

MUNICIPALITIES IN THE COUNTY OF SIMCOE

DRAFT SUBSCRIBERS' AGREEMENT

**FOR THE ESTABLISHMENT OF AN INSURANCE POOL
AND
THE PURCHASE OF INSURANCE**

Effective as of June 1, 2025

Municipalities in The County of Simcoe

Establishment of an Insurance Pool and for the Purchase of Insurance

Subscribers' Agreement

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THIS AGREEMENT is effective as of the 1st day of June 2025

AMONG

THOSE MUNICIPALITIES THAT SUBSCRIBE TO THIS AGREEMENT BY EXECUTING A COPY OF THE FORM OF SUBSCRIPTION ATTACHED AS APPENDIX “A”, SUBJECT TO AND IN ACCORDANCE WITH THE TERMS OF THIS AGREEMENT

(referred to collectively as “Subscribers” and individually as Subscriber”)

WHEREAS the Subscribers to this Agreement wish to secure long-term, stable and economical insurance coverage.

AND WHEREAS the Subscribers wish to enter into this Agreement, pursuant to which the Subscribers, among other things, will arrange to purchase policies of insurance, will enter contracts of Indemnity with the Insurer in respect of the Retention amount, and will agree to fund the purchase of such insurance policies.

NOW THEREFORE THIS AGREEMENT WITNESSETH THAT in consideration of the mutual covenants of the parties hereinafter contained and for good and other valuable consideration, the receipt of which is hereby acknowledged, the Subscribers, one with each and each with all, covenant and agree as follows:

ARTICLE 1.00 - DEFINITIONS

In this Agreement and any amendment to this Agreement, the following terms will have the following meanings unless the context otherwise requires:

- 1.01 “Actuary” means the actuary retained by the Advisory Board from time to time.
- 1.02 “Advisory Board” means the Advisory Board established pursuant to Section 3.01.
- 1.03 “Alternate” means the person who is designated pursuant to Section 3.02 to act in the place and stead of the Member, when unavailable.
- 1.04 “Annual Incurred Losses” means paid losses in respect of claims occurred, actuarially determined estimates for reported cases, and actuarially determined estimates for incurred but not reported claims.
- 1.05 “Assessment” means a charge against a Subscriber, as determined by the Advisory Board pursuant to Section 6.03, which is in addition to levies.

- 1.06 "Claims Fluctuation Reserve" means actuarially determined reserve funds maintained by the Insurance Pool to adequately cover anticipated losses.
- 1.07 "Closure Date" for a particular Underwriting Period means the date that is three years after the last day of such Underwriting Period, or such other date as is determined by the Advisory Board on the advice of the Actuary that no further liability to or of the Subscribers exists.
- 1.08 "Deductible" means the amount which a Subscriber has elected for a particular coverage under the Policy for which that Subscriber is responsible in respect of any claim with respect to that coverage.
- 1.09 "Eligibility Criteria" means the criteria which may be determined by the Advisory Board from time to time which must be met to be eligible to become a Subscriber.
- 1.10 "Extraordinary Resolution" means:
- (a) a resolution passed at a meeting of the Advisory Board by the affirmative vote of at least 80% of the members in attendance at such meeting; or
 - (b) any written resolution signed in one or more counterparts by all of the Members.
- 1.11 "Fiscal Year" means the calendar year ending May 31.
- 1.12 "Founding Subscriber" means each Subscriber who, as of March 1, 2025, has executed and delivered the Form of Subscription attached hereto as Appendix A.
- 1.13 "Insurance Pool" means the fund established pursuant to Section 2.01.
- 1.14 "Indemnity" means each agreement each Subscriber has entered with the Insurer to indemnify the Insurer upon the payment of claims within the Retention and Indemnities means all such agreements.
- 1.15 "Insurer" means the insurance company with whom each Subscriber has entered into a contract of insurance.
- 1.16 "Insurance Policy" means the policy of insurance purchased for each type of coverage from the Insurer by each Subscriber. Each Subscriber will purchase one or more Insurance Policies and any references in this Agreement to Insurance Policy applies to each and all of them, as applicable.
- 1.17 "Member" means a member of the Advisory Board as provided in Section 3.02 and includes, where the context requires, an Alternate.

- 1.18 “Municipality” means a municipality as defined in the *Municipal Act*, S.O. 2001, as amended.
- 1.19 “Ordinary Resolution” means:
- (a) any resolution passed at a duly constituted meeting of the Advisory Board by affirmative votes of a majority of the Members in attendance at such meeting, or
 - (b) any written resolution signed in one or more counterparts by 80% of the Members of the Advisory Board.
- 1.20 “Prime” means the prime interest rate per annum established by Scotiabank from time to time as the reference rate of interest for the determination of interest rates that Scotiabank charges to customers of varying degrees of creditworthiness in Canada for Canadian dollar loans made by it in Canada and payable on demand and referred to by it as the “prime rate”.
- 1.21 “The County” means the geographic area of the County of Simcoe.
- 1.22 “Retention” means the amount per claim, as determined from time to time, by the Advisory Board on the advice of the Actuary, for which the Insurer is responsible on any claim, subject to any applicable excess of loss, stop loss or similar insurance, less the Deductible, and for which each Subscriber is responsible under the Indemnity and the funds for which shall come from the Insurance Pool.
- 1.23 “Rules” means the rules and regulations established pursuant to Section 3.04.
- 1.24 “Subscriber” means a Municipality which has been accepted for participation and which has executed and delivered the Form of Subscription attached hereto.
- 1.25 “Subscriber Participation Percentage” means, with respect to a Subscriber, at any date during a given Underwriting period, a fraction, the numerator of which is the total of the levies paid and payable by such Subscriber to that date with respect to that Underwriting Period, and the denominator of which is the total of the levies paid and payable by all Subscribers to that date with respect to that Underwriting Period, expressed as a percentage, [except that in the case of the use of this formula for determining assessments, levies paid by any Subscribers which are not liable to pay assessments will not be included.
- 1.26 “Subscription Date” means, for a particular Subscriber, the date referred to in Section 5.01 or Subsection 5.02(c) as appropriate.
- 1.27 “Underwriting Period” means the period of five years commencing 12:01 a.m. on June 1, 2025 and ending on 12:01 a.m. on May 31, 2030 and each successive

five-year period (or such period as the Advisory Board determines) thereafter during which the Insurance Pool continues to operate.

ARTICLE 2.00 - THE FUNDING ARRANGEMENT

2.01 Establishment of the Insurance Pool

The Subscribers hereby agree to the establishment of the Insurance Pool.

2.02 Purpose of the Insurance Pool

It is the intention of the Subscribers to use the Insurance Pool in order to purchase insurance, to pay the premiums for contracts of insurance arranged on behalf of the Subscribers, to enter into contract(s) of Indemnity with the Insurer in respect of such insurance, to refund and pay claims as and when required in respect of the Retention, to provide funds for the Claims Fluctuation Reserve, and to pay the administrative expenses of the Insurance Pool. The Insurance Pool shall have the power to do any and every act and thing necessary, proper, convenient, or incidental to the accomplishment of these purposes.

2.03 Not a Partnership or Trust

Nothing in this Agreement is to be construed to constitute any of the Subscribers a partner, agent, or representative of the others, or to create any trust, constructive, implied, or otherwise, or any commercial or other partnership among the Subscribers. The Subscribers agree that in matters involving this Agreement, they will not rely on the provisions of any partnership or trust legislation in any province or territory.

2.04 No Authority to Bind

Except as expressly provided in this Agreement, a Subscriber does not have the authority to bind any other Subscriber or the Subscribers.

2.05 Indemnification for Unauthorized Acts

Each Subscriber (in this section called the "Indemnitor") hereby irrevocably and unconditionally undertakes and agrees to indemnify and save harmless the other Subscribers (in this section called the "Indemnitees") from and against any and all liability, loss, harm, damage, cost or expense, including reasonable legal fees, which the Indemnitees may suffer, incur or sustain as a result of any act of the Indemnitor outside of the scope of or in breach of this Agreement.

2.06 Several Liability

The obligations of each Subscriber with respect to the Insurance Pool and/or the Indemnity and contracts and obligations entered by or on behalf of the Subscribers in connection with the Insurance Pool will, in every case, be several and not joint and several.

ARTICLE 3.00 - ADVISORY BOARD

3.01 Establishment

The Subscribers hereby establish an Advisory Board for the purpose of implementing this Agreement and operating the Insurance Pool.

3.02 Constitution of the Advisory Board

The Advisory Board will be composed of one Member duly appointed by each Subscriber. Each Member will have one vote. Any Subscriber may designate in writing from time to time an Alternate who is entitled to act in the place and stead of such Member when such Member is unavailable. The Member and the Alternate, if designated, must meet the qualifications set out in Section 3.03.

3.03 Qualification of Members of Advisory Board

Any individual may be a Member of the Advisory Board provided that, and for so long as, he or she:

- (a) is a person who is eighteen years of age or more.
- (b) is not a person who is of unsound mind, having been so found in Canada or elsewhere.
- (c) is not a person who has the status of a bankrupt.
- (d) is an employee of a Subscriber, preferably with a background relevant to the operation of the Insurance Pool, and has been duly appointed by such Subscriber.

No appointment of a person as a Member is effective unless he or she consents to act as a Member before or after the appointment.

3.04 Rules

For the purpose of administering this Agreement, the Advisory Board may establish from time to time such rules and regulations as it considers appropriate, provided that the Rules and any amendments thereto will be subject to approval of the Advisory Board by Extraordinary Resolution.

3.05 Power and Authority of the Advisory Board

Except as otherwise provided for in this Agreement, the Advisory Board has the power and authority, and the Subscribers hereby direct the Advisory Board to give any approvals and to make any decisions and determinations required or permitted to be given or made by the Subscribers with respect to the Insurance Pool and any matter arising out of or under this Agreement. Without limiting the generality of the foregoing, it is acknowledged and agreed that the Advisory Board is authorized on behalf of and without further authority from the Subscribers:

- (a) to supervise the funding of the Retentions by the Subscribers in accordance with such terms and conditions as the Advisory Board may deem proper and to change, cancel, extend or insure such obligations and to secure insurance and/or reinsurance excess of the Retentions as the Advisory Board may deem proper.
- (b) to set the levies and Assessments required of Subscribers pursuant to the provisions of this Agreement, which levies and assessments are to include each Subscribers' share of the expenses of the Insurance Pool.
- (c) to effect policy changes affecting the operation of the Insurance Pool by Extraordinary Resolution.
- (d) to supervise the demanding, collection and receipt of all moneys which may become due by the Subscribers under this Agreement or the Indemnity or under any contract of indemnity or insurance.
- (e) to give and receive all notices necessary or proper under the Indemnity or any contract of indemnity or insurance in respect of the Insurance Pool or the Subscribers, and to adjust, compromise and settle all claims and losses thereunder.
- (f) to retain an auditor, Actuary, legal counsel, and such other professional advisors as the Advisory Board considers appropriate to perform its duties under this Agreement.
- (g) to open and operate in the name of the Insurance Pool an account or accounts in a bank or other financial institution to deposit and to distribute funds with respect to the operation of the Insurance Pool.
- (h) to invest funds in accordance with any applicable law and to make or approve policies with respect to the investment of such funds and for the custody and safekeeping of any securities in which such funds may be invested.

- (i) to borrow such funds, in such amounts, on such terms and otherwise as the Advisory Board may determine by Extraordinary Resolution are necessary or desirable to fulfill obligations under this Agreement.
- (j) to pay all taxes, fees and other expenses relating to the orderly maintenance and management of the Insurance Pool.
- (k) to appoint a Manager and other staff, if considered appropriate, to manage the affairs of the Insurance Pool on behalf of the Subscribers on such terms and conditions, including remuneration, as the Advisory Board may determine from time to time.
- (l) to establish procedural rules with respect to the time, place, and number of Advisory Board meetings.
- (m) to require such additional information from any Subscriber as the Advisory board deems reasonably necessary in order to perform its duties under this Agreement.
- (n) to appoint such committees including any or all of an Executive Committee, Claims Committee, Policy Committee, Investments Committee and Audit Committee as may be deemed by the Advisory Board to be necessary or advisable for the operation of the Insurance Pool.
- (o) to take such steps as are necessary to comply with all applicable legislation.
- (p) to make and amend, by Extraordinary Resolution, such Rules as the Advisory Board considers appropriate pursuant to Section 3.04 including, without limitation, rules for the signing of cheques, negotiable instruments, and other documents.
- (q) to establish and maintain such reserve funds and surplus as the Advisory Board determines should be established and maintained for the purposes of this Agreement.
- (r) to establish policies with respect to the promotion of loss control and risk management.
- (s) to do and perform every other act and all things required to be done under this Agreement or necessary or proper to be done to fully carry out and perform the terms of this Agreement.

3.06 Payment for Services

Except as determined by the Subscribers from time to time, no payment will be made to any Member for their services in acting as a Member provided that any

Member is entitled to reimbursement of any reasonable expenses incurred in so acting as authorized by the Rules.

3.07 Term

Subject to Section 3.08, an appointed Member of the Advisory Board will hold office until their successor is duly appointed.

3.08 Resignation

A Member of the Advisory Board may resign from office upon giving a written resignation to the Advisory Board and the appointing Subscriber, and such resignation becomes effective when received by the Board and the appointing Subscriber, or at the time specified in the resignation, whichever is later.

3.09 Vacancies

Where there is a vacancy or vacancies in the Advisory Board, the remaining Members may exercise all of the powers of the Advisory Board. When a vacancy occurs, the Subscriber who appointed the member no longer in office will fill the vacancy as soon as practicable.

3.10 Decisions of the Advisory Board

All decisions of the Advisory Board require approval by Ordinary Resolution unless otherwise provided for in this Agreement. A decision of the Advisory Board with respect to any matter will be binding on all the Subscribers.

3.11 Chair and Officers

- (a) The Advisory Board will appoint a Chair and a Vice-Chair from among its Members. The Chair, and in their absence the Vice-Chair, will chair all meetings of the Advisory Board. In the absence of the Chair and the Vice-Chair, the Members of the Advisory Board in attendance at the meeting will appoint another Member to act as chair of such meeting.
- (b) The Advisory Board may appoint such other officers and designate such responsibilities for such officers as the Advisory Board determines from time to time.
- (c) The Chair, the Vice-Chair and any officers appointed pursuant to Subsection 3.10(b) will hold office for one year or until a successor is appointed. The chair will not have a second or casting vote in respect of any matter voted on by the Advisory Board.

- (d) The Chair will appoint a Secretary (who need not be a Member of the Advisory Board) to keep complete and accurate minutes of all meetings of the Advisory Board.

3.12 Signing Officers

Except where the Advisory Board has otherwise authorized the execution of documents on behalf of the Advisory Board, the execution of all documents required under this Agreement will be:

- (a) by both of the Chair and the Vice-Chair,
- (b) by one of the Chair and the Vice-Chair together with one of two or more other Members designated by the Advisory Board, or
- (c) in the event that a Manager is appointed, by one of the Chair and the Vice-Chair together with the Manager.

3.13 Meetings Generally

- (a) The Advisory Board will hold regular meetings at such time as the Advisory Board will determine from time to time.
- (b) The Chair may call additional meetings of the Advisory Board if he considers it advisable to do so and will do so if requested by another Member.

3.14 Virtual Meetings

Any Member may participate remotely in a meeting of the Advisory Board by means of which all persons participating in the meeting can hear each other, and a Member participating in such a manner will be deemed to be present in person at the meeting.

3.15 Notice

The Chair must, at a minimum, give each Member written notice of the time and place of each meeting of the Advisory Board at least 24 hours (excluding any part of a Sunday or holiday as defined in *the Legislation Act* of Ontario for the time being in force) before the time when the meeting is to be held, save that no notice of a meeting is necessary if all Members are present or if those absent have waived notice in writing to the holding of such meeting. Such waiver, whether given before or after the meeting of which notice is required to be given, will cure any default in giving such notice.

3.16 Location

Meetings of the Advisory Board are to be held at such place as may be agreed upon by the Advisory Board from time to time.

3.17 Quorum

A quorum for meetings of the Advisory Board is a majority of the number of Members in office at the particular time and no action is to be taken at a meeting of the Advisory Board unless a quorum is present.

3.18 Agenda

Matters which are not referred to in the agenda of the meeting of the Advisory Board are not to be voted on at that meeting unless all of the Members are present and consent thereto.

3.19 Agreement Without Voting

Any matter within the competence of the Advisory Board that is agreed or consented to in writing by every Member is binding on all the Subscribers.

3.20 Duty of Care

Every member, in exercising their powers and discharging their duties, must:

- (a) act honestly and in good faith, with a view to the best interests of the Subscribers as a group in respect of the Insurance Pool; and
- (b) exercise the care, diligence, and skill that a reasonably prudent person would exercise in comparable circumstances.

3.21 Limitation of Liability

No Member is liable for the acts, receipts, neglects or defaults of any other Member in any respect, or for any loss, damage or expense happening to any Subscriber in respect of the Insurance Pool, or for the insufficiency or deficiency of any security in or upon which any of the moneys of the Subscribers is invested, or for any loss or damage arising from the bankruptcy, insolvency or tortious acts of any person with whom any of the moneys, securities or effects of the Subscribers in respect of the Insurance Pool be deposited, or for any loss occasioned by any error of judgment or oversight on their part, or for any other loss, damage or misfortune whatever which happens in the execution of the duties of their office or in relation thereto, unless the same are occasioned by their own willful neglect or default; provided that nothing herein will relieve any Member of the duty to act in accordance with this Agreement or of liability for any breach thereof.

3.22 Indemnity of Members

Every Member and every former Member of the Advisory Board and every officer and every former officer appointed by the Advisory Board and their heirs and legal representatives will, from time to time, be indemnified and saved harmless by the Subscribers from and against all costs, charges and expenses, including an amount paid to settle an action or satisfy a judgment reasonably incurred by him/her in respect of any action or proceeding to which he/she is made a party by reason of being or having been a Member or officer if:

- (a) they acted in good faith with a view to the best interests of the Subscribers as a group in respect of the Agreement; and
- (b) in the case of a criminal or administrative action or proceeding that is enforced by a monetary penalty, he/she had reasonable grounds for believing that their conduct was lawful.

3.23 Liability Insurance

The Subscribers may purchase and maintain insurance for the benefit of any person referred to in Section 3.21 against any liability incurred by him/her in respect of their duties, except where the liability relates to the failure to act honestly and in good faith, with a view to the best interests of the Subscribers as a group in respect of the Agreement.

ARTICLE 4.00 - ACCOUNTING AND FINANCIAL REPORTING

4.01 Fiscal Period

Accounts for the Insurance Pool will be prepared and settled as of the last day of each Fiscal Year or as of any other date the Advisory Board may agree upon.

4.02 Books and Records

Proper and complete books, records, reports, and accounts of the Insurance Pool will be accessible at the administrative office of the Insurance Pool and will be open and available for inspection and copying by any Subscriber or its authorized representative at any reasonable time during normal business hours. The said books and records will fully and accurately reflect all transactions of the Insurance Pool and will be maintained in conformity with generally accepted accounting principles or customary practices.

4.03 Subscriber Accounts

Individual accounts will be kept for each Underwriting Period showing for each Fiscal Year each Subscriber's participation in the operations and the operating results of the Insurance Pool in the manner determined by the Rules.

4.04 Annual Report

Within 120 days after the end of each Fiscal Year, the Advisory Board will cause the accountants of the Insurance Pool to furnish to each Subscriber an annual report consisting of:

- (a) the financial statements of the Insurance Pool at the end of the Fiscal Year.
- (b) the report of the Actuary.
- (c) the Subscriber Participation Percentage of each Subscriber for the Fiscal Year.
- (d) any additional information that may be required by the Advisory Board or any government or governmental authority under applicable legislation.

4.05 Audit

The accounting records and reports of the Insurance Pool will be reviewed or audited annually (as determined from time to time by the Advisory Board) by such firms as the Advisory Board may choose from time to time.

4.06 Bank Accounts

The bank of the Insurance Pool will be such Canadian chartered bank or banks as the Advisory Board may from time to time determine. All moneys received from time to time on account of the Insurance Pool will be paid immediately into the bank account of the Insurance Pool in the same drafts, cheques, bills and cash in which they are received. Until changed by a decision of the Advisory Board, all cheques, negotiable instruments and withdrawals from bank accounts up to but not exceeding \$100,000.00 require the signature of the Manager of the Insurance Pool, if any, and one signing officer appointed by the Advisory Board and, if there is no manager, of two signing officers appointed by the Advisory Board and all cheques, negotiable instruments and withdrawals from bank accounts exceeding \$100,000.00 require the signature of two signing officers appointed by the Advisory Board.

ARTICLE 5.00 - SUBSCRIBERS

5.01 Founding Subscribers

Each Municipality whose name appears in Schedule A attached hereto, and who executes and delivers the Form of Subscription attached hereto as of March 1, 2025 or before, will automatically become a Subscriber with effect from June 1, 2025 ("Subscription Date").

5.02 Additional Subscribers

The Subscribers may accept additional qualified Municipalities to become a party to this Agreement and thereby become Subscribers in accordance with the following provisions:

- (a) any Municipality, whether contained within The County or not, may apply to become a Subscriber provided that:
 - (i) such Municipality submits a written application in acceptable form and remits the application together with such application fee as may be prescribed by the Advisory Board from time to time.
 - (ii) such Municipality provides the historical claims information, data and other relevant information that the Advisory Board, the Actuary and the insurers/reinsurers deem necessary or appropriate to properly assess participation qualifications.
 - (iii) such Municipality co-operates with the Advisory Board in providing such information and documentation as it may require.
- (b) The Advisory Board will review the application to become a Subscriber and may accept the Municipality's application subject always to the following:
 - (i) receipt of a duly executed Form of Subscription from such Municipality in the form attached as Appendix A.
 - (ii) receipt of a copy of the resolution of the Municipality's council authorizing Subscription to the Insurance Pool.
 - (iii) receipt of any fees required to be paid by such Municipality.
- (c) Commencement of participation in the Insurance Pool will be the date specified on the notification of acceptance of any Municipality's application to become a Subscriber ("Subscription Date").

5.03 Effective Date of Subscription

The effective date of Subscription (“Subscription Date”) for any particular Subscriber, is:

- (a) if the Subscriber is a Founding Subscriber, June 1, 2025; or
- (b) if the Subscriber is not a Founding Subscriber, the Subscription Date as defined in 5.02(c).

5.04 Minimum Period of Subscription

If the Subscriber’s Subscription Date is coincident with, or on or before the expiry of the first year in an Underwriting Period, the minimum period of subscription will be the balance of the Underwriting Period. If the Subscriber’s Subscription Date is after the expiry of the first year of an Underwriting Period, the minimum period of subscription will be the balance of the then-current Underwriting Period plus the immediately subsequent Underwriting Period.

5.05 Termination of Subscription

- (a) The Advisory Board is empowered to remove, by Extraordinary Resolution, a Subscriber by providing such Subscriber with a notice in writing to that effect, if the Subscriber:
 - (i) fails to comply with any term of this Agreement after having been given 30 days’ written notice by the Advisory Board of the details of its failure to comply and the Subscriber has not rectified such non-compliance within 30 days after receipt of such notice.
 - (ii) fails to pay any premium, levy or other fee or assessment within seven (7) days when due hereunder.
 - (iii) fails, in the opinion of the Advisory Board, to continue to meet the Eligibility Criteria for participation in the Insurance Pool and the Subscriber fails to rectify this condition within 90 days after receipt of such notice.
- (b) The effective date of termination of participation in the Insurance Pool in the event of termination:
 - (i) pursuant to Paragraph 5.06(a)(i), will be 30 days after receipt of the written notice if the failure has not been rectified.
 - (ii) pursuant to Paragraph 5.06(a)(ii), will be seven days after receipt of written notice that such premium, levy, or other fee or assessment has not been paid.

- (iii) pursuant to paragraph 5.06(a)(iii), will be at the expiration of 90 days following the date of receipt of written notice of termination.
- (c) Subject to the minimum period of subscription set out in Section 5.05, a Subscriber may withdraw from participation in the Insurance Pool at the end of any Underwriting Period, provided that it provides the Insurance Pool with six months' written notice of its intention to withdraw, in which event, such withdrawal will take effect upon the expiry of that Underwriting Period. If there is a failure to give such notice, the Subscriber will be deemed to have elected to participate in the immediately succeeding Underwriting Period.

5.06 Subscriber Dissolution, Merger, or Break-Up

- (a) If a Subscriber is dissolved, it will cease to be a Subscriber as of the date of its dissolution.
- (b) If a Subscriber is merged with another Municipality that is not a Subscriber, the Subscriber will cease to be a Subscriber unless the merged entity elects to continue as a Subscriber and it meets the conditions set by the Advisory Board. The newly merged municipality may only continue by applying to the Advisory Board as set out in Article 5.03.
- (c) If a Subscriber is merged with another Municipality that is a Subscriber, the merged entity will be deemed to be a Subscriber as of the effective date of the merger.
- (d) If a new Municipality is formed from a Subscriber, the Subscriber will remain a Subscriber and the new entity will be a Subscriber provided that it continues to meet the conditions set by the Advisory Board.

5.07 Continuing Liability

If the Subscriber ceases to be a Subscriber, it will continue to be liable for any Assessment(s) arising during or after such cessation in respect of claims incurred prior to the effective date of its cessation of participation, unless satisfactory arrangements are made with the Advisory Board, and approved by way of Extraordinary Resolution of the remaining Members of the Advisory Board, to buy out such liability.

ARTICLE 6.00 - OPERATION OF THE FUND

6.01 Insurance Policies

The Advisory Board will arrange for Insurance Policies for the Subscribers with Deductibles as elected by each Subscriber, for Indemnities and Retentions and limits of liability as determined by the Advisory Board

6.02 Determination of Levies Payable

The Advisory Board will, in respect of each year, on the advice of the Actuary determine the levy payable by each Subscriber. The levy with respect to any year will be sufficient to fund any insurance/reinsurance, excess or stop-loss insurance premiums, to make payments under the Indemnities, to provide funds for the Claims Fluctuation Reserve and to fund the administrative expenses of the Insurance Pool. Such levies will take into account the Annual Incurred Losses for each Subscriber as determined by the Advisory Board, by Extraordinary Resolution, on the advice of an Actuary.

6.03 Assessments

- (a) Assessments in respect of an Underwriting Period will be made by the Advisory Board on the advice of the Actuary if the aggregate of the levies received for such Underwriting Period, after recognition of investment income earned thereon, is not sufficient to pay any insurance/reinsurance and excess and stop loss premiums attributable to such Underwriting Period, to pay the actual losses under the Indemnities, to provide funds for the Claims Fluctuation Reserve and to fund the administrative expenses of the Insurance Pool.
- (b) The Subscribers acknowledge that they may be responsible for additional assessments based on the actual loss experience of the Insurance Pool.
- (c) Loss claims experience for each Underwriting Period will be assessed annually and potential deficits and surpluses shall be estimated and amortized over three (3) years, or such other period as is determined by the Advisory Board.
- (d) If an assessment is required, the Advisory Board will so notify each Subscriber of the amount of the Assessment which each Subscriber is to pay and the Assessment will be due 30 days following receipt of such notice or at such later date as may be prescribed in such notice. The notice will set out in reasonable detail the reasons for the Assessment and the basis upon which the Assessment is determined.
- (e) Assessments will be allocated on the basis of the Subscriber Participation Percentage for each Subscriber in the Underwriting Period. All assessments will be automatic upon the advice of the auditor.

6.04 Obligation to Pay

- (a) Each Subscriber covenants and agrees to pay forthwith when due any levy or Assessment required pursuant to the terms of this Agreement. If the levy or Assessment is not paid by a Subscriber when due, an interest charge of Prime plus 2%, compounded monthly, will be payable by the Subscriber.
- (b) Interest will be payable as follows:
 - (i) at an annual rate of interest expressed on the basis of a 365- or 366-day year, as the case may be, equal to Prime plus 2%.
 - (ii) interest shall be calculated monthly based on the number of days actually elapsed.
 - (iii) interest accrued is payable in arrears on the last day of each month except that, if the last day of the month is not a Business Day, on the immediately preceding Business Day (where Business Day means any day other than a Saturday, Sunday, statutory holiday or other day on which banks in Toronto, Ontario are required by law to close or are customarily closed).
 - (iv) changes in Prime cause immediate adjustment of the interest rate applicable thereto as and from the effective date of any such change without the necessity for any additional notice to the Subscriber.

6.05 Closure of Underwriting Period

- (a) Upon the Closure Date of an Underwriting Period, at the discretion of the Advisory Board, and subject to Section 7.01, the excess, if any, of the realized value of the Insurance Pool's assets over outstanding obligations of the Insurance Pool, will be credited, or returned, to the Subscribers in direct proportion to their Subscriber Participation Percentage.
- (b) Prior to the Closure Date of an Underwriting Period, as considered prudent by the Advisory Board, and subject to Section 7.01, excess assets of the Insurance Pool, or any part thereof, may be paid out to the Subscribers, applied to reduce the actuarially determined levy or retained and applied towards a Claims Fluctuation Reserve, in each case in direct proportion to each Subscriber's Participation Percentage.
- (c) A Subscriber will not share in that part of the excess attributable, as determined by the Actuary, to the period prior to the date on which that Subscriber became a Subscriber, and any Subscriber not participating in the next following Underwriting Period will not share in any excess of assets over

liabilities for the preceding Underwriting Period during which the Subscriber participated.

6.06 Excess and Stop Loss Insurance

The Advisory Board will endeavour to arrange insurance policies providing stop loss coverage and excess insurance coverage over and above the Retention, subject to other arrangements approved by Extraordinary Resolution of the Advisory Board. The insurance policies will name as insured the Subscribers who are accepted by the Insurer issuing the policy. To minimize the cost of such coverage, the Insurance Pool will perform the administrative services of collecting the premiums from the Subscribers for remittance to the insurer and will report claims to the Insurer based on notices of claim given by the Subscribers to the Insurance Pool.

6.07 Retention

The Advisory Board will endeavour to arrange the Indemnity between each Subscriber and the Insurer to cover claims for the Retention. The Retention required under the Indemnity shall provide for payment by the Subscriber to the Insurer of amounts within the Retention which shall come from the Insurance Pool. Claims are to be paid out to the Insurer under the Indemnity as they arise in accordance with its terms.

ARTICLE 7.00 - TERMINATION

7.01 Termination of this Agreement

- (a) The Subscribers may terminate this Agreement by resolution of the Councils of each of the Subscribers. The appropriate termination form is attached as Appendix "B".
- (b) Upon termination, as and when determined by the Advisory Board, the assets of the Insurance Pool will be liquidated and the excess, if any, of the realized value of such assets over outstanding obligations (including the setting aside of an adequate reserve for future claims), will be returned to the Subscribers in direct proportion to their Subscriber Participation Percentage for each Underwriting Period not yet closed on the date of termination.
- (c) Notwithstanding the termination of this Agreement, the Advisory Board, and the Insurance Pool, are empowered to continue in operation for the limited purpose of winding up their affairs and, for such purpose, this Agreement will remain in full force and effect until all obligations of the Subscribers have been fulfilled.

- (d) If this Agreement is terminated, all Subscribers will continue to be responsible for all liabilities and Assessments relating thereto in respect of all Underwriting Periods or portions thereof in which each Subscriber participated unless satisfactory arrangements are made by the Advisory Board, satisfactory to the Advisory Board in its sole discretion, to buy out or bond such liability.

ARTICLE 8.00 - GENERAL PROVISIONS

8.01 Notice

All notices, requests, demands or other communications by the terms hereof required or permitted to be given by one party to another will be given in writing and served personally, or sent by registered mail, postage prepaid, addressed to:

- (a) each Subscriber at the address noted below its signature on the signature page hereof or on the Form of Subscription attached hereto as Schedule "A";
- (b) the Advisory Board or the Insurance Pool, c/o:

Attention: _____

or at such other address as may be given by any of them to the others in writing from time to time, and such notices, requests, demands, acceptances and other communications are deemed to have been received when delivered, or if sent by registered mail, are deemed to have been received on the third day following the date of mailing the letter.

8.02 Dispute Settlement

If any dispute occurs among the Subscribers hereto, or the Advisory Board is unable to reach an agreement, the dispute shall be settled in the following manner:

- a) First, the matter in dispute shall be referred to the CAOs of the Subscribers in dispute, who shall attempt to solve the matter.
- b) Next, if the matter is not resolved by the CAOs, then the matter in dispute shall be referred for mediation. The mediator selected shall be mutually agreed upon by all Subscribers involved.

- c) Next, if the matter is not resolved by mediation, then the matter in dispute shall be resolved by a single arbitrator pursuant to the provisions of the Arbitration Act, 1991 (Ontario) as amended.

8.03 Confidentiality

The Advisory Board shall adopt appropriate procedures to ensure that all information received by the Board remains confidential. Members of the Advisory Board and members of any Committee established by the Board shall keep all information confidential and shall not divulge or use such information other than in the course of his/her duties as a member of the Advisory Board or other committee unless required by due process of law.

8.04 Currency

All payments contemplated herein are to be made in Canadian funds.

8.05 Calculation of Time Periods

Unless otherwise specified in this Agreement, when calculating the period of time within which or following which any act is to be done or step taken pursuant to this Agreement, the date which is the reference day in calculating such period is to be excluded. If the last day of the period is a non-business day, the period in question is to end on the next business day.

8.06 Subscriber's Right of Inspection

Any Subscriber by a duly authorized agent, upon reasonable notice, shall have the right, during regular business hours and subject to the reasonable demands of the business of the Insurance Pool, to inspect and, at its own expense, to copy the record books, the books of account, and any other book or document of the Insurance Pool other than such documents as the Advisory Board shall from time to time designate as confidential.

8.07 Severability

If any provision of this Agreement is held to be invalid, illegal or unenforceable, the validity, legality or enforceability of the remaining provisions of this Agreement are not in any way to be affected or impaired thereby.

8.08 Entire Agreement

This Agreement constitutes the entire agreement among the parties relating to the establishment and operation of the Insurance Pool and supersedes all prior agreements, understandings, negotiations and discussions, whether oral or written, among the parties with respect thereto.

8.09 Waiver

No waiver by any party to this Agreement of any breach of any of the provisions of this Agreement by any other party will take effect or be binding unless in writing and signed by the party intended to be bound. Unless otherwise provided therein, such waiver is not to limit or affect the rights of such party with respect to any other breach.

8.10 Successors and Assigns

This Agreement will enure to the benefit of and be binding upon the parties hereto and their respective heirs, executors, administrators, successors and assigns provided that this Agreement may be assigned by a Subscriber only with the consent of the Advisory Board.

8.11 Further Acts

The parties hereto agree to execute and deliver such further and other documents and perform and cause to be performed such further and other acts and things as may be necessary to give full effect to this Agreement and every part thereof.

8.12 Applicable Law

This Agreement will be construed and enforced in accordance with the rights of the parties hereto and is to be governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

8.13 Amendments

This Agreement may be amended by written agreement of all the Subscribers.

8.14 Electronic Signatures

Digitally signed and/or scanned copies of the Form of Subscription appended to this Agreement shall be deemed to be original and shall be binding upon the parties executing same in the same manner as if each party executed an original.

IN WITNESS WHEREOF the parties have subscribed to this Agreement by execution of the Form of Subscription appended to this Agreement as fully as they would have by executing a copy of this Agreement.

SCHEDULE A

FOUNDING SUBSCRIBERS

The following Municipalities may become Founding Subscribers pursuant to Section 5.01:

FORM OF SUBSCRIPTION

Pursuant to the form of Agreement dated the _____ day of _____, 20____
entitled "Municipalities in The County of Simcoe Subscribers' Agreement for the Purchase
of Insurance", as amended from time to time, (hereinafter referred to as the "Agreement")

Municipality

Address of the Municipality

(hereinafter referred to as the "Municipality"), hereby subscribes to the Agreement.

The execution of this Form of Subscription by the Municipality constitutes execution of the Subscribers' Agreement dated March 1, 2025 (including any future amendments made in accordance with the terms of the Agreement). The Agreement and the Forms of Subscription executed by all other Municipalities shall together constitute the Agreement of the Subscribers, as if all the Subscribers have executed the Agreement.

IN WITNESS WHEREOF The Municipality has caused to be affixed its corporate seal duly attested to by the hands of its proper officers duly authorized in that behalf.

Dated this _____ day of _____ 20 ____.

(Name of Municipality)

(Seal) (Authorized Signing Officer)

(Authorized Signing Officer)

**FORM OF TERMINATION
OF
MUNICIPALITIES IN THE COUNTY OF SIMCOE
SUBSCRIBERS' AGREEMENT
FOR THE PURCHASE OF INSURANCE**

Subscriber

☐ agrees

☐ disagrees

to terminate the Agreement dated the ____ day of _____, 20____ and all amendments thereto, pursuant to Section 7.01 thereof.

Date: _____

Subscriber

Authorized Signing Officer

(Seal)

Authorized Signing Officer