



BECOMING A DIRECTOR



**Ayr Farmers
Mutual
Insurance Company**

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Introduction

The Ayr Farmers Mutual (AFM) Board of Directors operates through 6 elected directors as per the Corporate Bylaws.

In accordance with AFM Bylaw # 5, one-third of the directors shall retire annually in rotation.

At every annual general meeting one-third of the total number of directors shall be elected for a period of three (3) years to fill the places of the retiring directors. Retiring directors are eligible for re-election. (See the Corporations Act, S. 168)

The Board's purpose is to ensure the continued success of the organization. The key elements of the Board's purpose are:

1. Through good governance practices and leadership to direct Ayr Farmers Mutual strategy in collaboration with management
2. Through being good stewards, protect policyholders' interests and the image and values of Ayr Farmers Mutual in the community
3. Develop and empower management to overcome challenges and take advantage of opportunities

AFM is regulated by the Financial Services Regulatory Authority of Ontario (FSRA).

FSRA's legislative mandate is to provide regulatory services that protect the public interest and enhance public confidence in the sectors it regulates. FSRA is accountable to the Minister of Finance.

FSRA monitors, investigates and when there is non-compliance with legislation and regulations, takes appropriate enforcement action against the sectors it regulates.

Abilities of a Director

When a vacancy occurs, the nominating committee seeks potential suitable candidates. The committee looks for a visionary type person to guide the company, and who has a number of skills such as

Strategic Focus / Thinking

Financial Acumen

Risk Management / Internal Controls

Regulatory Compliance

Business Performance

Board Governance / Director Role

Ability to Retain Confidentiality

Independent Thinking & Objectivity

The nominating 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.

Qualifications of a Director

Candidates choosing to run for a director position must complete an on-line credit check and criminal check administered by a third-party.

As referenced on page 5, items 20 and 21 of AFM's Corporate Bylaw #5

20. 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 he is a member of the Corporation and insured therein for the time he holds office and is entitled to vote;*
- c) Notwithstanding any other provisions in the By-laws of the Corporation, no person shall be eligible for election as a director unless he has been a member of the Corporation and insured therein for a minimum period of three consecutive years prior to the time of seeking office;*
- d) No undischarged bankrupt shall be a Director, and if a Director becomes a bankrupt he 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 27 if he or she seeks election to a three (3) year term. If pursuant to section 27 hereof there is to be a

separate election to fill the remaining portion of a vacancy on the Board, when filing notice of his or her intention to seek election, such notice shall specify if he or she is 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. (See the Corporations Act, S. 164(4));

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.

21. Notwithstanding any other provision of the By-laws of the Corporation, the following persons are not eligible to be elected as a Director of the Corporation, shall not interfere in the election of Directors, and shall not at the same time be a Director of the Corporation:

a) An insurance broker or insurance agent associated with the Corporation;

b) A director, officer, shareholder, employee or agent of an insurance brokerage or insurance agency business associated with the Corporation;

c) An agent or paid officer of the Corporation, (subject to the right of the Chair and Vice-

Chair to be compensated as a result of their holding those offices, as is referred to in section 31(b) hereof);

d) *An officer of the bankers of the Corporation;*

e) *An employee of the Corporation;*

f) *A director or officer of another Insurance Company;*

g) *The President of the Corporation;*

h) *A spouse, child, parent or sibling of any of the persons identified in subsections (a) through (g) inclusive.*

Timeline of Steps to Become a Director



1. Complete Nomination 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.

Nomination Form Deadline:
12:00 p.m. EST Friday December 15, 2023



2. On-line Skills Self-Assessment (Administered by a third party) Criminal & Credit Checks

To be completed by Friday, December 22, 2023



3. Formal Interview

Will take place with the Nominating Committee on, or around January 5, 2024

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



5. Notification to Candidates

No later than January 31st, 2024 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 February 14th and February 21st, 2024, and on the Company's website.

6. Election at Annual General Meeting
Will occur on Friday, March 15, 2024



Time Commitment

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

The annual general meeting is held in person, on 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

OMIA

Each March the Ontario Mutual Insurance Association (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.

NAMIC

Each September the National Association of Mutual Insurance Companies (NAMIC) holds their annual Convention. This event is held at a location within United States or Canada and is a four day event. The Chair and one other director are invited to attend.

CAMIC

Each October the Canadian Association of Insurance Mutual Companies (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.

For the conferences and conventions noted above, partners are permitted to attend. Taxable benefits will apply.

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 board member feedback regarding availability. This event typically occurs in the fall.

Board Education

Each October 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, baseball 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, Christmas party and a family Christmas social. These occur in the evening, and Directors and their partner are invited.

Expected amount of days required by position

Chair 20 - 25

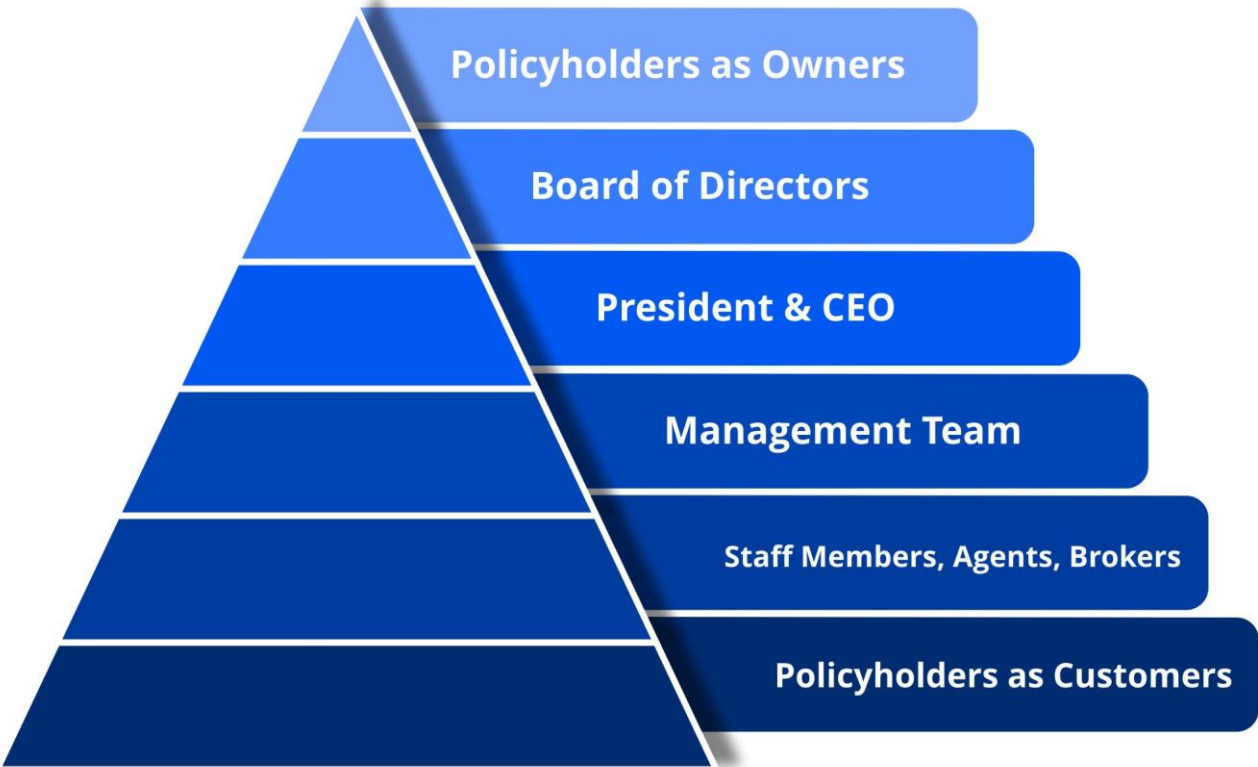
Vice-Chair 20 - 25

Director 15 - 20

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.

Organizational Overview

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



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.