



Usborne & Hibbert
Mutual Fire Insurance Company

**Requirements for a
Board Director**

Usborne & Hibbert Mutual Fire Insurance

Requirements of a Board Director

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Requirements of a Board Director

The Board of Directors of Usborne & Hibbert Mutual Insurance will be comprised of a fair representation geographically of the territory that the company operates in.

Election of Directors

As per By-Law Qualifications

1. Qualifications of Directors

- (a) No person is eligible or shall act as a director unless he is 18 or more years of age.
- (b) Notwithstanding any other provisions in the by-laws of the Corporation, no person shall be eligible for election or re-election as a director unless he has been a member of the Corporation and insured therein for a minimum period of three consecutive years prior to the time he seeks office.
- (c) The Board shall annually appoint a Nomination Committee, which shall recruit potential candidates for election to the Board of Directors. The Committee will ensure that all candidates recruited by it are aware of what is expected of a director and the time commitment required, and are otherwise qualified pursuant to this By-law to be elected as a director.

Any person wishing to seek election or re-election as a director, including those recruited by the Nomination Committee must file his intention to stand for election in writing with the Secretary of the Corporation at least thirty (30) days in advance of an annual meeting or special general meeting called for the purpose of electing a director. ***If pursuant to section 30 there is to be a separate election to fill the remaining portion of a vacancy on the Board, when filing notice of his or her intention to stand for election, such notice shall specify if he or she is standing for election to fill the remaining portion of the vacancy or seeking election for a three year term.***

- (d) No undischarged bankrupt shall be a director, and if a director becomes a bankrupt, he shall thereupon cease to be a director.

- (e) No person shall be eligible for election or re-election as a Director after such person has attained his 75th birthday; providing that if during his term of office as Director, such person attains his 75th birthday, he may remain in office until his current term expires.

Regular Board Meetings

Schedule

Meetings are to be held on the 3rd Tuesday of each month.
(Appendix A)

Content

Regular items will include:

- Call to Order
- Approval of Agenda
- Approval of Previous Minutes
- Claims Report
- Underwriting Report
- Financial Report
- Manager's Report
- Board Governance
- Community Events
- New Business
- In Camera
- Items for Action

Pre-Meeting Information

Meeting material will be developed and provided to the Board Members on the Friday prior to the meeting or at least three days in advance of the meeting. Where information is not available in advance, it shall be indicated in the material with an explanation.

Committees: All directors participate in the following committees.

- **Conduct Review Committee**

There shall be a Conduct Review Committee established under the guidelines of the Corporations Act.

The committee shall have the following specific duties:

To review Board activities to ensure corporate policy and procedure are being followed
Including:

- Activities and Actions of Management
- Activities and Actions of Director's & Officers
- Activities and Actions of Board
- Activities and Actions of Board Committees

- **Investment Committee**

The investment committee will meet annually to review the Investment Policy Statement and the investment managers.

- **Audit Committee**

There shall be an Audit Committee consisting of all Board Members. The President/CEO shall be considered non-voting members together with the external auditor.

The committee shall have the following specific duties and objectives:

- 1. To help Directors Meet Their Responsibilities**

The Directors are responsible for ensuring that the Company's annual published financial reports are reliable, and present fairly the Company's financial affairs. The statutory audit does not relieve the Director of this responsibility.

The Audit Committee will become more knowledgeable about the Company's financial reporting and internal control systems by discussions with Management and the external auditors.

The Audit Committee will provide evidence of the care, diligence and skill required of Directors under the law.

- 2. To Provide Better Communication**

The Audit Committee will provide a direct channel of communication between the Board of Directors and the external auditor.

- 3. To Enhance the External Auditor's Independent Position**

The Audit Committee is prima facie evidence that the auditors are primarily responsible to the policy holders through the Board of Directors

The External Auditor's access to the Audit Committee assures the auditors that they can receive an impartial hearing should serious disagreements arise with Management.

Annual Review of President and CEO expenses

- **Annual Review of Directors Expenses**
- **Discuss any related issues or concerns the Board may have with the Auditors**
- **Approve the financial statements**

- **Legislative Affairs Committee Appointment – Director Representative**

The Legislative Affairs Committee/Round Table is an OMIA Committee which all members are encouraged to attend. Usborne & Hibbert Mutual Fire Insurance has traditionally had a single Board Director represent them at this round table.

- To report on the activities of the Legislative affairs committee
- To make recommendation to the Board for Action and Participation
- To contact local MP's and MPP's and promote Mutual Insurance to the same
- To attend the annual 'Lobby Day' in Ottawa
- To attend the annual event at Queens Park in Toronto

- **Nomination Committee**

There will be a Board Nomination Committee established consisting of the directors. The mandate of this committee will be to ensure that a full slate of qualified candidates register for all elections for Directors to the Board. This Committee may complete the following:

- *Seek out potential candidates based on Territory, Qualification and/or Experience*
- *Interview prospective candidates prior to them registering for election*
- *Interview registered candidates prior to the election*

- **Regular Board and Committee Meeting Attendance**

As the Corporations Act does permit electronic participation in Directors' meetings thus 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.

Event Attendance

- ❖ Ontario Mutual Insurance Association (OMIA)
- ❖ Farm Mutual Re
- ❖ Canadian Association of Mutual Insurance Companies (CAMIC)
- ❖ Group C Meeting

The OMIA Convention is held in Toronto for 3 days in March and includes annual general meetings for OMIA and Farm Mutual Re. The CAMIC Convention is held at the beginning of October for 3 days and rotates at different Canadian locations each year. The OMIA President's & Manager's meeting is held at the end of October and rotates at various locations in Ontario. The Chair and President/CEO attend the P&M meeting. All directors are encouraged to attend the OMIA Convention and the Group meeting held in Stratford in November.

Expenses

The company will pay all registration, travel, meals and accommodation expenses for each authorized event a Director (including his/her spouse) attends. If a director wishes to add additional days to their travel in excess of one they are expected to pay all additional meal and accommodation expenses for those additional days.

Voting Delegate

If a voting delegate is required at a duly constituted meeting, the Chair shall be appointed the Voting Delegate with the Vice Chair as the alternate and/or if neither of those two are in attendance the President/CEO shall be deemed the voting delegate.

Directors' Remuneration Per Diems and Travel Expenses

Any Board Member who attends the following will be compensated either on a Full or Half day per diem basis plus Mileage for attending the following:

- Regular Board Meetings
- Committee Meetings
- OMIA Annual/Special General Meetings
- FMRE Annual/Special General Meetings
- Board Planning Meetings
- Other Ad Hoc Committees as struck by the Board

One Travel day PRE convention and one travel day Post convention (1/2 Day Per diem)
 Mutual or Broker Office Openings (1/2 Day Per diem)
 Seminars and Training
 U & H Golf Tournament (1/2 Day Per diem)
 Other occasions when you are asked to represent the Company (1/2 Day Per diem)

Directors' Remuneration

Per Diems for Meetings

Regular Per Diem or Meeting Rate	\$450
Half (1/2) Day Per Diem Rate	\$225

Honorariums

<u>Chair:</u>	\$500 Total Annual
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Benefits

- Health and Dental – Basic Plan
- Accidental Death and Dismemberment
- Health Care Spending Account \$1,000.00 Annually

Mileage is reimbursed at \$.55/km

Recognition of Service

Directors

For Directors who are retiring, a gift is provided.

Recognition of Retiring Directors

Retiring directors who have served a minimum of 3 terms (9 years) as a director of the company will be honoured with a lunch or dinner held in their honour. The retired Director's family members will be invited to join in the celebration. At this time, a retirement gift will be presented to the retired Director. In lieu of a retirement lunch or dinner in their honour, a director may choose a registered charity for the corporation to make a donation to on their behalf.

Directors' Responsibilities

The Directors' responsibilities include (but are not limited to) the following:

- The Directors are required to call a meeting of the Members for election of the Directors and transaction of such other business as may properly be brought before an annual meeting of the Members, no later than four months after the end of each fiscal year.
- Following their election, the Directors must act and vote as a Board of the Corporation and are empowered to administer its affairs on behalf of its policyholders.
- The articles of incorporation, the by-laws and the applicable corporate statute cover the Board of Directors.
- Before acting independently on behalf of the corporation, a Director has to be given specific authority to do so by the Board.
- No Director can act or vote by proxy at a regular or special meeting of the Board of Directors.
- The Board may appoint from among themselves various Committees and assign specific functions to these committees eg. Executive Committee, Audit Committee, Finance Committee.
- The Directors are also given the power to appoint officers and assign responsibility for the daily operations of the corporation.
- Every Director of the corporation has a statutory duty to act honestly and in good faith with a view to the best interests of the corporation.
- Directors must also exercise the care, diligence and skill in carrying out their respective responsibilities within the corporation that a reasonable prudent person would exercise in comparable circumstances.
- A Director with a personal interest in a matter under consideration by the Board must disclose in full what that interest is and usually will be required to abstain from voting on the matter.

Legal Guidelines towards “The Legal Responsibility of Directors”

The responsibilities of Directors and Officers have become increasingly onerous in recent years due to the growing number of statutes that impose personal liability on Directors' and Officers' for the misdeeds of their corporations and/or for their own acts carried out in their capacity as Directors and Officers.

Subject to any limitation, imposed by the law of the applicable jurisdiction, the Corporation agrees to indemnify the Directors/Officers against all costs, charges and expenses including an amount paid to settle an action or satisfy a judgment, reasonably incurred by him in respect of any civil, criminal or administrative action by reason of being a Director/Officer if:

1. he acted honestly and in good faith with a view to the best interests of the Corporation, and

2. in the case of a criminal or administrative action or proceeding that is enforced by a monetary penalty he had reasonable grounds for believing that his conduct was lawful.

Usborne & Hibbert Mutual Fire Insurance purchases Directors' and Officers' Liability Insurance which provides personal protection for Directors and Officers against Wrongful Acts, or Alleged Wrongful Acts. Upon written request a copy of this policy will be provided to any Director/Officer who wishes to examine it to determine what is, and what is not covered.

The Code of Conduct for Directors will be reviewed annually.

Directors' Education

Directors will attend a minimum of two educational opportunities annually which can include but are not limited to OMIA session or Group meetings or presentations from experienced professionals and/or consultants.

Refer to the OMIA Director Certification Program for more information.

Reading material will be recommended and provided by the company for personal development throughout each year.

Appendix "A"

Usborne & Hibbert Mutual Fire Insurance Company

Regular Board Meetings

Special Items for various monthly Meetings:

January	-	Budget Approval
	-	Conduct Review Committee Meeting
	-	President/CEO Performance Appraisal
February	-	Financial Statement Review/Approval
	-	Review Year End Financials to Budget
March	-	Annual General Meeting
	-	Appoint Chair, Vice Chair
April		
May	-	Review 1 st Quarter Statement to Budget
	-	Investment Review
June		
July		
August	-	Review 2 nd Quarter Statement to Budget
	-	Investment Review
September		
October		
November	-	Review 3 rd Quarter Statement to Budget
	-	Investment Review
	-	Reinsurance Treaty Approval
December	-	Budget Review