



DATE: February 3, 2021

TO: All Members of the Fire Mutuals Guarantee Fund

FROM: John Taylor, Secretary

RE: FMGF Annual Meeting – Thursday March 25, 2021
By Electronic Means.

Dear President /CEO:

With the ongoing COVID-19 related restrictions on in-person meetings and with guidance from Public Health Authorities and all levels of government, the Trustees of the Fire Mutuals Guarantee Fund have confirmed the Annual Meeting of the Fire Mutuals Guarantee Fund will be held by electronic means on Thursday March 25, 2021 at 10:00 am.

Meeting by electronic means requires the consent of Fire Mutuals Guarantee Fund members. The registration notice, provided with the OMIA Notice of Annual General Meeting, contained a consent clause whereby each company by registering for the meeting thereby consented to the electronic format. The voting membership of the Ontario Mutual Insurance Association is one and the same as the Fire Mutuals Guarantee Fund.

The business to be conducted at the meeting is as follows:

- a. Call to Order
- b. Approval of the Minutes of the March 2020 Annual Meeting (enclosed).
- c. General Update and Report from the Solvency Protection Committee – Neil Petreny, Chair, FMGF
- d. Resolution to Amend the Fire Mutuals Guarantee Fund Agreement.
- e. Election of Trustees
- f. Other Business
- g. Adjourn

Resolution

As the trust fund has grown to its \$2M limit as set out in the current agreement, the trustees after careful review, have determined that it would be in the best interest of the member companies and the Fund to allow the Fund to continue to grow with the accumulation of investment income, if any, generated by the Fund. A new upper limit of \$3M is proposed, and the following resolution will come before the meeting:

Resolution of the Trustees of the Fire Mutuals Guarantee Fund to increase the value of the assets of the Fund:

WHEREAS:

1. Section 169(4) of the *Insurance Act* provides that the assets of the Fund shall be maintained at no less than a book value of \$1,000,000 or such further amount as may be specified from time to time by the Chief Executive Officer;
2. Section 6.5 of the current Agreement between the members of the Fund (the "Fund Agreement") recites section 169(4) of the *Insurance Act*;
3. Section 6.9 of the Fund Agreement provides in part that net income of the fund be accumulated in the fund until the Fund reaches a book value of Two Million Dollars, or such other amount as may be agreed upon by the members from time to time and that once the fund has reached a book value of such amount all net income is to be paid out annually to the members pro rata based on their contributions to the Fund;
4. The Superintendent of Insurance approved that the book value of the fund be increased to Two Million Dollars in the manner provided in the Fund Agreement;
5. The Trustees of the Fire Mutuals Guarantee Fund consider it to be in the best interests of the Guarantee Fund and its members as they may be from time to time to continue to allow the book value of the assets of the Fund increase over time;

BE IT RESOLVED THAT the Trustees of the Fire Mutuals Guarantee Fund unanimously recommend that:

1. Subject to the approval of the Chief Executive Officer of the Financial Services Regulatory Authority of Ontario and no less than 80% of the members of the Fire Mutuals Guarantee Fund, as required by section 10.1 of the Fund Agreement, sections 6.5 and 6.9 of the Fund Agreement be amended by replacing "Two Million Dollars" with "Three Million Dollars";.
2. The members of the Fund be asked to approve these amendments at the next meeting of the members of the Fund, to be held March 25, 2021.
3. If approved by the members of the Fund, the approval of the Chief Executive Officer of the Financial Services Regulatory Authority of Ontario to these amendments be requested.

Trustee Election

The term of Trustee Jodi Rich will expire at the annual meeting. Ms. Rich is eligible to stand for re-election under the terms of the Guarantee Fund Agreement and has indicated it is her intention to do so.

The term of Trustee Neil Petreny will expire at the annual meeting. Mr. Petreny is eligible to stand for re-election under the terms of the Guarantee Fund Agreement but has indicated he **will not** stand for re-election.

Nominations for Trustee positions take place from the floor of the AGM. Persons eligible to stand for trustee must be directors or employees of a Fire Mutuals Guarantee Fund member company.

Any individual, with his or her companies support, who is interested in standing for election is asked to contact the Trustees c/o John Taylor, FMGF Secretary at jtaylor@omia.com. This notice will assist in meeting planning and election logistics.

For additional reference we have included a trustee role description and brief biographical sketches of the incumbent trustees.

Role Description - Fire Mutuals Guarantee Fund Trustee

Background

Farm Mutual insurers licensed and regulated by the Province of Ontario compose the “Participants” of the Fire Mutuals Guarantee Fund (the “FMGF”). Participants must be members of the Farm Mutual Reinsurance Plan. The FMGF, together with the FMGF Agreement – signed by all Participants – provides a mechanism recognized in the Insurance Act for settling the obligations of a Participant to its owning policyholders in the event that the Participant becomes insolvent. The FMGF Agreement sets out the process for the appointment of trustees, the establishment and funding of a trust fund, and solvency protection and monitoring requirements.

Election of FMGF Trustees

Trustees are elected to three-year terms by the Participants in the FMGF. Elections take place at the Annual General Meeting of the FMGF held in conjunction with OMIA’s convention each March. Directors and employees of participating companies are eligible to stand for election as trustees.

Role of the Trustee

The Trustees are responsible for the oversight and governance of the trust fund established by the FMGF. They monitor investments and receive reports from the custodian of the trust fund. They review investments against the established investment policy and authorize the payment of expenses from the trust and monitor the funding assessment of each member company. Trustees are also members of the Solvency Protection Committee (the “SPC”). This committee appoints and facilitates the duties of the Financial Review Committee (the “FRC”) as detailed in the FMGF Agreement. The FRC members are independent of member companies and they review individual company results to identify potential solvency issues. The SPC reports to member companies. They also meet with regulators as required.

Trustees meet quarterly or more frequently as required. Conference call participation in meetings of the FMGF Trustees can be accommodated. FMGF Trustees are compensated using the OMIA per diem and mileage allowance rates.

Key Skills of the Trustee

- Ability to review investment reports and administer investment policy.
- Ability to liaise as required with FRC members and regulators.
- Ability to apply governance principals.
- Ability to review and interpret basic financial statements and solvency principles for mutual property and casualty insurers.
- Ability to act on solvency issues and respond to reports from the FRC.
- Ability to review and interpret, as needed, statutes and regulatory bulletins and directives.

FMGF Trustees - Biographies

Neil Petreny

Neil has been a Fire Mutual Guarantee Fund trustee since 2015 and is currently Chair. He joined the Dumfries Mutual Board in 2013. Originally from Saskatchewan, Neil has a degree in agriculture, a Master's in Business Administration, and has spent nearly 2 decades as the Chief Executive Officer of a Guelph based agricultural services company, Lactanet. Neil's business experience includes governance, policy, planning, finance, IT systems, service delivery, and strategic business partnerships. In addition, Neil also spent seven years as a North American Director of an international organization involved with service and standards and served 4 years as President.

Brian Downie

Brian is the CEO of West Elgin Mutual and has been a Guarantee Fund trustee since 2016. Brian joined West Elgin in 1991, was appointed Treasurer in 1994, and President/CEO in 1997. Brian served as a director on the board of Farm Mutual Reinsurance Plan from 2004 to 2016, including a year as Chair. During his time on that board he served as a director of the Farm Mutual Foundation, a member of the Corporate Governance Committee, the Reinsurance Rating Committee, and the Auto Rate Filing Committee. Brian also served as Chair of the Farm Mutual Pooled Funds Investment Review Committee for 10 years and was a member of the OMIA Statistics Committee. Brian's professional designations include the Canadian Risk Management Designation and he is a Fellow Chartered Insurance Professional. Brian has a Bachelor of Arts, Honors Business Administration from the Richard Ivey School of Business at Western University.

Sharon Hollister

Sharon was elected as a trustee in 2017. She's been the Chief Financial Officer at Germania Mutual Insurance Company since 2002. Sharon holds her CPA designation and has a Bachelor of Business of Administration degree from Wilfred Laurier University. She has played a key role in the development of a Germania's ERM/ORSA processes and has in depth experience in financial reporting and analysis. She has been Chair of OMIA's Accountants Roundtable and also chaired MCCG/Cognition+'s IBS Accountants Roundtable. Sharon is active in the Canadian Insurance Accountants Association and has tutored the Fundamentals of Accounting Course.

Jodi Rich

Jodi is the President and CEO of Howard Mutual and has been a trustee of the Fire Mutuals Guarantee Fund since March 2019. Past roles in the mutual system include President of Caradoc Delaware Mutual and CFO/Treasurer of the North Kent Mutual. Jodi also served on the Board of Directors of the Mutual Concept Computer Group (MCCG/Cognition+). Jodi has strong financial analysis skills and a sound background in investments, strategic planning, risk management, and insurance operations and holds the CIP designation.

Glenn Taylor

Glenn Taylor was elected as a Guarantee Fund trustee in March 2019. He is a director at the Halwell Mutual Insurance Company. Before joining the board at Halwell, Glenn had a distinguished career in property casualty insurance and was Director of Insurance Finance at RBC Insurance. Glenn is a CPA and holds a Bachelor of Math and Chartered Accountancy degree from the University of Waterloo. During the course of his career Glenn has been heavily involved with the Canadian Insurance Accountants Association including terms as a Director and President. Glenn teaches the OMIA Insurance Finance course for directors.

MINUTES OF THE ANNUAL GENERAL MEETING OF THE FIRE MUTUALS GUARANTEE
FUND HELD BY ELECTRONIC FORMAT (WEBEX) WEDNESDAY APRIL 29, 2020

1. CALL TO ORDER

Chair Neil Petreny called the meeting to order. Meeting Secretary John Taylor confirmed that all companies had consented to holding this meeting in an electronic medium and that a quorum was present. The Rules of Procedures were reviewed. Stephen Grant was appointed as Parliamentarian.

2. APPROVAL OF MINUTES OF 2019 ANNUAL GENERAL MEETING

Moved by: Barbara Bethune (Nova Mutual)

Seconded by: Alec Harmer (HTM Insurance)

To approve the minutes of the Annual General Meeting of the Fire Mutuals Guarantee Fund held on March 21, 2019.

Carried.

3. CHAIR'S REPORT

Fire Mutuals Guarantee Fund Chair Neil Petreny introduced fellow trustees Brian Downie (West Elgin), Sharon Hollister (Germania), Jodi Rich (Howard) and Glenn Taylor (Halwell).

The Chair provided a history of the Fire Mutuals Guarantee Fund and its role and purpose.

The Chair also reviewed the role of the Financial Review Committee and introduced Committee Chair, Catherine MacLellan and members Bill Embree, Joanne Vansevenant and Rick Walters

Chair Petreny discussed the 2019 highlights including with preparation for IFRS-17, new provincial regulator, advancing Cyber Risk Awareness and succession and recruitment for Guarantee Fund Trustees and Financial Review Committee members.

Chair Petreny reported on the 2020 key issues including IFRS-17, new regulator, continued Cyber Risk emphasis, FMGF reserve levels and preparedness.

4. REPORT FROM SOLVENCY PROTECTION COMMITTEE

On behalf of the Solvency Protection Committee, Chair Petreny confirmed that the Financial Review Committee had completed an analysis of each member company's results for 2019 and that no company posed a threat to the fund.

5. ELECTION OF TRUSTEES

Chair Petreny confirmed the expiring three-year term of trustees Sharon Hollister.

Chair Petreny called for nomination for the three-year terms. Brian Milne (Germania Mutual) nominated Sharon Hollister.

No other nominations were brought forward, and the following motion was made:

Moved by: Tim Shauf (The Commonwell Mutual)

Seconded by: Steve Quinn (Cayuga Mutual)

To close nominations.

Carried.

The Chair declared Sharon Hollister elected by acclamation.

Sharon Hollister thanked the Germania Mutual board for their support allowing her to serve as a trustee. Sharon commented it has been an interesting three years and looked forward to serving as trustee for another three years.

6. OTHER BUSINESS

No other business was brought forward.

7. ADJOURNMENT

The business of the meeting having been completed the Chair declared the meeting adjourned.

CERTIFIED TO BE A TRUE COPY OF THE MINUTES OF THIS DATE.

Chair

Secretary