider all persons who have filed notice of their intention to seek election, including incumbent directors who have filed notice of their intention to seek re-election, having regard to the provisions of this By-law and the Terms of Reference of the Committee as set by the Board from time to time. In considering such persons the Committee:

- (a) shall confirm each person's qualification to be elected as a director;
- (b) shall assess each person's personal and professional integrity and commitment to promote the long term interests of the Corporation, and

each person's commitment to devote adequate time to service as a Board member;  
(c) may interview any person.

No less than 45 days in advance of the meeting at which directors are to be elected the Nomination Committee shall present to the Board the names of those persons it recommends for election as directors, who shall be the nominees for election to the Board. The list of nominees shall be submitted to the Members with the notice of the annual meeting.

- f) 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.
- g) The president or 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.

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, shall not interfere in the election of Directors, and shall not at the same time be a Director of the Corporation:

- a) An insurance broker or insurance agent 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 the Chair and Vice-Chair to be compensated as a result of their holding those offices, as is referred to in section 34(b) hereof);
- d) An officer of the bankers of the Corporation;
- e) An employee of the Corporation;
- f) A director or officer of another Insurance Company;
- g) The President of the Corporation;
- h) A spouse, child, parent or sibling of any of the persons identified in subsections (a) through (g) inclusive.

25. **Retirement of Directors in Rotation.** One-third, or if the number of directors is changed in accordance with the Corporations Act to a number that is not divisible by three, as close to one-third as mathematically possible, of the directors shall retire annually in rotation.
26. a) **Annual Election to Fill Vacancies.** At every annual general meeting that number of directors as is required to fill the places of retiring directors shall be elected for a period of three (3) years . Retiring directors, if otherwise qualified to be elected pursuant to this By-law, are eligible for re-election.
- b)A director may be removed from office and shall thereupon cease to be a director of the Company, upon a resolution being passed to remove them as a 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.
27. **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 corporation, partnership, or trustee board (as is referred to in Article 17 hereof) by a director, officer or member authorized in writing to represent it.
28. **The Election** shall be by ballot.
29. 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.
30. If a vacancy occurs among the directors, during the term for which they have been elected, by death, resignation, ceasing to have the prescribed qualification, insolvency, being removed from office by a resolution passed pursuant to subparagraph 26(b), or by absence without previous leave of the directors from three successive regular meetings, which shall ipso facto create such vacancy, and a quorum of directors remains, the vacancy shall be filled until the next annual general meeting by any person duly qualified and chosen by a majority of the remaining directors as soon as may be after the vacancy occurs; and at the next annual general meeting an election separate from the election referred to in Article 26(a) hereof shall be held to fill the vacancy so created, shall be filled for the portion of the term still unexpired and the provisions of this By-law relating to the qualifications of a Director and the conduct of Director elections shall apply mutatis mutandis to any election to be held for the purpose of filling such vacancies. If no quorum of directors remains as a result of the vacancy on the Board created as is herein referred to, a general meeting of the members shall be called to fill the vacancies.



**31. Meetings.** All meetings of the Directors shall be held at the call of the Chair or according to the adjournment of the previous meeting at the head office of the Corporation, or at such other place in or outside Ontario as the Directors may determine. The first meeting is 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 (3) Directors. Notice of all meetings shall be given to each director no later than the seventh day before the meeting.

With the unanimous consent of all of the Directors present at or participating in the meeting, a director may participate in a meeting the Board of Directors or in a meeting of a committee of directors by means of such telephone, electronic or other communications facilities as permit all persons participating in the meeting to communicate with each other simultaneously and instantaneously, and a director participating in such a meeting by such means is deemed for the purposes of the Act and this by-law to be present at that meeting. A consent pursuant to this provision may be given before or after the meeting to which it relates and may be a “blanket” consent, relating to all meetings of the board and/or committees of the board.

A meeting of Directors may be held entirely by one or more telephonic or electronic means or by any combination of in-person attendance and by one or more telephonic or electronic means, in which case 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.

**32. 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.

**33. Remuneration of Directors:**

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.

## OFFICERS

34. a) **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 Vice-Chair, and the Corporate Secretary shall preside at such elections. They shall hold office for one year or until their successors is 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 Article 30 hereof, the remaining Directors shall elect from among themselves a replacement Chair;
- b) The remuneration, if any, to be paid to the Chair and the Vice-Chair as a result of holding those offices, shall be such amount or amounts as the Board of Directors may from time to time determine.
- c) The other officers of the Corporation shall be the President, the Corporate Secretary, the Treasurer and such officers as the Directors may from time to time deem necessary. The President shall be the Chief Executive Officer responsible to the Board of Directors for the overall operation of the Corporation.
- d) 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.
- e) **Delegation of Duties.** In the case of the absence or inability to act of the 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.
35. The security given by the treasurer or other officer having charge of the money of the corporation shall not be less than \$10,000 or such greater amount as may be required by the Superintendent.

## COMMITTEES OF THE BOARD

36. a) The Chair, Vice-Chair and one other director elected by the Directors at their first meeting following each annual general meeting of the members shall constitute

the Executive Committee of the Corporation, and shall meet at the call of the Chair to advise and assist the President, the Corporate Secretary, or the Treasurer in dealing with emergency business during the intervals between meetings of the Directors, or to dispose of routine business in accordance with instructions of the Directors. During the absence or inability of a member of the Executive Committee, another director shall be invited to act on the Executive Committee in his place and stead.

- b) The Board shall constitute an "Audit Review Committee and a Conduct Review Committee" and such other committees as are required by the Insurance Act or as it from time to time deem appropriate.

## PROTECTION OF DIRECTORS AND OFFICERS

37. (a) **Limitation of Liability.** No director or officer or member of a committee of the Board shall be liable for the acts, receipts, neglects or defaults of any other director or officer or employee or member of a committee of the Board 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 act 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 judgement or oversight on their part, or for any other loss, damage, or misfortune whatever which shall happen in the execution of the duties of holding the office or in relation thereto, unless the same are occasioned by their own willful neglect or default; provided that nothing herein shall relieve any director or officer or member of a committee of the Board 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 and Others.** Except as provided for in the Acts, every director and officer of the Corporation, every former director and officer of the Corporation, 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, every member or past member of a committee of the Board, and their heirs and legal representatives shall, from time to time, be indemnified and saved harmless by the Corporation from costs, charges and expenses, including an amount paid to settle an action or satisfy a judgement, 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, officer of such corporation or body corporate, or a member of a committee of the Board, if:

- i. they acted honestly 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, they had reasonable grounds for believing that his conduct was lawful;
- iii. Insurance. Subject to the limitations contained in the Acts, the Corporation may purchase and maintain such insurance for the benefit of its directors, officers, and members of committees of the Board as the board may from time to time determine.

## **EXECUTION OF DOCUMENTS**

38. Subject to the execution of those specific documents referred to in Article 40 and 42 hereof, the Chair or the Vice-Chair, or the President, or the Treasurer, together with the Corporate Secretary are hereby authorized and shall have power to execute and deliver 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.

In the event of the absence or inability to act of any two (2) of the above-named officers, then all of the said documents shall be signed by such of the Directors as may be appointed by the Directors to act for such purpose.

All other documents not requiring the seal of the Corporation may be signed by such person or persons as the Directors may from time to time designate, and any such documents so executed shall be binding on the Corporation.

## **MINUTES**

39. Minutes of all the meetings of the Directors and the Committees of the Board shall be recorded by the Corporate Secretary or such other person as is appointed by the Board from time to time. Such minutes shall be open for inspection by any Director.

## **BANK AND BANKING**

40. a) The bank of the Corporation shall be a registered Canadian bank 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;
- c) All cheques, drafts, withdrawals from the Corporation's bank account(s), orders for payment of money, and all notes, acceptances and bills of exchange shall be supported in each case by proper receipts and each withdraw from the Corporation's bank account(s) shall be authorized by an individual or individuals in such manner as the Directors may from time to time designate;
- d) All cheques and post office or money orders in favour of the Corporation shall be receipted for or endorsed for deposit to the credit of the Corporation by such person or persons as are authorized by the President;
- e) Such person or persons as may from time to time be authorized by the President to do so, on behalf of the Corporation, may grant receipts for the payment of interest or rents due;
- f) Subject to the foregoing Articles 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 on the credit of the company without the authorization of the members; or,
  - ii. issue, sell or pledge securities of the company, without the authorization of the members; or,
  - iii. with the authorization of the members, charge, mortgage, hypothecate or pledge all or any of the real or personal property of the company, including book debts and unpaid calls, rights, powers, franchises and undertaking, to secure any securities or any money borrowed, or other debt, or any other obligation or liability of the company;

## **INVESTMENTS**

41. The Corporation shall invest its funds in such securities and other investments 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 no less than annually and revised as necessary. Full particulars of all purchases, sales and transfers of securities shall be reported to the next meeting of the Directors.

42. The Chair or Vice-Chair together with the President or Corporate Secretary or Treasurer may give, on behalf of the Corporation and on payment of the money at maturity, a legal discharge of any security for money held by the Corporation.

## **CONTRACTS OF INSURANCE**

43. Limit of Liability. The Corporation shall not undertake any risk which is beyond the limits permitted by the Insurance Act.

44. A risk subject to the hazard of a single loss shall include such total insured value which is deemed to be included pursuant to Insurance Act and its regulations, as may be amended from time to time.

## **REFUNDS FROM SURPLUS**

45. a) The Directors may declare a refund from surplus at the end of a fiscal year;
- i. if, except as hereinafter provided, the refund applies on all direct policies in force on the effective date thereof, in such classes of business as designated by the Board of Directors, and
  - ii. if the refund on each policy is in the same ratio to the total refund as the annual premium is to the total annual premiums in force on the effective date;
- b) The effective date of the refund shall be the 31st day of December in the current year;
- c) The refund shall be paid by cheque, or as a credit on the premium next due in each policy or renewal thereof, except that in the case of cancellation or non-renewal of the policy it shall be paid by cheque;
- d) Refunds shall be credited or paid only on policies of members insured continuously in the Corporation one complete year preceding the effective date of the refund.

## **AUDITORS**

46. The members entitled to vote thereat shall at each annual meeting appoint an auditor to hold office until the next annual general 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 an auditor so appointed by the members shall be approved by the Directors.

It shall be the duty of the auditor to examine all books, vouchers, and accounts for the Corporation and all documents having reference to the business thereof, at least once in each year.

The auditor shall make a report to the members of the accounts examined by them and the balance sheet and other statements shall be in the form prescribed by the Superintendent of Insurance.

The auditor shall sign a certificate attached to the annual financial statements stating that the auditor verifies the assets and liabilities of the Corporation as at the date thereof; that it is in accordance with the books and information given to them, and that, in their opinion, it sets out truly and correctly the financial position of the Corporation as on the date thereof.

## **AMENDMENTS OF BY-LAWS**

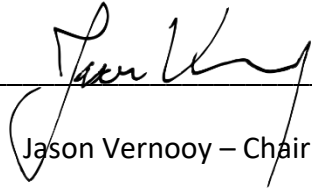
47. Any By-laws, other than these which are restatements of statutory provisions, may from time to time be repealed, amended, varied or otherwise dealt with at a special general meeting of the Corporation, called by the Chair for the purpose, or at an annual general meeting, if notice in writing of the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

Any relevant amendment to the Insurance Act, R.S.O. 1990, Chapter I.8 or the Corporations Act, R.S.O. 1990 Chapter C.38, 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 received Royal assent.

## **REPEAL**


48. Upon this By-law coming into force, By-law Number 5 of the Corporation as amended from time to time is repealed provided that such repeal shall not affect the previous operation of such By-law so repealed or affect the validity of any act done or right, privilege, obligation or liability acquired or insured under the validity of any contract or agreement made pursuant to any such By-law prior to its repeal.

Passed this this 22<sup>nd</sup> day of December, 2023



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Jason Vernooy – Chair



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Jeff Whiting – President and Chief  
Executive Officer