

Ayr Farmers Mutual Director Candidate Information Package



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Who we are

Ayr Farmers Mutual Insurance Company (AFM) is a provincially regulated property and casualty insurer located in Southwestern Ontario. We provide insurance coverage to local communities through a group of captive agents and brokers. As a policyholder of AFM, you become a member which provides you with the opportunity to vote on important issues at our Annual General Meeting (AGM).

- We do not have stockholders/shareholders – we are policyholder driven which is considered in our strategic decisions
- AFM was started by the community and this philosophy remains today. The community that we serve has expanded, but we continue to embrace and support with insurance service, products and rating that align.
- We are strong supporters of community through investing, volunteering, donations and other means of giving back.
- We utilize a long-term outlook for overall management of the organization to ensure positive longevity and financial health of AFM.
- In financially successful years we consider providing refunds of premiums to policyholders (sharing our profits with members when applicable)



Introduction

The Board of Directors (the Board) is responsible for effective governance, risk management and oversight of the company.

Each year the Board appoints a Nominating Committee who completes a skills analysis of the current Board, determining any gaps in relation to required Board competencies. The Committee then assesses and recommends the best qualified candidates to the Board, who will be the only candidates presented to the membership for consideration of being elected at the Annual General Meeting (AGM).

Qualifications of a director, a description of the Board role and individual director role, and timelines of steps to becoming a director are detailed below.

If you meet the eligibility requirements and are interested in becoming a director candidate, please complete the Notice of Intention to Seek Election – Nomination Form and submit along with your CV, cover letter and letter of reference, no later than **12 noon EST Friday, December 6th, 2024** to:

Board Nominating Committee
Ayr Farmers Mutual Insurance Company
C/O Paula McMahon, Corporate Secretary
1400 Northumberland St
Ayr ON N0B 1E0

or by email to paulam@ayrmutual.com

Qualifications of a Director

The AFM Board consists of six (6) directors. In accordance with Company Bylaw 1 – 2024, two (2) directors retire in rotation each year. Retiring directors are eligible for re-election provided they meet the qualifications as outlined in the Bylaw.

The election of directors takes place at the AGM that is typically held in March at the Head Office of the Corporation.

Candidates choosing to run for a director position must be a policyholder prior to being elected. All candidates must complete an on-line credit check and criminal check administered by a third-party at the Company's expense.

As referenced in section 23 of AFM's Corporate Bylaw 1-2023

23. Qualifications of Directors:

- a) A Director shall be eighteen (18) or more years of age, and be a resident of the Province of Ontario;
- b) No person is eligible to be or shall act as a Director unless they are a member of the Corporation and insured therein for the time they hold office and are entitled to vote;
- c) No person shall be eligible for election or re-election as a Director after having served as a director for five three year terms, provided always that if a Director who has served for five three year terms is then the Chair or a Vice-Chair of the Board of Directors of the Farm Mutual Reinsurance Plan Inc. or the Ontario Mutual Insurance Association or a Trustee of the Fire Mutuals Guarantee Fund, the Director may be elected for one further three year term so as to allow such Director to complete the Director's term on the executive of the Farm Mutual Reinsurance Plan Inc. or the Ontario Mutual Insurance Association or as a Trustee of the Fire Mutuals Guarantee Fund;
- d) No undischarged bankrupt shall be a Director, and if a Director becomes a bankrupt they shall thereupon cease to be a Director;
- e) The Board shall annually appoint a Nomination Committee consisting of not less than three Members, all of whom need not be directors. The mandate of the Committee will each year compile a list of nominees for election to the Board, having regard to the Board's skill set requirements and needs.

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

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

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

- (a) shall confirm each person's qualification to be elected as a director;
- (b) shall assess each person's personal and professional integrity and commitment to promote the long term interests of the Corporation, and each person's commitment to devote adequate time to service as a Board member;
- (c) may interview any person.

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

- f) Where a partnership has the qualifications that would qualify an individual to be a Director of the Corporation, one member of the partnership is eligible to be a Director of the Corporation.
- g) The president or director of a member corporation that has the qualifications that would qualify an individual to be a director is eligible to be a Director of the Corporation.

Abilities of a Director

In seeking potential suitable candidates, the Nominating Committee looks for a qualified person with organizational leadership to guide the company, and who may have a variety of skills and experience. All Directors must foster and support the culture, the ability to retain confidentiality, use independent thinking and objectivity, and make decisions in the best interest of AFM overall.

Desired skills, abilities and experience such as:

Executive level industry experience	Financial knowledge
Risk Management and Control oversight	Governance or Board of Director experience
Regulatory Compliance and oversight	Executive level Human Resources experience
Legal expertise	Executive level IT and security knowledge
Strategic Planning & Framework	

The Committee takes into consideration the candidates past experiences working with a Board of Directors, their understanding of the value in being part of a team, their ability to provide individual contribution, and one who values the mutual system.

Responsibilities

Board of Directors

The Board's purpose is to ensure the continued success of the organization with a focus on good governance and oversight. The key elements of the Board's purpose are:

1. To act in good faith through good governance practices and leadership, direct AFM's strategy in collaboration with management;
2. To appoint the CEO and ensure appropriate senior leadership for the organization;
3. Through being good stewards, protect Policyholders' interests and the image and values of AFM in the community;
4. Support management to overcome challenges and take advantage of opportunities;
5. To approve short and long-term strategic plans; and
6. To discharge the duties imposed on the Board by applicable laws

Specific duties include but are not limited to:

- Establish strategic direction and monitor progress toward achievement of goals
- Set performance expectations
- Approve annual operating and capital expenditure budgets
- Ensure overall business strategies, risk appetite and variety of risks are effectively managed through a strong risk culture and effective risk management approach
- Hiring and assessing performance of the President & CEO
- Ensure Fair Treatment of Customers in all business practices
- Monitor financial performance and approve capital management plan, financial business plan and other KPI's
- Ensure the company meets regulatory obligations
- Recommended for appointment by the membership at the annual general meeting, an accounting firm to complete an annual audit of the Corporation;

Individual Director

Overall responsibility for governing leadership, directing, and providing oversight.

As 'fiduciaries' of the organization, each director will exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances and will act honestly and in good faith with a view to the best interests of the Corporation.

Directors steer the organization towards a sustainable future by adopting sound, ethical, and legal governance and financial management policies, as well as ensuring AFM has adequate resources to advance its mission and vision.

Board members are responsible for assisting in developing and maintaining positive relations among the board, committees, staff and the community to enhance the company's mission.

Responsibilities include but are not limited to:

- Model AFM values and serve as good stewards of the Company
- Assume high level accountability for overall Board governance, fiscal performance and ethical standards of the company
- Prepare for, attend and participate in all meetings of the board and assigned committees
- Provide feedback regarding the President & CEO's performance
- Provide constructive feedback in the Board peer review evaluation process to improve the creativity, effectiveness and performance of the Board
- Abide by regulatory requirements and the Company's by-laws,
- Be a positive and active contributor to a constructive and respectful culture in the boardroom

Protecting the confidentiality of company information and the confidentiality of personal information provided by our policyholders, employees and customers has always been an important part of the way we do business. The ability to retain confidentiality is crucial to the role of a director.

Time Commitments

Board Meetings

There are eight board meetings per year. Directors are to review board materials in preparation for each meeting. Each meeting is approximately one half day; but in some cases, may be longer. Most meetings are scheduled to take place in the morning, and lunch is included. For meetings that are scheduled for a later afternoon start, dinner will be provided. Board meetings are held at the AFM office in Ayr.

Annual General Meeting (AGM)

The AGM is held in person, typically the first Friday of March at the AFM office. Board members are expected to attend in the capacity of a board member. Immediately following the AGM there will be a brief Board organizational meeting.

Committees of the Board

There are committees that directors serve on such as Executive, Nominating, Scholarship, Conduct Review, Audit and Investment. Each committee meets on average twice a year, and the meetings are approximately one half day. These meetings are held at the AFM office.

Legislative Affairs Roundtable Delegate

One board member is appointed as the AFM Legislative Affairs Roundtable Delegate. They will be asked to attend events as they arise, generally twice per year.

Conventions/Conferences

Ontario Mutual Insurance Association (OMIA)

Each March OMIA holds its annual meeting and convention in Toronto. This is a three day event which also includes the Farm Mutual Re Annual General Meeting, and the Fire Mutual Guarantee Fund (FMGF) meeting.

Canadian Association of Insurance Mutual Companies (CAMIC)

Each October CAMIC holds their annual Convention. This event is held at a location within Canada and is a three day event. The Vice-Chair and one other director are invited to attend.

President & Managers Conference

Each October OMIA holds a two day conference. This is held at a location in Ontario each year.

Other Board Events

Board Strategic Planning Event

The annual strategic planning event is typically held offsite over the course of two days. The date of the event is determined based on the completion of the management strategic planning event, and with Director feedback regarding availability. This event typically occurs in the fall.

Board Education

Each April the Board will have the opportunity to participate in an education session. The sessions are held at the AFM office, are based on current needs, and are led by an individual who has experience in the topic and preferably an understanding of the Mutual system.

Sporting Events

Sporting events such as golf and curling are held yearly within our business community. In accordance with our Sporting Events Policy, directors are invited to attend.

Volunteer Appreciation Event

Each spring AFM hosts an evening volunteer appreciation event where volunteer organizations, local sporting organizations and 4H groups are recognized and receive a donation on behalf of the company.

Miscellaneous Events

From time to time board members will be called upon to present cheques to various groups, taking part in photo opportunities where AFM has made a sizeable donation.

Board members may also be asked to attend community events to represent AFM. These can occur during or after business hours.

Company Events

Each year the company holds staff events such as a summer picnic, Holiday party and a family social. These occur in the evening, and Directors and their partner are invited.

Expected number of days required by position

<i>Chair</i>	<i>20 - 25</i>
<i>Vice-Chair</i>	<i>20 - 25</i>
<i>Director</i>	<i>15 - 20</i>

To make efficient use of directors' time, committee meetings will be scheduled prior to or immediately following a regular board meeting. However, there are times when they occur separately. These, along with the Legislative Affairs Roundtable, Volunteer Appreciation Event, Company Events and Miscellaneous Events noted above are not included in the expected amount of days.

Remuneration

Directors are paid a per diem fee for attending board meetings, board committee meetings, conventions, planning meetings and industry specific educational sessions and opportunities. The amount of the per diem depends on the nature of the meeting or session. All expenses incurred directly pertaining to performing a duty as a Director are paid in accordance with AFM policies.

An annual honorarium is paid to each Director, and Directors are eligible for other benefits such as a Health Care Spending Account.

AFM provides Directors with Director and Officer Liability Insurance coverage.

Timeline of Steps to Become a Director



Notice of Intention to Seek Election Form Deadline:
12:00 p.m. EST Friday
December 6, 2024

2. On-line Skills Self-Assessment

(Administered by a third party)

Criminal & Credit Checks

To be completed by Friday, December 20, 2024



4. Nominating Committee Assessment

Assessment of Board Candidates conducted based on skills self-assessment, board requirements, results of interview etc.



6. Election at Annual General Meeting

Will occur on or around Friday, March 7, 2025

1. Complete Notice of Intention to Seek Election Form

Recommendation to meet with Nominating Committee Chair and CEO, to discuss what is involved with being an AFM Director prior to submitted the completed form.



3. Formal Interview

Will take place with the Nominating Committee on, or around January 6, 2025



5. Notification to Candidates

No later than January 31st, 2025 the Nominating Committee will notify each candidate of their recommendation. Recommendation to the membership will be included in the Notice of Annual General Meeting that appears in the Ayr News on or around February 5th and February 12th, 2025, and on the Company's website.



Organizational Overview

The Board of Directors have one employee, the President & CEO, who is responsible for ensuring that their direction is followed.

