

Notice of Special General Meeting of Members of Farm Mutual Reinsurance Plan Inc.

Wednesday March 20, 2019

Sheraton Centre Toronto Hotel
123 Queen Street West
Toronto, Ontario



Notice

A Special General Meeting of members is called to consider that the membership classification of Nova Mutual Insurance Company be changed from Non-voting Member to Voting Member effective January 1, 2019.

The Special General Meeting will be held in the Grand Ballroom East, Sheraton Centre Toronto Hotel on Wednesday March 20, 2019. The meeting begins at 1:15 P.M.

A resolution to change the membership classification of an insurance company from Non-voting Member to Voting Member must be approved by the majority of votes cast by eligible Voting Members in attendance at a special general meeting.

In accordance with corporate by-laws, only the information in the notice of the meeting may be transacted at the meeting.

Please see attached notes for additional information and explanation.

By order of the Board of Directors



Jennifer Allan
Corporate Secretary
February 27, 2019

The record date for Members entitled to vote at the special general meeting is January 1, 2019.

The meeting will be governed by "Call to Order". By-law Article III paragraph 2 states that voting at any meeting shall be by show of hands unless a poll vote is demanded, provided however that every election of directors shall be by ballot as required by the *Corporations Act*.

Because the Corporate Secretary has not received a request to conduct voting by poll or ballot, all voting will be conducted by a show of hands.



Explanatory Information

Membership Classification

Member amalgamation – Norfolk Mutual and Wabisa Mutual

When two or more mutual insurance companies amalgamate, a new legal entity is created. Article II paragraph 6 of the corporate by-laws provides that in the event a Member company amalgamates with another insurance company, the board of directors may determine by resolution that the amalgamated entity shall be a single Non-voting Member of the Corporation.

Article II paragraph 4 of the corporate by-laws provides that the membership classification of a Non-voting Member may be changed to Voting Member upon the approval of the Voting Members by a **majority of votes cast** at a duly constituted special general meeting of members called for such purpose.

Through amalgamation, Norfolk Mutual Insurance Company and Wabisa Mutual Insurance Company created a new mutual insurance company under the name Nova Mutual Insurance Company effective January 1, 2019.

On December 19, 2018, the board of directors approved the following resolutions with respect to Nova Mutual Insurance Company:

As the effective legal or presumptive control of the mutual insurance company created by the amalgamation of Norfolk Mutual Insurance Company and Wabisa Mutual Insurance Company and operating under the name Nova Mutual Insurance Company did not materially change and as Nova Mutual Insurance Company meets the eligibility requirements defined in By-law Article II paragraph 1 and, in the judgement of the Board, the parameters described in By-law Article II subparagraph 3(a), Nova Mutual Insurance Company is accepted as a non-voting and non-participating member effective January 1, 2019.

And that the voting and participating members present at a duly constituted special general meeting of members called for such purpose be asked to vote on the following:

THAT the membership classification of the mutual insurance company created by the amalgamation of Norfolk Mutual Insurance Company and Wabisa Mutual Insurance Company and operating under the name



Nova Mutual Insurance Company be changed from non-voting and non-participating member to voting and participating Member effective January 1, 2019.

Voting Method

Company by-law

By-law Article III paragraph 2 states that voting at any meeting **shall** be by show of hands unless a poll vote is demanded, provided however that every election of directors shall be by ballot as required by the *Corporations Act*.

Voting method

Historically, voting at a meeting of members has been by show of hands for any regular resolution, by poll vote for any “special resolution” and by ballot for election of directors. The *Corporations Act* defines a special resolution as a resolution passed by the directors and confirmed with or without variation by at least two-thirds of the votes cast at a general meeting of members of the corporation duly called for that purpose. The *Corporations Act* specifies matters, such as an amendment to letters patent, which must be approved by special resolution. In addition, the corporate by-laws require an amendment of by-laws to be approved by at least two-thirds of votes cast at a general meeting of members.

Voting at the March 20, 2019 special general meeting will be by a show of hands. However, the Chair may demand a poll vote to confirm a vote by show of hands if the outcome of the vote by show of hands is uncertain due to the closeness of the votes.

Explanation of By-law Provisions

By-laws

By-law Article II paragraph 1 stipulates that Membership in the Corporation is restricted to corporations without share capital that are incorporated for the purpose of undertaking and transacting property and casualty insurance and whose application for membership has been accepted by the board of directors in accordance with the provisions of the by-law.

By-law Article II paragraph 3(a) allows that the board of directors may accept any application for membership by resolution provided the applicant meets the eligibility requirements defined in Article II paragraph 1 and in the judgement of the board



of directors: (i) the applicant's annual gross written premiums are in a range consistent with the annual gross written premiums of the current Membership; (ii) the applicant's policyholders, classes of insurance, and in-force risks are consistent with the policyholders, classes of insurance, and in-force risks of the current Membership; and (iii) the applicant has sufficient surplus to support its annual gross written premiums, is financially sound, and follows sound business and financial practices.

