

## SHARE PURCHASE AGREEMENT

Purchase Agreement dated the \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_

BETWEEN:

**HAMILTON TOWNSHIP MUTUAL  
INSURANCE COMPANY**

(the "**Purchaser**")

- and -

**TIMOTHY PEARSON and SHARON PEARSON**

(the "**Vendor**")

- and -

**PEARSON INSURANCE LIMITED**

(the "**Corporation**")

### **RECITALS:**

1. The Vendor is the registered and beneficial owners of all of the issued and outstanding shares in the capital of the Corporation;
2. The Vendor wishes to sell the Purchased Shares (as defined herein) and the Purchaser wishes to purchase such Purchased Shares, on and subject to the terms and conditions set out in this Agreement.

**NOW THEREFORE** in consideration of the mutual covenants and agreements contained in this Agreement and other good and valuable consideration (the receipt and sufficiency of which are acknowledged), the Parties agree as follows:

### **1. INTERPRETATION**

#### **1.1 Definitions.**

In this Agreement, the following terms have the following meanings:

- (a) "Applicable Accounting Standards" means using generally accepted accounting principles, consistently applied in accordance with the Ordinary Course of the Corporation or the Corporation and consistent with past practice;

"Assets" owned by the Corporation at the time of Closing means (i) all equipment, furniture, accessories and supplies of all kinds listed in Section 3.18 of the Disclosure Schedule, (ii) all intellectual property of the Corporation, (iii) all Authorizations issued to the Corporation, (iv) the Leases and all other Contracts

binding on the Corporation, (v) the Books and Records, (vi) the Corporate Records, (vii) the Book of Business as defined herein; and (viii) all accounts receivable of the Corporation.

- (b) "Authorization" means, with respect to any Person, any order, permit, approval, consent, waiver, licence or other authorization issued, granted, given or authorized by, or made applicable under the authority of, any Governmental Authority having jurisdiction over the Person.
- (c) "Book of Business" means the book of business, client lists and customer contact information, including, without limitation, all personal goodwill associated therewith currently in use by the Corporation (including the book of business in use by any Employee or other Persons under the supervision of the Corporation) relating to insurance placed with the Purchaser only.
- (d) "Books and Records" means all books of account, Tax Returns and other tax records, personnel records, historic documents relating to Employee Plans, sales and purchase records, customer and supplier lists, referral sources, research and development reports and records, production reports and records, equipment logs, operating guides and manuals, business reports, plans and projections and all other documents, files, correspondence and other information of the Corporation (whether in written, electronic or other form) other than the Corporate Records.
- (e) "Business" means the property and casualty insurance agency business of the Corporation as of the Closing Date.
- (f) "Business Day" means any day, other than a Saturday, Sunday or statutory or civic holiday in Ontario.
- (g) "Closing" means the completion of the transaction of purchase and sale contemplated in this Agreement.
- (h) "Closing Date" means June 30, 2022 or such earlier or later date as the Parties may agree in writing.
- (i) "Closing Period" means the period between the close of business on the date of this Agreement and the Closing.
- (j) "Commercially Reasonable Efforts" means the efforts that a prudent person who desires to achieve a result would use in similar circumstances to ensure that such result is achieved as expeditiously as possible; provided, however that this obligation will not require a Person to take any action or actions which could materially and adversely affect the benefits to such Person of this Agreement and the transactions contemplated in this Agreement.
- (k) "Commission Income" means the regular commission amounts received by the Corporation (excluding any contingent profit commission) from the Purchaser in calendar year 2020, net of any claw back, offset or other similar adjustments, in consideration for the Corporation placing insurance with the Purchaser.

- (l) "Consent" has the meaning specified in Section 3.5.
- (m) "Contracts" means all agreements, arrangements, understandings, commitments and undertakings (whether written, electronic or oral), to which a Person is a party or a beneficiary.
- (n) "Corporate Records" means the corporate records of the Corporation, including (i) all constating documents, articles and by-laws; (ii) all minutes of meetings and resolutions of shareholders and directors; and (iii) the share certificate books, securities register, register of transfers and register of directors.
- (o) "Damages" means any direct and foreseeable losses, damages, fines and other penalties, costs or expenses.
- (p) "Disclosure Schedule" means the disclosure schedule attached to this Agreement.
- (q) "Employee" means any full-time or part-time employee of the Corporation including any employee on disability (long-term or short-term), workers' compensation or parental or other statutory leave.
- (r) "Employee Plans" has the meaning specified in Section 3.34(a).
- (s) "Environmental Laws" means all Laws relating to environmental matters including any Law having as its purpose the protection of the environment, the prevention or reduction to acceptable levels of pollution or the provision of remedies in respect of damage arising therefrom.
- (t) "Governmental Authority" means any (i), federal, provincial, municipal, local or other governmental or public department, court, commission, board, or agency; (ii) or (ii) any quasi-governmental or private body exercising any regulatory, expropriation or taxing authority under or for the account of any of the above.
- (u) "Indemnified Person" has the meaning specified in Section 7.3(a).
- (v) "Indemnifying Party" has the meaning specified in Section 7.3(a).
- (w) "Interim Financial Statements" means the unaudited balance sheet of the Corporation dated as of the Closing Date and the accompanying unaudited statements of income and cash flow for the period from the Reference Date to the Closing Date, together with all notes in respect thereof.
- (x) "Laws" means any and all (i) laws, statutes, codes, orders, rules, regulations and municipal by-laws; (ii) judicial, arbitral, administrative, ministerial, departmental or regulatory judgments, orders, decisions, rulings or awards of any Governmental Authority; and (iii) policies, guidelines and protocols to the extent they have force of law.
- (y) "Lease" means the lease in respect of the leased premises from with the Corporation has carried on the Business as described in Section 3.20 of the Disclosure Schedule.

- (z) "Lien" means (i) any mortgage, charge, pledge, hypothec, security interest, assignment, lien (statutory or otherwise), privilege, easement, servitude, pre-emptive right or right of first refusal, ownership or title retention agreement, restrictive covenant or conditional sale agreement, and (ii) any other encumbrance of any nature or any arrangement or condition which, in substance, secures payment or performance of an obligation.
- (aa) "Material Adverse Effect" means, with respect to any event, matter or circumstance, an effect that is materially adverse to the business, operations or condition (financial or otherwise) of the Corporation other than any effect resulting from (i) changes in general economic conditions affecting the Corporation or any of its competitors, (ii) changes in applicable Laws, (iii) changes in the Applicable Accounting Standards, (iv) this Agreement or the Acquisition Agreements or the completion of the transactions contemplated in this Agreement or the Acquisition Agreements, or (v) departures of Employees as a result of the decision to sell the Corporation.
- (bb) "Material Contracts" means (i) any continuing Contract to which the Corporation is a party for the purchase of materials, equipment or services involving in the case of any such Contract more than \$1,000 over the life of the Contract, (ii) any Contract to which the Corporation is a party that expires, or may be renewed at the option of any Person other than the Corporation so as to expire, more than [one] year after the date of this Agreement, (iii) any promissory note, loan agreement or other Contract to which the Corporation is a party for the borrowing of money, or any currency exchange, commodities or other hedging arrangement or any leasing transaction of the type required to be capitalized in accordance with the Applicable Accounting Standards, (iv) any Contract to which the Corporation is a party for capital expenditures in excess of \$1,000 in the aggregate, (v) any Contract of the Corporation with any Person with whom the Corporation does not deal at arm's length within the meaning of the Tax Act, (vi) Employee Plans; (vii) the Leases;
- (cc) "Ordinary Course" means, with respect to an action taken by a Person, that such action is consistent with the past practices of the Person or its business, as the case may be, and is taken in the ordinary course of the normal day-to-day operations of the Person or its business, as the case may be.
- (dd) "Person" means a natural person, partnership, limited partnership, limited liability partnership, syndicate, sole proprietorship, corporation or company (with or without share capital), limited liability company, stock company, trust, unincorporated association, joint venture or other entity or Governmental Authority.
- (ee) "Purchased Shares" has the meaning specified in Section 2.2.
- (ff) "Purchaser Indemnified Persons" has the meaning specified in Section 7.1.
- (gg) "Reference Date" means the date of the last fiscal year of the Corporation [prior to the Closing Date](#).

- (hh) "Related Party Debt" means any loan, bond, promissory note, or other indebtedness owed by the Corporation to the Vendor, employees of the Corporation, or any person not dealing at arm's length with any of the foregoing, other than any amount owing by the Corporation to an employee, in its capacity as employer.
- (ii) "Required Consents and Authorizations" means those Consents and Authorizations set out and described in Section 5.1(d) of the Disclosure Schedule, if any.
- (jj) "Tax Act" means the *Income Tax Act* (Canada).
- (kk) "Taxing Authority" means the Canada Revenue Agency and any other Governmental Authority having taxing authority and their respective successors, if any.
- (ll) "Tax Liabilities" means all liabilities and obligations of the Corporation for Taxes not otherwise accounted and adjusted for in the Interim Financial Statements.
- (mm) "Tax Returns" means all returns, reports, declarations, elections, notices, filings, forms, statements and other documents (whether in written, electronic or other form) and any amendments, schedules, attachments, supplements, appendices and exhibits thereto, which have been prepared or filed or are required to be prepared or filed in respect of Taxes.
- (nn) "Taxes" includes any taxes, duties, assessments, imposts and levies imposed by any Taxing Authority and includes all interest, penalties, fines, additions to tax or other additional amounts imposed by any Taxing Authority, including those levied on, or measured by, or referred to as, income, gross receipts, profits, capital, transfer, land transfer, sales, goods and services, harmonized sales, use, value-added, excise, withholding, business, property, occupancy, employer health, payroll, employment, health, social services, education and social security taxes, all surtaxes, all customs duties and import and export taxes, countervail and anti-dumping and all employment insurance, health insurance and Canada and other government pension plan and other employer plan premiums, contributions or withholdings.
- (oo) "Third Party Claim" has the meaning specified in Section 7.3(a).
- (pp) "Vendor Indemnified Persons" has the meaning specified in Section 7.2.
- (qq) "Working Capital" means the working capital of the Corporation, calculated by subtracting the Corporation's current liabilities from its current assets. For clarification, "current assets" shall include (i) cash, cash equivalents and short term cash investments, (ii) insurance accounts receivable; and (iii) ~~surplus cash, and (iv)~~ prepaid expenses to the extent that they will continue to benefit the Corporation following Closing.

## 1.2 Gender and Number.

Any reference in this Agreement to gender includes all genders and words importing the singular include the plural and *vice versa*.

### **1.3 Headings, etc.**

The inclusion of a table of contents, the division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and are not to affect or be used in the construction or interpretation of this Agreement.

### **1.4 References to the Schedules and Exhibits.**

- (a) The Disclosure Schedule, exhibits and other Schedules to this Agreement form an integral part of this Agreement.
- (b) Any disclosure made in any section of the Disclosure Schedule with respect to a specific representation or warranty which may be applicable to other representations and warranties is deemed to have been made with respect to all such representations and warranties regardless of whether or not there is a specific cross-reference.
- (c) Matters reflected in the Disclosure Schedule are not necessarily limited to those matters required by this Agreement to be reflected in such Disclosure Schedule. Such additional matters are set forth for informational purposes only and do not necessarily include other matters of a similar nature.

### **1.5 Knowledge.**

Where any representation or warranty in this Agreement is expressly qualified by reference to the knowledge of the Vendor, it is deemed to refer to the knowledge that the Vendor either has, or should have obtained, after having made or caused to be made reasonable enquiries necessary to obtain informed knowledge, including enquiries of the records of employees of the Corporation who are reasonably likely to have knowledge of the relevant matter.

### **1.6 Accounting Terms.**

All accounting and financial terms and references not defined in this Agreement are to be interpreted in accordance with the Applicable Accounting Standards.

### **1.7 No Presumption.**

The Parties and their counsel have participated jointly in the negotiation and drafting of this Agreement and each of the Transaction Documents. In the event an ambiguity or question of intent or interpretation arises, this Agreement and each of the Transaction Documents are to be construed as if drafted jointly by the Parties. No presumption or burden of proof will arise in favour of any Party by virtue of the authorship of any provision of this Agreement or any of the Transaction Documents.

## 1.8 Governing Law.

This Agreement is governed by and is to be interpreted, construed and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein, without regard to conflict of law principles.

## 2. PURCHASED SHARES AND PURCHASE PRICE

### 2.1 Purchase and Sale.

Subject to the terms and conditions of this Agreement, the Vendor covenants and agrees to sell, assign and transfer to the Purchaser and the Purchaser covenants and agrees to purchase and acquire from the Vendor on the Closing Date, the Purchased Shares.

### 2.2 Purchased Shares

The Purchaser agrees to purchase from the Vendor the following shares in the capital stock of the Corporation (the "**Purchased Shares**"), being all of the issued and outstanding shares:

[Tim Pearson 250,000 Common A](#)

[Sharon Pearson 70,000 Class A](#)

### 2.3 Purchase Price.

The aggregate purchase price for the Purchased Shares is \$1,159,107.53 (the "**Purchase Price**") which is equal to 3.75 times the Commission Income of the Corporation for the 2020 calendar year. The Purchase Price shall be subject to adjustment in accordance with section [2.4 2.5](#)

### 2.4 Payment of Purchase Price on Closing

On Closing, the Purchaser agrees to [pay](#) satisfy the Purchase Price as follows:

[\(a\) by payment of the sum of \\$100,000 in the form of a bank draft, certified cheque, or wire transfer of immediately available funds, to the Purchaser's solicitors to be held by them in trust and to be released in accordance with Section 2.9 \(the "Holdback"\);](#)  
[and](#)

[\(b\) by the payment of the balance of the Purchase Price in the form a bank draft, certified cheque, or wire transfer of immediately available funds payable to the Vendors to an account or accounts directed in writing by the Vendors.](#)

### 2.5 Working Capital Adjustment to the Purchase Price

It is intended that on Closing the Working Capital of the Corporation will be \$5,000.

(a) If the Working Capital on Closing is less than \$5,000 the Purchase Price shall be reduced by an amount equal to the amount by which the Working Capital is less than \$5,000.

If the Working Capital on Closing is greater than \$5,000, the Purchase Price shall be increased by an amount equal to the amount by which the Working Capital is greater than \$5,000.

## 2.6 Calculation of Purchase Price following Closing

- (a) The Working Capital on the Closing Date shall be calculated by the Purchaser and delivered to the Vendor within thirty (30) days of the Closing Date. The Vendor shall be deemed to have accepted the Purchaser's calculation of the Working Capital if he does not provide written objection within 10 days of receipt of the calculation, in which case the Vendor shall be deemed to have accepted, in which case the Purchase Price shall be adjusted in accordance therewith pursuant to section 2.4, 2.5. In the event the Purchase Price is increased as a result of such adjustment, the Purchaser shall pay to the Vendor the amount of such increase ~~and the amount of such adjustment paid by the Vendor or the Purchaser to the other, as the case may be,~~ by way of bank draft or certified cheque, within the next 5 business days. In the event the Purchase Price is decreased, the Parties agree that the amount of such decrease may be paid by the Purchaser's solicitors to the Purchaser from the Holdback.
- (b) In the event the Vendor provides his written objection to the Working Capital as calculated by an independent accounting firm shall be chosen by both Parties, and failing such agreement, the independent accounting firm shall be \_\_\_\_\_ which shall calculate the Working Capital. The calculation of the Working Capital by such accounting firm shall be final and binding. The cost of engaging such independent firm shall be borne by the Vendors and the Purchaser equally.

## 2.7 Release of Holdback

Subject to section 2.6(a) the Holdback shall be held in trust by the Purchaser's solicitors in an interest bearing trust account for a period of 13 months following the Closing Date. Any amounts determined to be due and payable in accordance with Article 7 and for which a Purchaser Indemnified Party is entitled to be indemnified by the Vendor pursuant to this Agreement prior to 13<sup>th</sup> month following the Closing Date shall be deducted from the Holdback and paid to the Purchaser. The balance of the Holdback, if any, shall be paid to the Vendor together with interest earned thereon, by way of bank draft or certified cheque, within the next 10 business days.

## 2.8 **Contingent Profit Commissions**

~~In addition to the Purchase Price the- It is agreed that the Purchaser shall only be obligated to pay to the Corporation shall pay to the Vendor 75% of any contingent profit commissions which would be payable to the Corporation in respect of the calendar year 2021. paid to the Corporation for the full year of 2021, net of any tax payable by the Corporation on such amount pursuant to~~



Part I of the Tax Act. It is further agreed that the Corporation shall not be entitled to contingent profit commission for the calendar year 2022.

### **4.3. REPRESENTATIONS AND WARRANTIES OF THE VENDOR**

The Vendor represents and warrants as follows to the Purchaser and acknowledges and confirms that the Purchaser is relying upon the representations and warranties in entering into this Agreement and purchasing the Purchased Shares:

#### **4.13.1 Incorporation and Corporate Power.**

The Corporation is a corporation formed, organized and existing under the laws of the province of Ontario, and the Corporation has the corporate power and authority to own and operate its property and assets, carry on its business and enter into and perform its obligations under this Agreement and each of the Acquisition Agreements to which it is a party.

#### **4.23.2 Corporate Authorizations.**

The execution, delivery and performance by the Corporation of this Agreement and each and every document delivered or to be delivered in connection with this Agreement have been duly authorized by all necessary corporate action and do not (or would not with the giving of notice or the passage of time) result in a breach or a violation of, or conflict with, any of its constating documents or by-laws.

#### **4.33.3 No Breach of Material Contracts.**

The execution, delivery and performance by the Vendor or the Corporation, as the case may be, of this Agreement do not (or would not with the giving of notice or the passage of time) result in a breach or a violation of any Material Contract.

#### **4.43.4 Required Authorizations.**

There is no requirement for the Vendor, or the Corporation to make any filing with, give any notice to, or obtain any Authorization of, any Governmental Authority as a condition to the lawful completion of, the transactions contemplated by this Agreement, except for the filings, notifications and Authorizations set out in Section 3.4 of the Disclosure Schedule.

#### **4.53.5 Required Consents.**

There is no requirement for the Vendor or the Corporation to make any filing with, give any notice to, or obtain any consent, approval, waiver or other similar authorization of, any Person who is a party to a Material Contract as a condition to the lawful completion of, the transactions contemplated by this Agreement except for the filings, notifications, consents, approvals, waivers and other authorizations set out in Section 3.5 of the Disclosure Schedule (collectively, the "Consents").

#### **4.63.6 Execution and Binding Obligation.**

This Agreement and each and every other agreement or document delivered or to be delivered pursuant to this Agreement have been or will be duly executed and delivered by the Vendor or the

Corporation, as the case may be, and constitute or will constitute on the Closing Date legal, valid and binding obligations of the Corporation or the Vendor, as the case may be, enforceable against such Person in accordance with their respective terms.

#### **4.73.7 Authorized and Issued Capital.**

- (a) The authorized capital of the Corporation is as set out in the Articles of Incorporation of the Corporation, which have been provided to the Purchaser.
- (b) All of the Purchased Shares have been issued in compliance with all applicable Laws (including securities Laws).

#### **4.83.8 Title to Purchased Shares.**

The Purchased Shares are owned by the Vendor as the registered and beneficial owner thereof with good and valid title thereto, free and clear of all Liens and any other encumbrance.

#### **4.93.9 No Other Agreements to Purchase.**

Except for the Purchaser's rights under this Agreement and as otherwise contemplated by this Agreement, no Person has any written or oral agreement, option, understanding or commitment or any right or privilege (whether by law, contractual or otherwise) capable of becoming such for:

- (a) the purchase or acquisition from the Vendor of any of the Purchased Shares; or
- (b) the purchase, subscription, allotment or issuance of any unissued shares or other securities of the Corporation.

#### **4.103.10 Dividends and Other Distributions.**

Since the Reference Date, the Corporation has not declared or paid any dividends or declared or made any other distribution on any of its shares or other securities and has not redeemed, purchased or otherwise acquired any of its shares or other securities.

#### **4.113.11 Corporate Records.**

The Corporate Records are complete and accurate in all material respects and all material corporate proceedings and actions reflected in the Corporate Records have been conducted or taken in material compliance with all applicable Laws and with the articles and by-laws of the Corporation.

#### **4.123.12 Qualification.**

The Corporation is qualified and licensed to carry on business in the Province of Ontario.

#### **4.133.13 Conduct of Business in Ordinary Course.**

Except as set out in Section 3.13 of the Disclosure Schedule, since the Reference Date, the Business has been carried on in the Ordinary Course.

#### **4.143.14 Compliance with Laws.**

To the knowledge of the Vendor, the Corporation is conducting the Business in compliance with applicable Laws in all material respects.

#### **4.153.15 Insurance Act License.**

The Corporation is licensed as an insurance agency under the *Insurance Act* of Ontario, selling property and casualty insurance for the Purchaser and one other mutual insurance company. Such license is in full force and effect and in good standing without restriction. The Corporation has not been the subject of any disciplinary proceedings under the *Insurance Act* or its regulations whether now in progress, pending, or past (including any past proceeding that did not result in any disciplinary measures or findings of misconduct).

#### **4.163.16 Employee Licensing.**

- (a) For the purpose of this Section "Employee" shall include any Person who is retained as an independent contractor by the Corporation in relation to its Business.
- (b) Each Employee who is required by reason of the nature of his or her employment by or relationship to the Corporation to be, is licensed as an insurance agent under the *Insurance Act*. Such licenses are in good standing, and no Employee has been the subject of any disciplinary proceedings under the *Insurance Act* or its regulations, whether now in progress, pending, or past (including any past proceeding that did not result in any disciplinary measures or findings of misconduct).

Each Employee has provided only those services, and undertaken only those activities, for which such Employee held, as of the date the services were provided or the activities undertaken, all necessary licenses and registrations required under Applicable Laws therefor.

#### **4.173.17 Title to the Assets.**

The Corporation owns (with good title) the Assets that are material to the Business that are listed in section 3.17 of the Disclosure Schedule, free of Liens.

#### **4.183.18 Owned Real Property.**

The Corporation does not, and will not on Closing, own any real property.

#### **4.193.19 Leases and Leased Premises.**

The Corporation is not a party to any lease with respect to real property other than the Lease, which Lease is in good standing in all material respects, all material amounts of rents and

additional rents have been paid when due, and to the knowledge of the Vendor, there exists no default on the part of the Corporation.

#### **4.203.20 No Breach of Material Contracts.**

Section 3.20(a) of the Disclosure Schedule sets out a true, correct, and complete list of all Material Contracts of the Corporation and the Corporation is not in breach of any of its material obligations thereunder.. Save and except for those Material Contracts set out in section 3.20(b) of the Disclosure Schedule all Material Contracts will have been terminated on or prior to Closing without recourse to the Corporation. The Corporation will be entitled to all material benefits under each Material Contract set out in section 3.20(b) of the Disclosure Schedule.

#### **4.213.21 Subsidiaries.**

The Corporation has no subsidiaries and holds no securities or other ownership, equity or proprietary interests in any other Person.

#### **4.223.22 Intellectual Property.**

- (a) Section 3.22(a) of the Disclosure Schedule sets out a true, correct and complete list of all of the intellectual property rights owned by the Corporation which are material to the Business and all licenses or similar agreements to which the Corporation is a party, either as licensee or licensor, with respect thereto;

The Corporation is the exclusive owner of all right, title and interest in and to, or possesses the right (exclusive or non-exclusive) to use, the such intellectual property rights, free and clear of all Liens.

- (b) To the knowledge of the Vendor, there are no disputes with respect to any of the intellectual property rights.
- (c) Section 3.22 of the Disclosure Schedule also sets out all material computer programs, databases and software not commercially available to the public but which are currently being used by the Corporation and which are material to the Business, and whether such software is owned or licensed. If Licensed, the Corporation and the Vendor are not in breach of the terms of any such license.

#### **4.233.23 Books and Records.**

All accounting and financial Books and Records have been fully, properly and accurately kept and are complete in all material respects. The Books and Records are not recorded, stored, maintained, operated or otherwise wholly or partly dependent upon or held by any means (including any electronic, mechanical or photographic process, whether computerized or not) which are not or will not be available to the Corporation in the Ordinary Course prior to and after Closing.

#### **4.243.24 Financial Statements.**

All financial statements provided to the Purchaser have been prepared from and using the Books and Records in accordance with the Applicable Accounting Standards applied on a basis consistent with those of previous fiscal years and present fairly in all material respects:

- (a) the assets, liabilities, income, losses, retained earnings, accruals, reserves, adjustments and financial condition of the Corporation;
- (b) the results of operations of the Corporation; and
- (c) the changes in financial position of the Corporation,

all as at the dates and for the periods specified in such statements in accordance with the Applicable Accounting Standards.

The financial statements to be provided to the Purchaser for the fiscal year ending on the Reference Date, and the Interim Financial Statements to be provided to the Purchaser will be prepared on the same basis.

#### **4.253.25 Related Party Debt**

There is not and will not be on Closing any Related Party Debt.

#### **4.263.26 Insurance Carriers**

Section 3.26 of the Disclosure Schedule sets forth and lists all property and casualty insurance carriers which have appointed the Corporation as an agent, (each such contract, an "**Insurance Carrier Contract**" and each such insurance carrier, an "**Insurance Carrier**"). Prior to Closing the Corporation shall have sold, transferred or divested itself of all insurance contracts included in the Corporation's book of business, with Insurance Carriers other than the Purchaser, and shall have cancelled all Insurance Carrier Contracts, other than that with the Purchaser.

The Corporation has complied in all Material respects with the terms of all Insurance Carrier Contracts, and Insurance Carrier has any claim against the Corporation in connection therewith.

No Insurance Carrier Contract provides for the Corporation to assume any underwriting risk.

#### **4.273.27 Book of Business.**

The Corporation is the legal and beneficial owner of the Book of Business, free and clear of all Liens or other encumbrances. No Person has any claim, right, or interest in the Book of Business. No agreement with any Employee (including any Person retained as an independent contractor) or Insurance Carrier entitles that Person to retain the Book of Business, or any portion thereof, upon expiration or termination of such agreement.

#### **4.283.28 No Undisclosed Liabilities.**

Except as set out in Section 3.28 of the Disclosure Schedule or reflected or reserved against in the balance sheet forming part of the Interim Financial Statements, on closing the Corporation will have to the knowledge of the Vendor the Corporation has no liabilities, or obligations or indebtedness other than its current liabilities of the type required to be reflected as liabilities on a balance sheet prepared in accordance with the Applicable Accounting Standards (whether absolute, accrued or contingent) other than liabilities and obligations incurred in the Ordinary Course since the Reference Date.

#### **4.293.29 Insurance.**

Section 3.29 of the Disclosure Schedule sets forth and lists all insurance policies currently maintained by the Corporation, including a brief description of the type of insurance, the name of the insurer, policy number, expiration date and annual premiums. Copies of all insurance policies have been provided to the Purchaser. The Corporation is not in default in any material respect with respect to the payment of any premiums under any such insurance policies and, to the knowledge of the Vendor, has not failed to present any material claim under any insurance policy in a timely fashion.

#### **4.303.30 Litigation.**

Except as set out in Section 3.30 of the Disclosure Schedule, there are no actions, suits or proceedings, at law or in equity, by any Person, nor any arbitration, administrative or other proceeding by or before any Governmental Authority, current or pending, or, to the knowledge of the Vendor, threatened against the Corporation or the Business which would reasonably be expected to have a Material Adverse Effect.

#### **4.313.31 Taxes.**

- (a) The Corporation has prepared and filed all Tax Returns within the prescribed periods with the appropriate Taxing Authority in accordance with applicable Laws. The Corporation has reported all material income and all other material amounts and information required by applicable Law to be reported on each such Tax Return.
- (b) The Corporation has paid, within the prescribed period, all Taxes which are required to be paid to any Taxing Authority pursuant to applicable Law. Except where a deficiency would not reasonably be expected to have a Material Adverse Effect, no deficiency with respect to the payment of any Taxes has been asserted against it by any Taxing Authority. Since the Reference Date, the Corporation has not:
  - (i) incurred any liability for Taxes;
  - (ii) engaged in any transaction or event which would result in any liability for Taxes; or
  - (iii) realized any income or gain for tax purposesother than, in each case, in the Ordinary Course. Adequate provision has been made (or will be made prior to Closing) in the Books and Records for all Taxes payable for all taxable periods ending on or before the Closing Date, and for all Taxes in respect of any time or event prior to the Closing Date.
- (c) The Corporation has duly and timely withheld and collected all Taxes required by applicable Law to be withheld or collected by it and has duly and timely remitted to the appropriate Taxing Authority all such Taxes as and when required by applicable Law.

- (d) There are no proceedings, investigations or audits pending or, to the knowledge of the Vendor, threatened against the Corporation in respect of any Taxes. All Tax Returns of the Corporation for taxation years ending on or before the Reference Date have been assessed by the relevant Taxing Authority.
- (e) The Corporation has not requested, entered into any agreement or executed any waiver providing for any extension of time within which:
  - (i) to file any material Tax Return;
  - (ii) to file any material elections, designations or similar filings relating to Taxes;
  - (iii) it is required to pay or remit any material Taxes; or
  - (iv) any Taxing Authority may assess or collect any material Taxes.
- (f) The Corporation has not entered into any agreement with, or provided any undertaking to, any Person pursuant to which it has assumed liability for the payment of Taxes owing by such Person except where the assumption of such liability would not reasonably be expected to have a Material Adverse Effect.

#### **4.323.32 Environmental Matters.**

To the best of their knowledge, except as disclosed in Section 3.32 of the Disclosure Schedule, the Corporation is not, and has not been, subject to any proceedings alleging the violation of any Environmental Laws in relation to the Corporation or the leased premises and there are no circumstances that could reasonably be expected to give rise to any civil or criminal proceedings or Liability regarding (i) the Emissions or presence of a Hazardous Substance on the leased premises, or (ii) the violation of any Environmental Laws by the Corporation, its employees, agents or others for whom it is responsible in relation to the Business.

The Corporation is not, and there is no basis upon which the Purchaser could become, responsible for a domestic or foreign federal, provincial, state, municipal or local cleanup or remediation of lands contaminated with a hazardous substance or for any other remedial or corrective action under any Environmental Laws.

#### **4.333.33 Employee Matters.**

- (a) There has been no complaint, grievance, claim, proceeding, civil action, work order or investigation filed, made or commenced against the Corporation in respect of its Employees by any Governmental Authority or other Person.
- (b) To the knowledge of the Vendor, the Corporation has complied in all material respects with the provisions of all applicable Laws respecting employment, including employment standards Laws as well as Laws relating to human rights, occupational health and safety, workers' compensation and pay equity.



- (c) Except as set out in Section 3.33 of the Disclosure Schedule, all material amounts due or accrued due for all salary, wages, bonuses, commissions and vacation pay have either been paid or are accurately reflected in the financial Books and Records.
- (d) Section 3.33 of the Disclosure Schedule contains a true, correct and complete list as of the date of this Agreement of each Employee, whether actively at work or not, his or her salary, wage rate, commissions, bonus arrangements, benefits, position, status as full-time or part-time employee, location of employment, length of service and any written employment contracts he or she may have.
- (e) Except as set out in Section 3.33 of the Disclosure Schedule, the Corporation does not have any written agreement as to length of notice or severance payment required to terminate any Employee.

#### 4.343.34 **Employee Benefit Plans.**

- (a) Section 3.34 of the Disclosure Schedule sets out a true, correct and complete list of all material retirement, pension, supplemental pension, savings, retirement savings, retiring allowance, bonus, profit sharing, stock purchase, stock option, phantom stock, share appreciation rights, deferred compensation, change of control, life insurance, medical, hospital, dental care, vision care, drug, sick leave, short term or long term disability, salary continuation, unemployment benefits, vacation, incentive, compensation or other employee benefit plan that is maintained or otherwise contributed to, or required to be contributed to, by or on behalf of the Corporation for the benefit of current or former Employees of the Corporation other than government sponsored pension, employment insurance, workers compensation and health insurance plans (collectively, the "**Employee Plans**").
- (b) Each Employee Plan has been maintained in compliance in all material respects with its terms and with the requirements of all applicable Laws. Each Employee Plan that is required to be registered under applicable Laws is registered with the appropriate Governmental Authorities.
- (c) All contributions or premiums required to be paid, deducted or remitted and all obligations required to be performed by the Corporation pursuant to the terms of any Employee Plan, have been paid, deducted, remitted or performed, as the case may be, in a timely fashion.
- (d) There are no actions, suits, investigations, arbitration or other proceedings pending with respect to the Employee Plans which would reasonably be expected to have a Material Adverse Effect.
- (e) There is no pending termination or winding-up procedure in respect of any of the Employee Plans.
- (f) The Vendor have made available to the Purchaser, true, correct and complete copies of the text of all Employee Plans and any related, insurance contracts or other documents governing those plans, all as amended to the date of this Agreement.



- (g) No promises or commitments have been made by the Corporation to amend in any material respect any Employee Plan or to establish any material new benefit plan, except as required by applicable Laws.

#### **4.353.35 Guarantees.**

Except as set out in Section 3.35 of the Disclosure Schedule, the Corporation is not a party to or bound by any agreement of guarantee, indemnification or any other like commitment of, or in respect of, the obligations, liabilities (contingent or otherwise) or indebtedness of any Person, other than the obligations of the Corporation pursuant to all property and casualty insurance contracts, policies, endorsements, binders and certificates written, issued or assumed by the Corporation.

#### **4.363.36 Required Filings, Reports of Examination and Regulatory Files.**

The Corporation has duly filed with appropriate Governmental Authorities, to the extent required by Law to be filed, all annual and quarterly statements and other statements, returns, documents, registrations, reports, filings and submissions required by insurance and other Laws. To the knowledge of the Vendor, all such statements, returns, documents, registrations, reports, filings and submissions are substantially correct as filed, and there are no material omissions therefrom.

#### **4.373.37 Due Diligence Documents.**

All documents provided to the Purchaser by the Vendor in the course of its due diligence, are true, accurate, and complete in respect of the subject matter to which they relate.

### **5.4. COVENANTS OF THE PARTIES**

#### **5.14.1 Access for Due Diligence.**

Subject to compliance with applicable Laws, during the Closing Period, the Vendor shall:

- (a) cause the Corporation to give the Purchaser and its accountants, legal advisers and other representatives reasonable access to representatives of the Corporation, and to the Corporation's Books and Records, Corporate Records, Tax Returns, Contracts and other Assets;
- (b) provide the Purchaser with such information relating to the Corporation, the Assets and the Business as the Purchaser may reasonably request; and
- (c) Cause the Corporation to facilitate communication, including providing any necessary consents and authorizations, between the Purchaser and the following persons for the following purposes:
  - (i) FSRA and the Financial Services Tribunal, for the purpose of confirming the Corporation's compliance with applicable Laws under their respective jurisdictions, including the licensing and discipline history of the Corporation, the Vendor, and any other Person who is supervised by the Corporation.

### **5.24.2 Conduct of Business Prior to Closing.**

During the Closing Period, the Vendor shall cause the Corporation to conduct the Business in the Ordinary Course.

### **5.34.3 Actions to Satisfy Closing Conditions.**

- (a) The Vendor shall take all such actions as are within its power to control and shall use Commercially Reasonable Efforts to cause other actions to be taken which are not within its power to control, so as to ensure compliance with all of the conditions set forth in Section 6.1 including ensuring that during the Closing Period and at Closing, all of the representations and warranties remain true and correct as of the Closing Date.
- (b) The Purchaser shall take all such actions as are within its power to control and shall use Commercially Reasonable Efforts to cause other actions to be taken which are not within its power to control, so as to ensure compliance with all of the conditions set forth in Section 6.2 including ensuring that during the Closing Period and at Closing, there is no breach of any of its representations and warranties.

### **5.44.4 Transfer of the Purchased Shares.**

The Vendor shall take all necessary steps and corporate proceedings to permit good title to the Purchased Shares to be duly and validly transferred and assigned to the Purchaser at the Closing, free of all Liens.

### **5.54.5 Request for Consents.**

The Vendor and the Purchaser shall use Commercially Reasonable Efforts to obtain, prior to Closing, all Consents. The Consents shall be on such terms as are acceptable to the Vendor and the Purchaser, acting reasonably.

### **5.64.6 Filings and Authorizations.**

Each of the Vendor and the Purchaser, as soon as practicable after the execution of this Agreement, shall:

- (a) make, or cause to be made, all such filings and submissions under all applicable Laws, if any, as may be required for them to complete the purchase and sale of the Purchased Shares in accordance with the terms of this Agreement and the other transactions contemplated by this Agreement and each of the Acquisition Agreements; and
- (b) use Commercially Reasonable Efforts to obtain, or cause to be obtained, all Authorizations necessary or advisable in order to complete the transfer of the Purchased Shares and the other transactions contemplated by this Agreement and each of the Acquisition Agreements.

Subject to compliance at all times with applicable Law and the other provisions of this Agreement the Vendor and the Purchaser shall coordinate and cooperate with each other in exchanging

information and supplying such assistance as is reasonably requested in connection with the foregoing including providing each other with copies of all notices and information supplied to or filed with any Governmental Authority and all notices and correspondence received from any Governmental Authority (except for notices and information which the Vendor or the Purchaser, in each case acting reasonably, considers highly confidential and sensitive and which may be filed on a confidential basis).

#### **5.74.7 Preparation of Tax Returns.**

The Vendor shall be responsible for preparation and filing of all Tax Returns for the Corporation due after the Closing Date in respect of periods ending on or before or which include the Closing Date, which Tax Returns must be prepared and filed on a timely basis consistent with the Corporation's existing procedures for preparing such Tax Returns and in a manner consistent with prior practice with respect to the treatment of specific items on the Tax Returns (to the extent such treatment is reasonable in the circumstances). The Purchaser will provide the Vendor with access to the Books and Records for this purpose. The Vendor shall be responsible for payment of all income and other taxes payable by the Corporation in respect of periods ending on or before or which include the Closing Date.

#### **5.84.8 Access to Books and Records.**

The Vendor shall deliver or cause to be delivered to the Purchaser at Closing all the Books and Records. For a period of six (6) years from the Closing Date or for such longer period as may be required by applicable Law, the Purchaser will retain all original accounting Books and Records relating to the Corporation for the period prior to and including the Closing Date. So long as any such Books and Records are retained by the Purchaser pursuant to this Agreement, the Vendor may inspect and make copies (at its own expense) of them at any time during normal business hours and upon reasonable notice for any proper purpose and without undue interference to the business operations of the Corporation. The Purchaser may have its representatives present during any such inspection.

#### **5.94.9 Closing Procedures.**

Subject to satisfaction or waiver by the relevant Party of the conditions of Closing set out in Article 5, at the Closing, the Vendor will deliver actual possession of the Purchased Shares to the Purchaser and upon such delivery the Purchaser will pay or satisfy the Purchase Price in accordance with Article 1.

#### **5.104.10 Tail Insurance.**

Effective as of the date that the Vendor ceases being employed by the Corporation, the Vendor covenants to purchase, and maintain at his expense E&O Tail Insurance Policy (the "E&O Tail") in accordance with this Section 4.10 . The E&O Tail (a) will extend the claims reporting period during which a claim may be reported and insured under the E&O Policy for any actions, inactions, errors, omissions, events or conditions alleged to have existed or occurred prior to or on the Closing Date for five (5) years from and after the Closing; (b) will have a limit of at least \$6,000,000 per claim and \$6,000,000 in the aggregate; (c) will have a deductible of no more than \$5,000 per claim;

and (d) will otherwise be in form and substance reasonably satisfactory to the Purchaser. The Vendor shall provide the Purchaser with a copy of the E & O Tail policy on request.

#### **5.114.11 Agreements with Key Employees**

The Purchaser agrees to the following, with respect to the key employees of the Corporation:

- (a) Cameron Atkinson: Effective the January 1, 2023 , the Purchaser agrees to assume all costs and liabilities associated with the employment of Cameron Atkinson, and thereafter only the Purchaser shall be entitled to discipline, terminate, or lay off Cameron Atkinson. Notwithstanding this, Cameron Atkinson will continue to have employment responsibilities to both the Purchaser and the Corporation, at least until the Closing Date.
- (b) Amanda Pearson: Prior to May 1, 2023 , the Purchaser agrees to offer her employment as an agent of the Purchaser commencing May 1, 2023, on such terms as are acceptable to the Purchaser acting reasonably. In the event Amanda Pearson does not accept such offer of employment, effective as of immediately prior to the Closing, the Vendor shall terminate her employment, take all necessary action such that she ceases active participation in and accrual of benefits under the Employee Benefit Plans, settle any and all claims that she may have as a result of such termination, and provide on Closing and Full and Final Release from her in favour of the Corporation and the Purchaser.
- (c) Sharon Pearson: Sharon Pearson will continue to be employed by the Corporation until the Closing Date, as administrative assistant. Effective as of immediately prior to the Closing, the Vendor shall terminate her employment, take all necessary action such that she ceases active participation in and accrual of benefits under the Employee Benefit Plans, settle any and all claims that she may have as a result of such termination, and provide on Closing and Full and Final Release from her in favour of the Corporation and the Purchaser.
- (d) Tim Pearson: Tim Pearson shall enter into a limited term written employment agreement with the Corporation, commencing the day following the Closing Date, in the form attached hereto as Appendix "A".

#### **5.124.12 Lease**

On Closing the Vendor agrees to provide a full and final release of the Corporation from the current Lease, and the Purchaser agrees to cause the Corporation to enter into a new lease for the Leased Premises on terms acceptable to it acting reasonably, for a minimum term of two years.

#### **5.134.13 Non-Merger.**

Except as otherwise expressly provided in this Agreement, the covenants, representations, warranties and other provisions of this Agreement will not merge on Closing but will survive (i) the execution, delivery and performance of this Agreement and any related transfer or conveyance documents; (ii) the Closing; and (iii) the payment of the Purchase Price. Notwithstanding such Closing or any investigation made by or on behalf of any Party, this Agreement will continue in full force and effect. Closing will not prejudice any right of one Party against any other Party in

respect of anything done or omitted under this Agreement or in respect of any right to Damages or other remedies.

## 6.5. CONDITIONS OF CLOSING

### 6.15.1 Conditions in Favour of the Purchaser.

The obligation of the Purchaser to complete the transactions contemplated by this Agreement is subject to the following conditions to be fulfilled or performed at or prior to Closing or such other dates as are provided for in this Agreement, which conditions are for the exclusive benefit of the Purchaser and may be waived, in whole or in part, by the Purchaser in its sole discretion:

- (a) **Truth of Representations and Warranties.** The representations and warranties of the Vendor contained in this Agreement shall be true and correct in all material respects as of the Closing Date (unless specified in this Agreement as of a certain date) with the same force and effect as if such representations and warranties had been made on and as of such date and the Vendor shall have executed and delivered a certificate to that effect.
- (b) **Due Diligence.** The Purchase shall be satisfied, in its sole and absolute discretion, with its investigations of the Corporation, the Vendor and the Business and searches relating thereto as it considers appropriate.
- (c) **Performance of Covenants.** The Vendor shall have fulfilled, performed or complied with in all material respects all material covenants contained in this Agreement to be fulfilled, performed or complied with by it at or prior to Closing, and the Vendor shall have executed and delivered a certificate of a senior officer to that effect.
- (d) **Consents.** All Required Consents and Authorizations shall have been obtained on terms acceptable to the Purchaser, acting reasonably.
- (e) **Material Adverse Effect.** Since the date of this Agreement, there shall not have occurred a Material Adverse Effect.
- (f) **No Legal Action.** No action or proceeding shall be pending or threatened by any Person in any jurisdiction, involving or relating to the Corporation, the Business, or to enjoin, restrict or prohibit:
  - (i) any of the transactions contemplated by this Agreement;
  - (ii) the right of the Purchaser to own the Purchased Shares; or
  - (iii) the right of the Corporation to operate the Business after Closing on substantially the same basis as currently operated.
- (g) **Deliveries.** The Vendor shall have delivered or caused to be delivered to the Purchaser the following:

- (i) a share certificate representing Purchased Shares registered in the name of the Purchaser, together with evidence satisfactory to the Purchaser that the Purchaser has been entered in the Corporate Records as the holder of record of the Purchased Shares;
  - (ii) a certificate of status in good standing with respect to the Corporation issued by appropriate government officials
  - (iii) the certificates referred to in this section;
  - (iv) a resignation and release effective as at the Closing from the Vendor as ~~director and officer~~ directors and officers of the Corporation ~~specified~~;
  - (v) Employment Agreement signed by the Vendor in the form attached as Appendix "A".
  - (vi) the Corporate Records; and
  - (vii) all other documents to be delivered pursuant to the terms of this Agreement.
- (h) **Lease.** The Corporation shall have entered into a new lease for the Leased Premises on terms satisfactory to the Purchaser, with the term thereof to commence on the Closing Date.
- (i) **Disposition of Non Purchaser Business.** The Corporation shall have transferred or disposed of that part of the Corporations book of business that is with insurers other than the Purchaser, such that the book of business on Closing will be only the Book of Business as defined.
- (j) **The approval of this Agreement by the Board of Directors of the Purchaser.**
- (k) **Restructuring:** In the event prior to Closing, the Corporation intends to reorganize its authorized and issued share capital share capital and enter into other transactions, which may result in:
- (i) a change in the classes and number of shares in the capital of the Corporation owned by the Vendor;
  - (ii) the transfer by the Corporation to the Vendor of certain assets of the Corporation.
  - (iii) loans or other indebtedness owing by the Corporation to the Vendor or to the Corporation by related corporations being satisfied;
- (the "**Restructuring**") all of which shall be at the expense of the Vendor or the Corporation as a pre-closing expense;
- the purchase of the Purchased Shares is conditional upon the Purchaser being satisfied with the Restructuring and the Corporation shall not complete the Restructuring unless and until approved by the Purchaser. It is understood that,

without limiting the generality of Purchaser's discretion herein, the Purchaser shall be satisfied with:

- (i) the tax liabilities to the Corporation resulting from the Restructuring;
- (ii) The assets to be transferred from the Corporation, if any;
- (iii) the attributes of each class of Shares created or issued upon or in connection with the restructuring, or any other terms of the Articles of the Corporation;
- (iv) any other matter which the Purchaser determines, in its sole and absolute discretion, is likely to have a material impact on the Business or the Corporation.

### **6.25.2 Conditions in Favour of the Vendor.**

The obligation of the Vendor to complete the transactions contemplated in this Agreement is subject to the following conditions to be fulfilled or performed at or prior to Closing, which conditions are for the exclusive benefit of the Vendor and may be waived, in whole or in part, by the Vendor in their sole discretion:

- (a) **Performance of Covenants.** The Purchaser shall have fulfilled, performed or complied with in all material respects all material covenants contained in this Agreement and in any Acquisition Agreement to which it is a party to be fulfilled, performed or complied with by it at or prior to Closing and the Purchaser shall have executed and delivered a certificate of a senior officer to that effect.
- (b) **Consents.** All Required Consents and Authorizations shall have been obtained on terms acceptable to the Vendor, acting reasonably.
- (c) **Deliveries.** The Purchaser shall have delivered or caused to be delivered to the Vendor the following:
  - (i) certified copies of the resolutions of the board of directors of the Purchaser approving the entering into and completion of the transactions contemplated by this Agreement;
  - (ii) the Purchase Price payable on Closing in accordance with this Agreement.

## **7.6. TERMINATION**

### **7.16.1 Termination.**

This Agreement may be terminated at any time on or prior to the Closing Date:

- (a) by the Purchaser if, at the time of Closing, any of the conditions specified in Section 5.1 have not been satisfied in full;
- (b) by the Vendor if, at the time of Closing, any of the conditions specified in Section 5.2 have not been satisfied in full;



- (c) by written agreement of the Parties.

### 7.26.2 **Effect of Termination.**

If this Agreement is terminated pursuant to Sections 6.1 all obligations of the Parties pursuant to this Agreement will terminate without further liability of any Party to the other except for the provisions relating to confidentiality, expenses, public announcements and this Section 6.2; provided nothing herein will relieve any Party from liability for any breach of this Agreement occurring before its termination.

### 7.36.3 **Waiver of Conditions of Closing.**

If any condition set forth in Section 5.1 has not been satisfied, the Purchaser may elect in writing to waive the condition and proceed with the completion of the transactions contemplated by this Agreement and, if any condition set forth in Section 5.2 has not been satisfied, the Vendor may elect in writing to waive the condition and proceed with the completion of the transactions contemplated by this Agreement. Any such waiver and election by the Purchaser or the Vendor, as the case may be, will only serve as a waiver of the specific Closing condition and the Party which has not been able to satisfy the waived condition will have no liability with respect to that specific waived condition.

## 8.7. **INDEMNIFICATION AND REMEDIES**

### 8.17.1 **Indemnification by the Vendor.**

The Vendor shall indemnify and hold harmless the Purchaser and, as of Closing, the Corporation and, to the extent named or involved in any third party action or claim, their respective employees, directors, officers, representatives and related persons (collectively, the "**Purchaser Indemnified Persons**") from and against any Damages suffered by the Purchaser, the Corporation or any of the Purchaser Indemnified Persons as a result of, in respect of, connected with, or arising out of:

- (a) any incorrectness or breach of any representation or warranty made by the Vendor in this Agreement, unless the Purchaser had actual knowledge of it at or prior to the time of Closing;
- (b) any breach or non-fulfillment by the Vendor of any covenant, condition or obligation of the Vendor contained in this Agreement
- (c) anything related to the operation of the Business prior to the Closing Date.

### 8.27.2 **Indemnification by the Purchaser.**

The Purchaser shall indemnify and hold harmless the Vendor and, to the extent named or involved in any third party action or claim, its employees, shareholders, directors, officers, representatives and related persons (collectively the "**Vendor Indemnified Persons**") from and against any Damages suffered by the Vendor or any of the Vendor Indemnified Persons as a result of, in respect of, connected with, or arising out of:

- (a) any breach or non-fulfillment by the Purchaser of any covenant, condition or obligation of the Purchaser contained in this Agreement; or



- (b) anything related to the operation of the Business after the Closing Date.

### **8.37.3 Indemnification Procedure: Third Party Claims.**

- (a) If any legal proceeding is initiated, or any claim is asserted, by a third party (a "Third Party Claim") against the Vendor, the Corporation, the Purchaser, a Vendor Indemnified Person or a Purchaser Indemnified Person, as the case may be, (the "Indemnified Person") and the Indemnified Person proposes to demand indemnification from a Party pursuant to this Article 7 (the "Indemnifying Party"), the Indemnified Person shall immediately give notice to that effect to the Indemnifying Party. The failure to give, or delay in giving, such notice will not relieve the Indemnifying Party of its obligations except and only to the extent of any prejudice caused to the Indemnifying Party by such failure or delay. From the time the Indemnified Person receives notice of the Third Party Claim, the Indemnified Person shall protect its rights and the rights of the Indemnifying Party in respect of such Third Party Claim.
- (b) The Indemnifying Party has the right (but not the obligation), by notice to the Indemnified Person given not later than thirty (30) days after receipt of the notice described in Section 7.3(a), to assume control of the defence, compromise or settlement of the Third Party Claim.
- (c) Upon the assumption of control by the Indemnifying Party:
  - (i) the Indemnifying Party will proceed with the defence, compromise or settlement of the Third Party Claim at the Indemnifying Party's sole cost and expense;
  - (ii) the Indemnifying Party will keep the Indemnified Person advised with respect to the defence, compromise or settlement of the Third Party Claim; and
  - (iii) the Indemnified Person may retain separate co-counsel at its sole cost and expense, and may participate in the defence of the Third Party Claim (provided the Indemnifying Party will continue to control such defence).
- (d) The Indemnifying Party will not enter into any compromise or settlement with respect to a Third Party Claim without the consent of the Indemnified Person (which consent may not be unreasonably or arbitrarily withheld or delayed) unless the terms of the compromise or settlement require only the payment of money by the Indemnifying Party and do not require the Indemnified Person to admit any wrongdoing or take or refrain from taking any action.
- (e) The Indemnified Person shall, at the expense of the Indemnifying Party, cooperate with the Indemnifying Party, make available to the Indemnifying Party all relevant information in its possession or under its control and take such other steps as are, in the reasonable opinion of counsel for the Indemnifying Party, necessary or desirable to enable the Indemnifying Party to conduct its defence of the Third Party Claim.

- (f) If the Indemnifying Party fails to give the Indemnified Person the notice provided in Section 8, the Indemnified Person may, in its sole discretion, assume control of the defence, compromise or settlement of the Third Party Claim and retain such counsel as it may deem appropriate, the whole at the Indemnifying Party's sole cost and expense.
- (g) If the Indemnified Person assumes control pursuant to this Section, any settlement, compromise or other final determination of the Third Party Claim will be binding upon the Indemnifying Party subject to the right of the Indemnifying Party to dispute that indemnification is required pursuant to this Agreement.

#### **8.47.4 Duty to Mitigate and Subrogation.**

- (a) The Indemnified Person must, and nothing in this Agreement in any way is intended to restrict or limit the obligation at law or otherwise of the Indemnified Person to, mitigate any Damages which it may suffer or incur by reason of (i) the breach by an Indemnifying Party of any representation, warranty, covenant or obligation of the Indemnifying Party under this Agreement, or (ii) the occurrence of any indemnifiable under this Agreement. The amount of Damages under this Article 7 will be determined net of any amounts recovered or recoverable by the Indemnified Person under insurance policies, indemnities, reimbursement arrangements or similar agreements. The Indemnified Person shall take all appropriate steps to seek such recovery. Each Party waives, to the extent permitted under its applicable insurance policies, any subrogation rights that its insurer may have with respect to any indemnifiable Damages.
- (b) The Indemnified Person shall, to the extent permitted by Law, subrogate its rights and, to the extent applicable, the rights of the Corporation relating to any Third Party Claim to the Indemnifying Party and shall make or permit to be made all counterclaims and join to any litigation all other Persons as may be reasonably required by the Indemnifying Party, the whole at the cost and expense of the Indemnifying Party.

#### **8.57.5 Expiry of Liability.**

- (a) Except as set out in this Article 7 liability for breaches or non-fulfillment of the representations, warranties, obligations, conditions and covenants of the Vendor and the Purchaser contained in this Agreement and in any of the Transaction Documents will terminate upon the expiry of the period of thirty-six (36) months following the Closing Date, except:
  - (i) in the case of fraud, intentional misrepresentation or deliberate or wilful breach, in which case liability will continue indefinitely; or
  - (ii) to the extent that, during such period, the Indemnified Person has given notice to the Indemnifying Party of a claim in respect of any such representation, warranty, obligation, condition or covenant, in which case liability for such representation, warranty, obligation, condition or covenant

will continue in full force and effect until the final determination of such claim.

- (b) The representations and warranties of the Vendor relating to the tax liability of the Corporation, including those set forth in Sections 3.31 (and the Vendor's liability in connection therewith), will continue in full force and effect for the benefit of the Purchaser until ninety (90) days after the expiration of the last of the applicable limitation periods contained in the Tax Act.
- (c) The representations and warranties contained in Section 3.8 and the Vendor's liability in connection therewith will survive indefinitely.
- (d) No Party or other Person shall be entitled to indemnification pursuant to this Article 7 unless such Party or other Person has given written notice of its claim for indemnification pursuant to Section 7.3(a) within the survival periods specified in the foregoing provisions of this Section 7.5.
- (e) The Parties are aware of the provisions of the Limitations Act, 2002 (Ontario) and agree that (i) this agreement is a "business agreement" for purposes of that Act, and (ii) to the extent that the provisions hereof are found to be an agreement to vary or exclude a limitation period under that Act, such limitation period shall be deemed to have been suspended, extended, varied and excluded to the extent necessary to give full force and effect to the provisions of this Agreement.

#### **8.67.6 Procedures for Indemnification – Direct Claims and Tax Claims.**

- (a) A claim for indemnification for any matter not involving a Third Party Claim must be asserted by notice (setting out in reasonable detail the factual basis for the claim and the amount of potential Damages arising therefrom) to the Party from whom indemnification is sought within the periods specified in this Article.
- (b) If the Purchaser (or the Corporation) receives a written notice of any proceeding for Taxes or a written claim is made against the Corporation for Taxes with respect to which the Vendor may be liable to make payments to the Purchaser under Section 7.1, the Purchaser or the Corporation that has received such notice or claim shall promptly give the Vendor notice in writing of such notice or claim and shall furnish the Vendor with a copy of such notice or claim and all other writings received from the Taxing Authority relating to such notice or claim. If requested by the Vendor, the Corporation shall in good faith contest (including, without limitation, by pursuit of all appeals) the validity, applicability or amount of such Taxes and take such other reasonable action as is reasonably requested by the Vendor from time to time. The expenses incurred in relation to contesting the validity of a Tax assessment shall be shared by the Parties in proportion to their respective liability for the Taxes in dispute.
- (c) The Purchaser and Vendor shall reasonably cooperate in relation to any proceeding undertaken by a Tax Authority and, unless the Vendor has provided its consent, the Corporation shall be precluded from initiating a voluntary disclosure (or amending any prior Tax Returns) with respect to any liability or potential liability for Taxes

with respect to which the Vendor may be liable to make payments to the Purchaser under Section 7.1.

#### **8.7.7 Set-Off**

The Purchaser shall be entitled to set-off the amount of any claim for indemnity under this Article 7 (Third Party Claim or otherwise) and/or any Damages suffered by any Purchaser Indemnified Persons as a result thereof, against any other amount payable by the Purchaser to the Vendor, under this Agreement, including any amounts payable pursuant to the Promissory Note.

### **9.8. MISCELLANEOUS**

#### **9.18.1 Notices.**

Any notice, consent, waiver or other communication given under this Agreement or any Acquisition Agreement must be in writing and may be given by delivering it (personally or by courier) or sending it by electronic mail or other similar permitted form of recorded communication addressed:

(a) to the Purchaser at:

(b) to the Vendor at:

Any such communication is deemed to have been delivered and received on the date of delivery or transmission by electronic mail or other similar permitted form of recorded communication, as the case may be, if such day is a Business Day and such delivery or transmission was received by the recipient Party prior to 5:00 p.m. (Toronto local time) and otherwise on the next Business Day. A Person may change its address for service by notice given in accordance with the foregoing and any subsequent communication must be sent to such Person at its changed address.

#### **9.28.2 Entire Agreement.**

This Agreement, together with the Acquisition Agreements, the Confidentiality Agreement and all other Transaction Documents delivered at Closing, constitute the entire agreement between the Parties and supersedes all prior agreements, understandings, negotiations and discussions relating to the subject matter thereof, whether oral or written. There are no representations, warranties, covenants, conditions or other agreements, express or implied, collateral, statutory or otherwise, between the Parties relating to the subject matter hereof except as specifically set forth in this Agreement, the Acquisition Agreements, the Confidentiality Agreement and the other Transaction Documents delivered at Closing. Neither Party has relied or is relying on any other information, discussions or understandings in entering into and completing the transactions contemplated in this Agreement. If there is any conflict or inconsistency between the provisions of this Agreement and the provisions of any Transaction Document, the provisions of this Agreement will govern.

### **9.38.3 Amendments.**

This Agreement can only be amended, supplemented or otherwise modified by written agreement of the Vendor and the Purchaser.

### **9.48.4 Waiver.**

The failure or delay by a Party in enforcing, or insisting upon strict performance of, any provision of this Agreement does not constitute a waiver of such provision or in any way affect the enforceability of this Agreement or deprive a Party of the right, at any time or from time-to-time, to enforce or insist upon strict performance of that provision or any other provision of this Agreement. Any waiver by a Party of any provision of this Agreement is effective only if in writing and signed by a duly authorized representative of such Party.

### **9.58.5 Severability.**

If any provision of this Agreement is determined by a court of competent jurisdiction to be illegal, invalid or unenforceable, that provision will be severed from this Agreement and the remaining provisions will continue in full force and effect, without amendment.

### **9.68.6 Assignments.**

- (a) This Agreement will become effective when executed by the Parties and thereafter will be binding upon and enure to the benefit of the Parties and their respective successors and permitted assigns.
- (b) Neither this Agreement nor any of the rights, duties or obligations under this Agreement is assignable or transferable by a Party without the prior written consent of the other Party. Any attempt to assign any of the rights, duties or obligations in this Agreement without such written consent is void.

### **9.78.7 Third Party Beneficiaries.**

Except as otherwise expressly provided in this Agreement, the Parties do not intend that this Agreement benefit or create any legal or equitable right, remedy or cause of action in, or on behalf of, any Person other than a Party and no Person, other than a Party, is entitled to rely on the provisions of this Agreement in any proceeding. Without limiting the generality of the foregoing, the consent of the Corporation, a Vendor Indemnified Person or a Purchaser Indemnified Person is not required for any amendment or waiver of, or other modification to, this Agreement or any Transaction Document including any rights of indemnification to which such Person may be entitled.

### **9.88.8 Time of the Essence.**

Time is of the essence in this Agreement.

### **9.98.9 Expenses.**

Except as otherwise expressly provided in this Agreement, all costs and expenses (including the fees and disbursements of legal counsel, brokers, investment advisers, consultants and

accountants) incurred in connection with this Agreement and the transactions contemplated herein are to be paid by the Party incurring such expenses.

**9.108.10 Further Assurances.**

From time-to-time after the Closing, each Party will, at the request of the other Party, execute and deliver such additional conveyances, transfers and other assurances and perform or cause to be performed such further and other acts or things as may be reasonably required to give effect to, and carry out the intent of, this Agreement and each of the Acquisition Agreements.

**9.118.11 Announcements.**

No press release or other public announcement with respect to this Agreement or any of the Acquisition Agreements or any transaction contemplated therein is to be made by a Party unless and until the text of the announcement and the time and manner of its release have been approved by the other Party. However, if a Party is bound by Law to make a press release or other public announcement, such Party may do so, notwithstanding the failure of the other Party to approve same, provided (i) the other Party is given at least three (3) Business Days prior written notice of the intention to make such announcement and has a reasonable opportunity to comment on the announcement, and (ii) the announcement merely relates the facts and then only to the extent necessary to satisfy the specific legal requirement.

**9.128.12 Counterparts.**

This Agreement may be executed in any number of separate counterparts (including by facsimile or other electronic means) and all such signed counterparts will together constitute one and the same agreement. To evidence its execution of an original counterpart of this Agreement, a Party may send a copy of its original signature on the execution page hereof to the other Parties by facsimile or other means of recorded electronic transmission and such transmission with an acknowledgement of receipt shall constitute delivery of an executed copy of this Agreement to the receiving Party.

**IN WITNESS WHEREOF** the Parties have executed this Purchase Agreement.

**HAMILTON TOWNSHIP MUTUAL  
INSURANCE COMPANY**

Per: \_\_\_\_\_  
Alec Harmer, President  
I have authority to bind the Corporation

\_\_\_\_\_  
Witness

\_\_\_\_\_  
**TIMOTHY PEARSON**

Witness

**SHARON PEARSON**

**PEARSON INSURANCE LIMITED**

Per: \_\_\_\_\_  
Timothy Pearson, President  
I have authority to bind the Corporation