



## Staff Report C2025-02

Committee 2025-01-27

Council 2025-02-10

Amendments

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**Submitted To:** Committee of the Whole  
**Submitted By:** Sara Almas, Director, Legislative Services/Municipal Clerk  
**Prepared By:** Michael Trueman, Manager, Accountability, Procurement & Risk  
**Subject:** Municipal Insurance Pool Implementation

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### Recommendation

**THAT** Staff Report C2025-02, Municipal Insurance Pool Implementation, be received.  
**AND THAT** Council support joining the Simcoe County Municipal Insurance Pool, as proposed and authorize the execution of the requisite Subscribers Agreement.

### Amendments

None.

## 1. Executive Summary

Over the last 2 years the County of Simcoe, alongside all 16 member municipalities and the City of Orillia, initiated efforts to create a Municipal Insurance Pool. As part of these efforts, a feasibility study was conducted, which involved a comprehensive actuarial analysis. The study indicated the prospect of significant savings for all municipalities involved, leading to the collective staff support to proceed with the potential implementation subject to Council approval.

The actuarial analysis was subsequently updated with current data from all potential participants, facilitating the development of a proposed insurance pool structure tailored to each coverage class. A technical working group, consisting of a volunteer subset of representatives from the participating municipalities, was formed including the Town of Collingwood Manager of Accountability, Procurement and Risk Management (Michael Trueman). This group met regularly over the summer and fall to review and discuss the

actuarial findings and to finalize the proposed components of the Municipal Insurance Pool.

This report outlines the proposed insurance pool structure, financial projections, governance and administration to startup the Municipal Insurance Pool as reviewed and approved by Simcoe County Council, and seeks interest from Collingwood Council in joining this new County Insurance Pool initiative.

## 2. Analysis

### Background

The cost of insurance for municipalities in Ontario have continued to grow year-over-year and these costs have put significant pressure on budgets. What is impacting these increases vary and are often not in the control of the municipality, but can include varying interest rates, higher occurrences of local and global natural disasters, high-cost court rulings, and a limited competitive market for municipal insurance.

Collingwood is not immune to this and has seen consistent growth in the cost of our premiums:

2018 - \$603,332

2019 - \$651,210

2020 - \$738,927

2021 - \$773,839

2022 - \$870,324

2023 - \$1,016,305

2024 - \$1,030,907

2025 - \$1,072,449

*\*The above rates do not include Cyber or Water Treatment Insurance*

In 2023, Simcoe County staff began the process of bringing 17 Simcoe municipalities together to determine the feasibility of an insurance pool like what has been done in Waterloo and Durham regions. The resulting in the establishment of a working group led

by Simcoe County staff and their hired consultants from Axxima, with the aim of completing a feasibility study and an actuarial analysis of the options. County staff brought their findings to County Council in November 26, 2024 and the reports and studies have been attached as reference.

The actuarial analysis conducted by Axxima included:

- historical claims data
- projection of claims to their ultimate value upon maturity and projections of the 2024 exposures
- historical policy information
- policy wordings
- most recent insurance premium invoices

Three major coverages were considered in the analysis, these include liability, property, and automobile. Frequency and severity distributions were selected for each major coverage to be applied to the individual municipality's deductible and loss profile.

Throughout the process, there have been a few lines of coverage that we currently elect to carry that will not be covered but the Pool program:

- Water Treatment: \$37,600
- Cyber Security: \$25,500
- \*Environmental Impairment / Pollution: \$11,470

Water Treatment and Cyber will continue to be sourced by staff, as they are both critical to a healthy municipal risk portfolio. The other lines that may not be carried by all participating municipalities, but the pool will have the ability to source additional coverage as required.

### **What is an insurance pool?**

An insurance pool is quite a concept used to manage and mitigate risk among a group of entities. Insurance pools provide a collaborative approach to managing risk, often resulting in enhanced coverage flexibility and potential financial benefits for its

members. It could be a particularly appealing option for municipal bodies or organizations with similar coverage needs. It entails:

- **Shared Risk:** An insurance pool involves multiple entities—such as municipalities, businesses, or associations—coming together to share the risks associated with potential losses. By pooling resources, they can spread out the risk, making it more manageable for each participant.
- **Collective Resources:** Members contribute to a common fund, which is used to pay for claims. This fund acts as a safety net, providing coverage for all members and reducing the dependence on traditional insurance companies.
- **Cost Efficiency:** Insurance pools can offer cost savings by leveraging the group's collective buying power to negotiate better rates and terms than individual entities might secure on their own.
- **Tailored Coverage:** Because the pool is self-managed, members have the ability to customize the coverage to better meet their specific needs, as opposed to generic policies offered by commercial insurers.
- **Types of Risks Covered:** Insurance pools can cover a variety of risks such as liability, property damage, workers' compensation, and other insurable risks relevant to the members.
- **Control Over Management:** Members typically have more control and input over how the pool is managed, including decision-making regarding claims, risk prevention strategies, and reserve funds.

## Options and Analysis

Option 1: Collingwood elects to join the Simcoe County Municipal Insurance Pool

### **Insurance Pool Structure:**

The insurance pool structure consists of three layers outlining where risk is either transferred (insurance) or retained as part of the pool or deductible layer.

Deductible Layer: The "cost" associated with the Deductible layer is impacted by claims frequency while the Pool layer is affected primarily by severity of the claims.

Several factors were considered by the actuary when determining the deductibles that were selected for each member.

- Size of municipality (insurance exposure units)
- Historical deductible levels
- Expected losses under the municipality deductible and the pool layers

The deductible for each member needs to provide an appropriate balance of taking some individual responsibility for the results of each member’s loss prevention or reduction programs, while providing the benefit of risk sharing for larger amounts. The deductible amounts range from \$10,000 to \$100,000. In the case of municipalities facing increased deductible levels, the pool levies will be adjusted, as required, to ensure municipalities are not incurring unexpected additional costs as compared with the status quo.

Town of Collingwood current and proposed deductibles:

Coverages	Current	Proposed
Liability	\$25,000	\$25,000
Property	\$10,000*	\$25,000
Automobile	\$10,000	\$10,000

\*Staff recognize that the deductible for property was low, and by increasing the deductible we can achieve greater cost savings. Collingwood has minimal property claims over the last 5 years, through various risk and asset management.

Pool layer: The pool layer provides coverage above the deductible layer and up to \$500,000. The premium assessed for this layer is based on the actual loss experience of the members in the pool. The total municipalities’ retention level (losses under the municipality’s deductible plus losses in the Pool layer) should represent a significant portion of the overall insurance cost to eliminate a significant part of the insurance market friction costs and generate savings. However, it is

important that the retention level does not jeopardize the municipalities' financial health and that extreme insurance events such as catastrophic losses be covered by the insurance market, which is why the actuary set the limit at \$500,000.

Insurance layer: The insurance layer (the risk transferred to the commercial insurance market) provides for claims above \$500,000 so that extreme insurance events such as catastrophic losses continue to be covered by the insurance market. A pool structure reduces costs because it is less reliant on commercial insurance with roughly 1/3 to 1/2 of the total insurance premiums being subject to the vagaries of the market, friction costs (broker commissions) and profits for shareholders.

**Financial Projections:**

Each municipality will be assessed a pool levy. The main considerations for the levy/premium allocation include equitable, use expiring commercial rates, 10% cost savings over status quo, expectation of inflationary increases and intime move to a levy allocation that reflects pool experience.

Below is a summary of projected savings for Collingwood over the next 5 years:

5 Year Potential Savings			Equity	Total Potential Savings
Pool Levy vs Insurance premium	Under Municipality Deductible	Overall Savings	5 Years in Pool	
1,228,543	143,533	1,085,011	881,149	1,966,159

**Governance:**

Subscribers' Agreement: All participating municipalities will require their respective Councils to approve the subscribers' agreement. This agreement details the terms and conditions of the insurance pool, the running of the advisory board, the funding arrangement for the purchase of insurance, accounting and financial reporting, subscriber terms, operation of the fund and other general provisions.

The subscriber's agreement requires a commitment of a minimum of five years. The deadline for signing the subscriber's agreement is March 1, 2025. This timeline will ensure that all administrative preparations for the insurance pool can be completed before its effective date on June 1, 2025.

Advisory Board: The Subscribers' Agreement establishes an Advisory Board that will direct future decisions regarding the Municipal Insurance Pool. The Advisory Board will be composed of one Staff Member appointed by each Subscriber and each Member will have one vote. Also with council approval, an appropriate staff member will need to be authorized to represent the municipality on the Municipal Insurance Pool Advisory Board. This ensures that each municipality has a representative on the Advisory Board to provide input within the Municipal Insurance Pool governance structure.

#### **Administration:**

One of the keys to success will be to establish the management and administrative structure for the pool, including the appointment of staff and the setup of financial and operational systems. The County of Simcoe will host the administration and provide the necessary resource requirements needed to support the pool. As with other municipal insurance pools in Ontario the management and administration are paid for by the insurance pool and governed by the advisory board. The insurance pool launch date is set for June 1, 2025, to allow for formation of the advisory board and time to put the necessary administrative functions in place.

Below is a list of administrative functions that the insurance pool team would be responsible for.

- **Risk Management:** Proactive risk management strategies, including road construction standards, and minimum maintenance standards.
- **Centralized data and Claims Handling:** standardized claims handling procedures, including how to submit claims, contact claimants, and manage claims efficiently.

- **Contract Reviews:** guidance on reviewing contracts, tenders, RFPs, purchase orders, legal agreements, and insurance and indemnity clauses.
- **Special Event Reviews:** insurance for special events, such as air shows, and the associated risk management practices.
- **Inspection Programs:** inspection programs and negotiating with insurance providers about responsibilities for inspections.
- **Standard Operating Procedures:** The importance of SOPs for claims handling, ensuring consistency in how claims are managed across all municipalities. <sup>1</sup>

#### Option 2: Status Quo

Collingwood could also decide to continue to source our insurance independently of the municipal pool and remain the status quo. We currently have 3 insurance providers, IPE, MEARIE, and CFC Underwriting Ltd. Every 3 – 5 years a competitive process is undertaken to procure or insurance provider to ensure we are getting the best value for our corporate requirements and appropriate protection of tax dollars.

#### Advantages:

- Able to have more direct input on deductibles and program limits
- Ability to work directly with insurer and adjusters
- No governance obligations
- Town is still responsible to secure additional insurance coverages for items not within the County Insurance Pool initiative
- Major loses in other municipalities would have limited impact on the Town's coverage.

#### Disadvantages:

- Joining later will require significantly more investment, if possible, at all
- Inflation and instability of the insurance market
- Less administrative demand on existing staff

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<sup>1</sup> <https://simcoe.civicweb.net/document/144534/CCW%202024-307%20Municipal%20Insurance%20Pool%20Startup.pdf?handle=5EC60C10C578408D9E499F59A9DA6837>

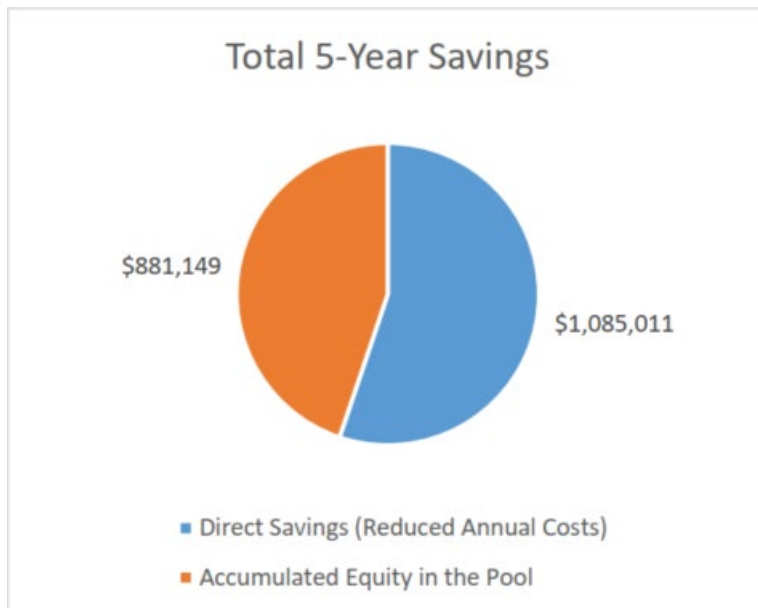


- Dependent on advice provided, as existing staff are not insurance professionals
- Undertaking competitive procurements every 3 – 5 years requires significant staff time, and external advice
- If the Town were to suffer a major loss, we would likely see a substantial increase in our coverage in subsequent years.

Each participating municipality is requested to complete and submit the Form of Subscription within the subscribers' agreement by March 1, 2025, to allow time to set up the advisory board and then become one of the Founding Subscribers effective June 1, 2025.

### Financial Impacts

As previously noted, if Collingwood joins the pool, it will yield savings for the participants, all municipalities that are agreeing to join, on a minimum of a term of 5 years. The chart below illustrates the Town's projected savings and accumulated equity in the pool for a total estimated saving of \$1,966,159 over 5 years.



The current projected cost for the Town to join the Municipal Insurance Pool for June 1 will be \$907,287, in addition to the continued costs of the insurance coverage not provided by the pool in the amount of \$74,570. Our insurance renewal occurs on an annual basis from January 1<sup>st</sup> to December 31<sup>st</sup>. Therefore, if Council is supportive of joining the pool we would have to advise our current provider and would receive

reimbursement for the unused remainder of the term. There is no early termination penalty. Based on the premiums paid, and reimbursement anticipated in 2025 a nominal savings will be realized.

There are also startup costs of approximately \$250,000 to create the insurance pool. This will be incurred but the County of Simcoe. These cost will be reimbursed by the pool and are included in the financial projections.

### Conclusion

Municipalities have been trying to find new ways of approaching insurance, and this method of working together as a group will yield savings and greater control for the Town. If the Town does not participate in the program at this time, it is unclear to whether we will get another opportunity as it will be up to the participating members to decide to re-open for new membership, in addition to the increase cost to join. Staff recommend joining the Simcoe County Insurance Pool initiative and execute the required subscriber's agreement to confirm Collingwood's participation.

## 3. Input from Other Sources

Reviewed by Department Heads – January 21, 2025

## 4. Applicable Policy or Legislation

Community Based Strategic Plan, specifically the "Responsible" pillar as it references:

1. Maintain the Town's strong financial health and assets
2. Champion local, regional, intergovernmental, and multi-sectoral collaboration and advocacy

## 5. Considerations

2024-2028 Community Based Strategic Plan: Advances pillar(s) below:

- Sustainable    Connected    Vibrant    Responsible
- Services adjusted if any                      Risk Management
- Climate Change / Sustainability:                      Not Applicable

- Communication / Engagement: Not Applicable
- Accessibility / Equity, Diversity, Inclusion: Not Applicable
- Registered Lobbyist(s) relating to content: Nil

Next steps and future action required following endorsement:

## 6. Appendices and Other Resources

**Resource 1:** [Simcoe County report CCW 2024-307](#)

**Appendix A:** Town of Collingwood's Projected Savings Summary

**Appendix B:** Simcoe County's Municipal Insurance Pool Presentation

**Appendix C:** Draft Subscribers Agreement

## 7. Approval

**Prepared By:**

Michael Trueman, Manager, Accountability, Procurement & Risk Management

**Reviewed By:**

Sara Almas, Director, Legislative Services/Municipal Clerk

**CAO Comments:**

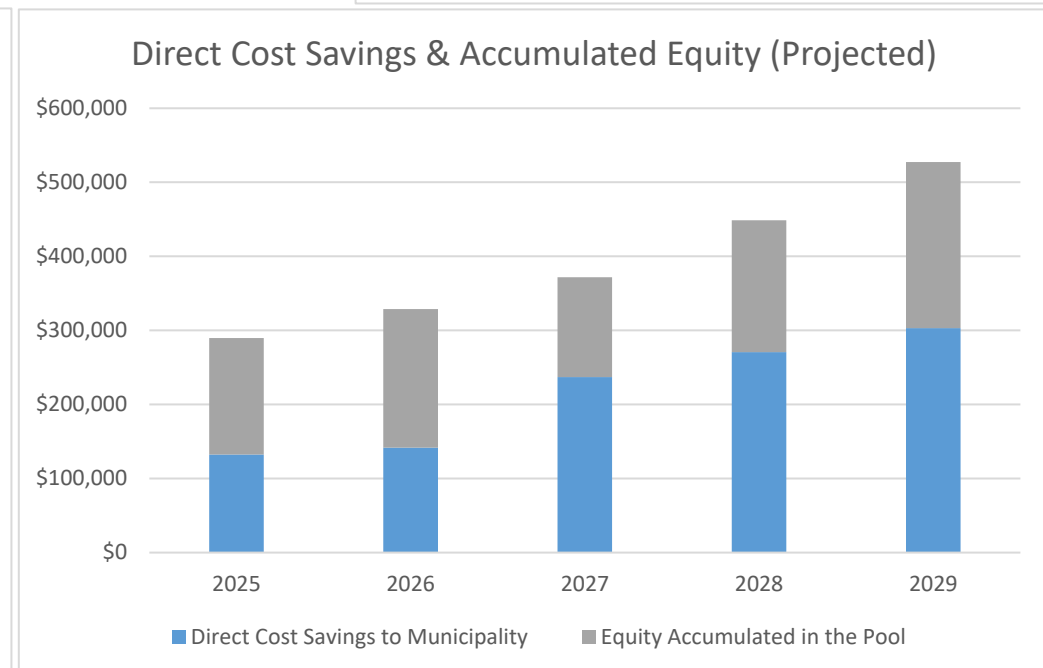
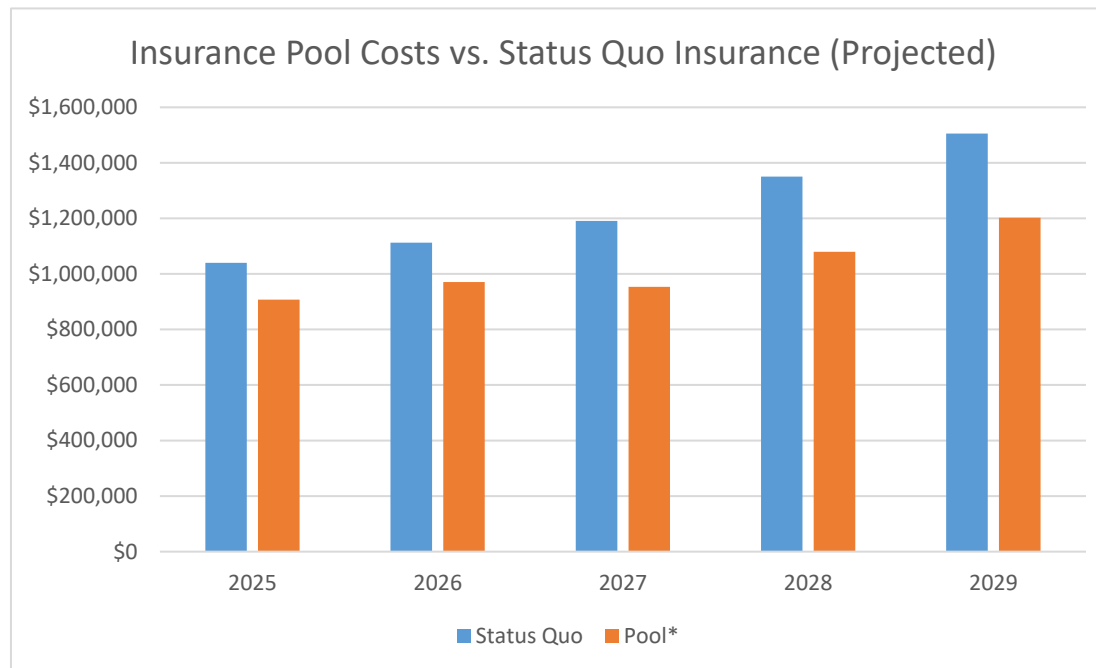
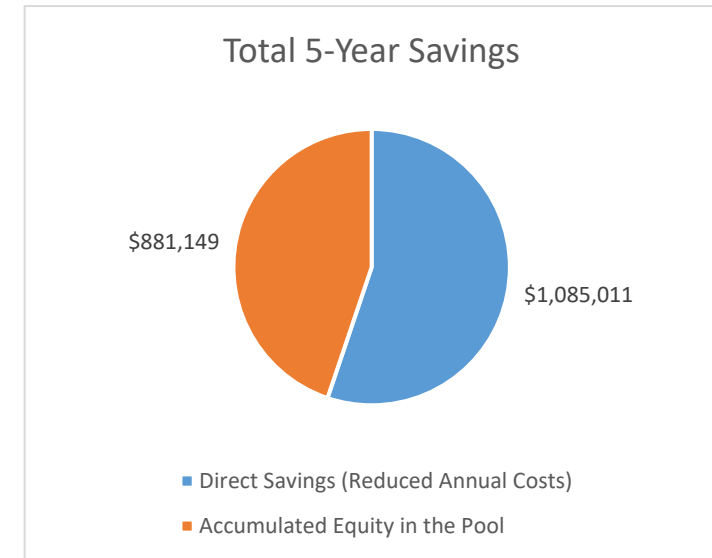
- Endorsed by CAO Skinner on January 22, 2025 to proceed to COW.

# Town of Collingwood

Insurance Pool Costs vs. Status Quo Insurance (Projected)

	2025	2026	2027	2028	2029	Total 5-Years
Status Quo	\$1,039,766	\$1,112,550	\$1,190,428	\$1,349,958	\$1,505,158	\$6,197,860
Pool*	907,287	970,797	953,394	1,079,330	1,202,042	5,112,850
Savings	\$132,479	\$141,753	\$237,034	\$270,628	\$303,116	\$1,085,011
Equity in Pool	157,245	187,099	134,651	178,094	224,061	881,149
Savings Incl. Equity	\$289,724	\$328,852	\$371,685	\$448,722	\$527,177	\$1,966,159

\* Adjusted for change in deductible





# Simcoe Municipalities Insurance Pool

Presentation to Council  
Fall 2024 – Winter 2025

# Background



In response to insurance premium uncertainty over recent years, Simcoe County and participating municipalities explored alternatives to the current insurance model to identify opportunities for improvements in costs and cost stability



Due diligence to determine the feasibility has been completed, and there is a strong business case for implementation of an alternative



Implementation is underway, and commitment is required

# Proposed Solution

A Municipal Insurance Pool is recommended



Waterloo Region  
Municipalities  
Insurance Pool

Established 1998



Durham Municipal  
Insurance Pool

Established 2000



Simcoe  
Municipalities  
Insurance Pool

Established 2025?

Why start an  
insurance pool?

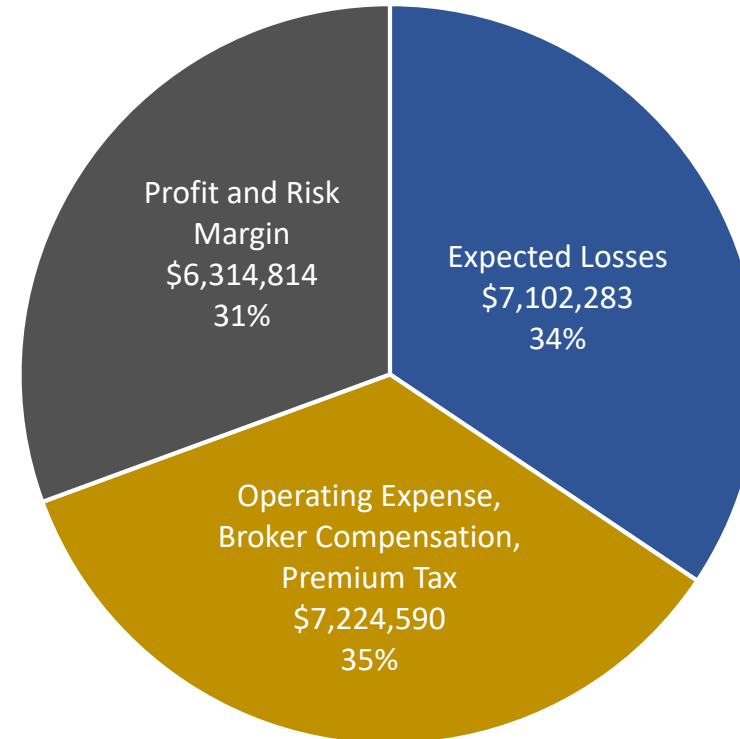




# Insurance is Expensive

Based on estimates for the 2025 year, for every dollar of insurance paid by Simcoe Municipalities, about 66% of premiums are expected to go to something other than losses

Breakdown of Simcoe County Municipalities' Projected 2025 Insurance Premiums (\$20,641,687)



# Analogy

## Self-Insurance



**Making Your Own Meals**

## Insurance



**Dining Out at Restaurants**

# Why do we buy insurance?

## **Convenience**

Annual cost certainty



# Why do we buy insurance?



## **Specialty**

We transfer the risks  
we can't or don't  
want to accept

# Why do we buy insurance?

## **Service**

Claims & risk management  
services embedded in cover



# Why should we buy less insurance?



**Cost**  
Insurance comes  
at a premium

# Why should we buy less insurance?

## **In-House Capabilities**

As our risk management capacity grows, it becomes beneficial to service claims and incidents internally



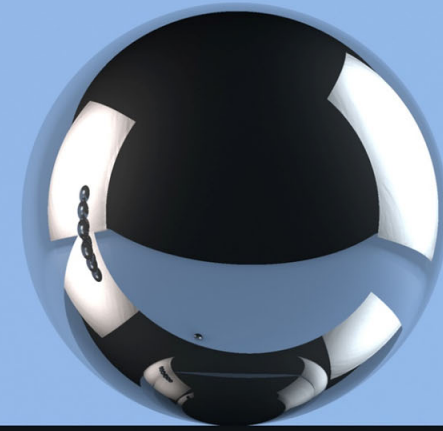
# How do we buy less insurance?

Reduce or avoid losses with **risk management**

**Increase deductibles** or self-insured retentions

Use **pooling** to reduce volatility arising out of increased retention, and create a **central resource** to coordinate and deliver risk management



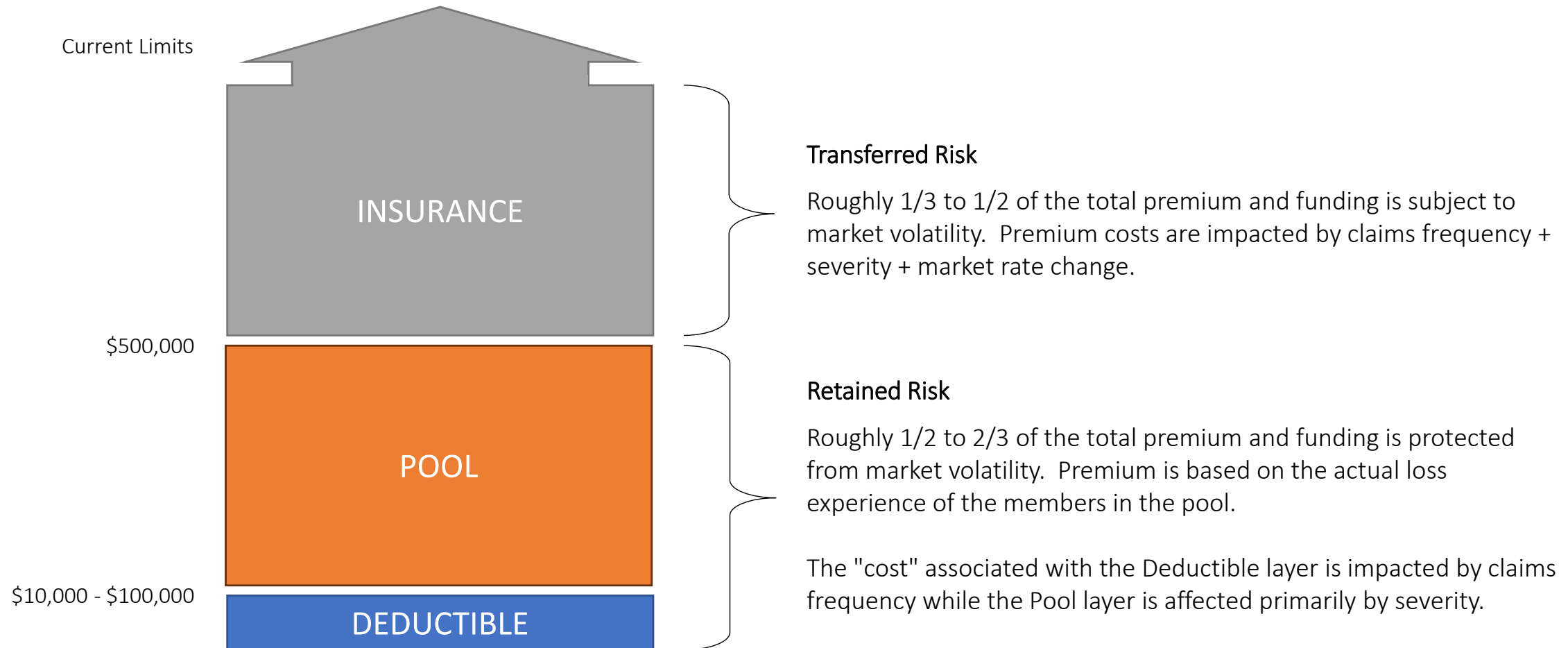


## Insurance Coverage Under the Pool

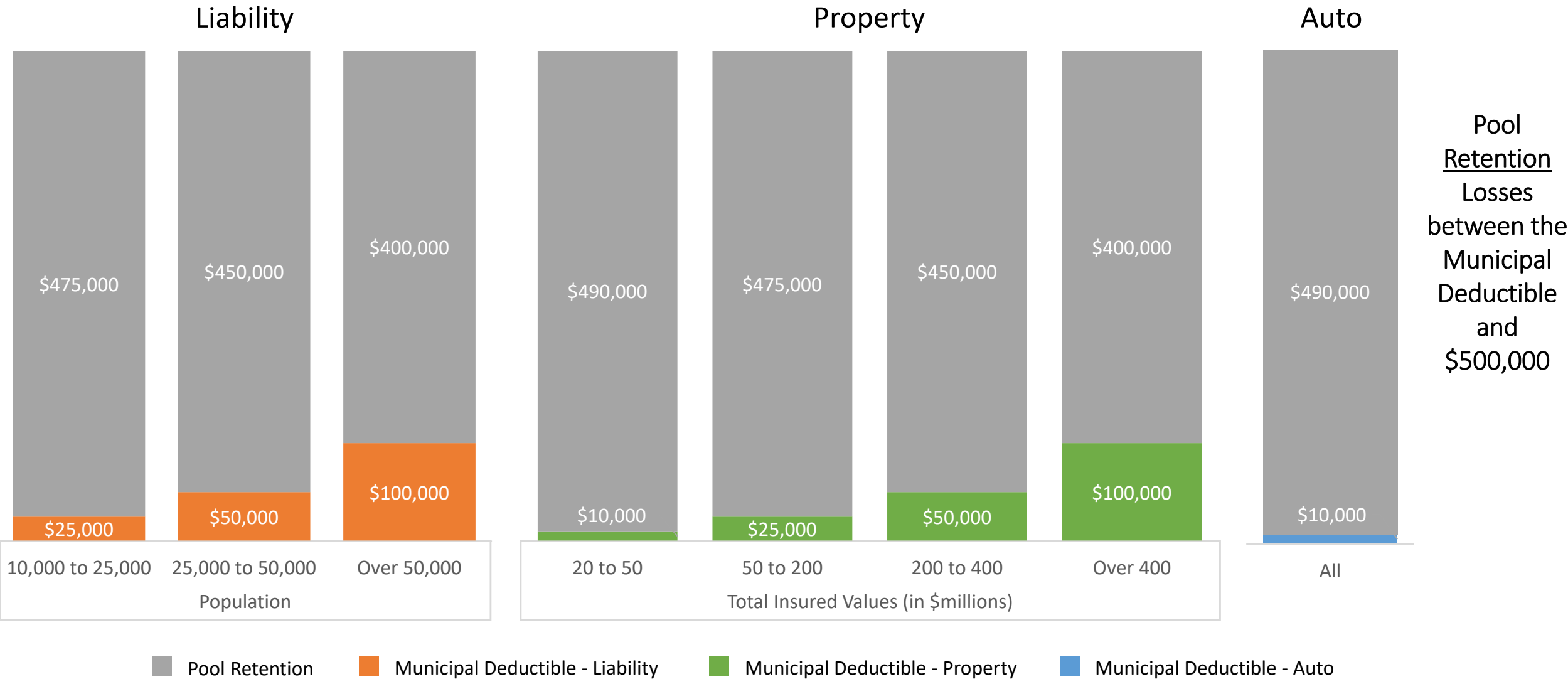
Coverage will be under a single policy, with each municipality having access to the highest limits under each coverage

Except for coverage nuances from carrier to carrier, coverage will be at least as good as expiring, and in some cases better

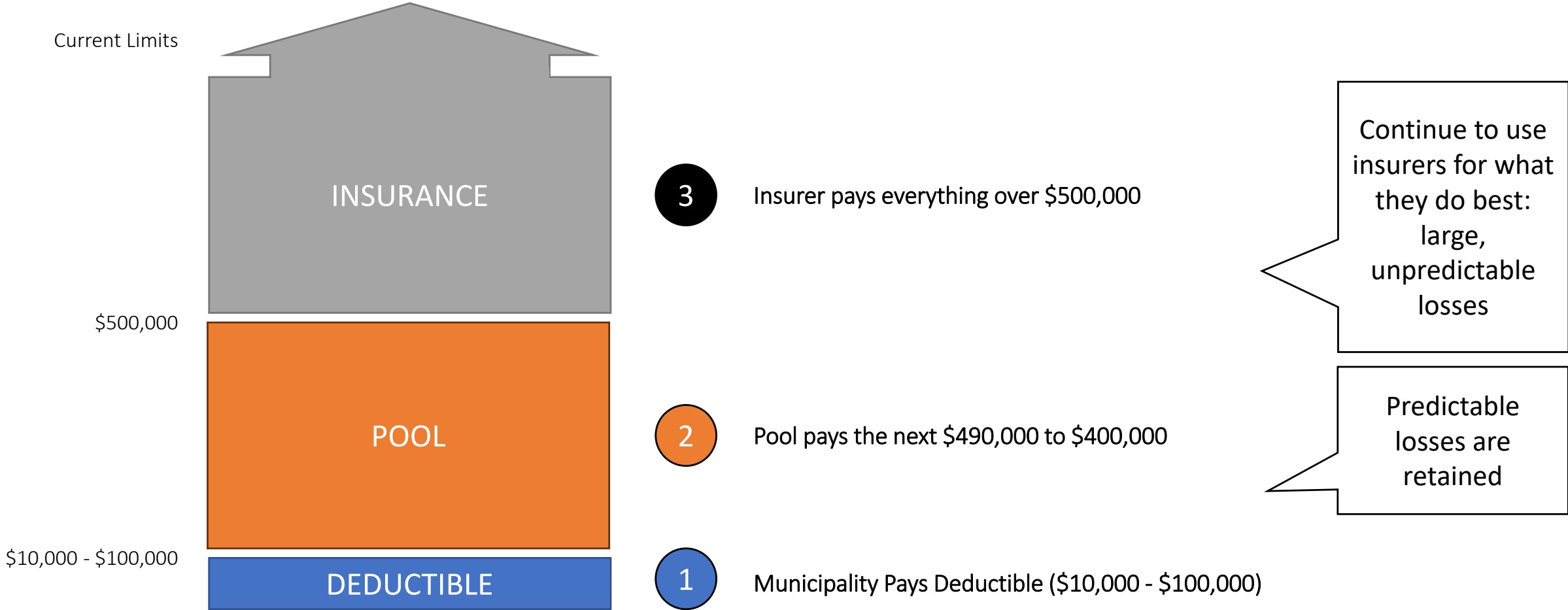
# Pool Structure



# Selection of Deductibles Under the Pool

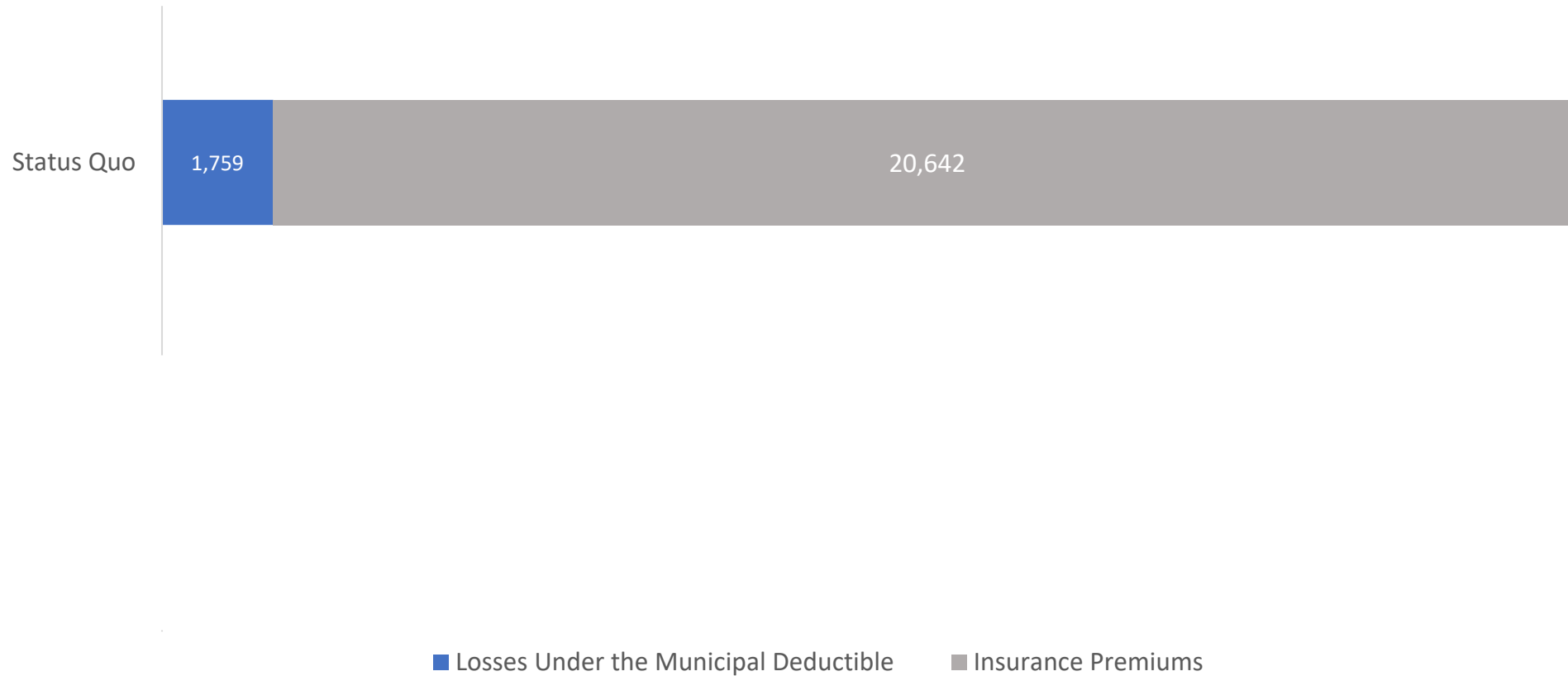


# What happens if we get a big claim?



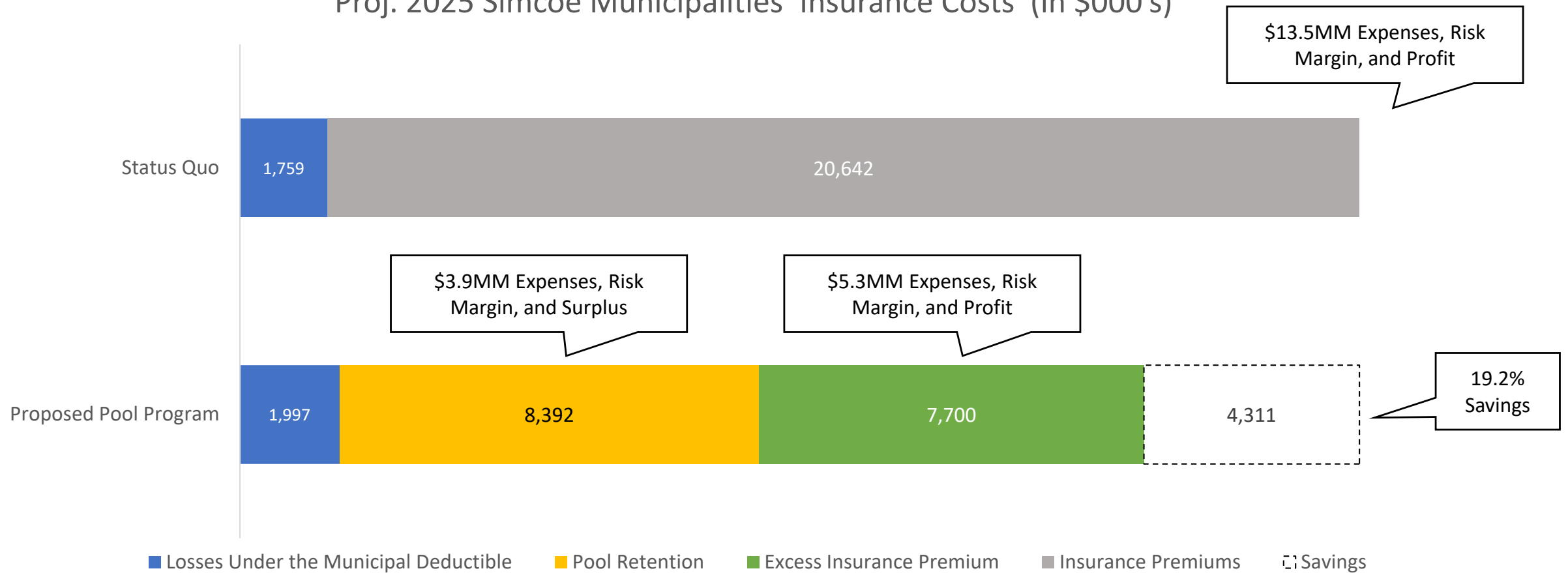
# Proposed Program vs. Status Quo

Proj. 2025 Simcoe Municipalities' Insurance Costs (in \$000's)



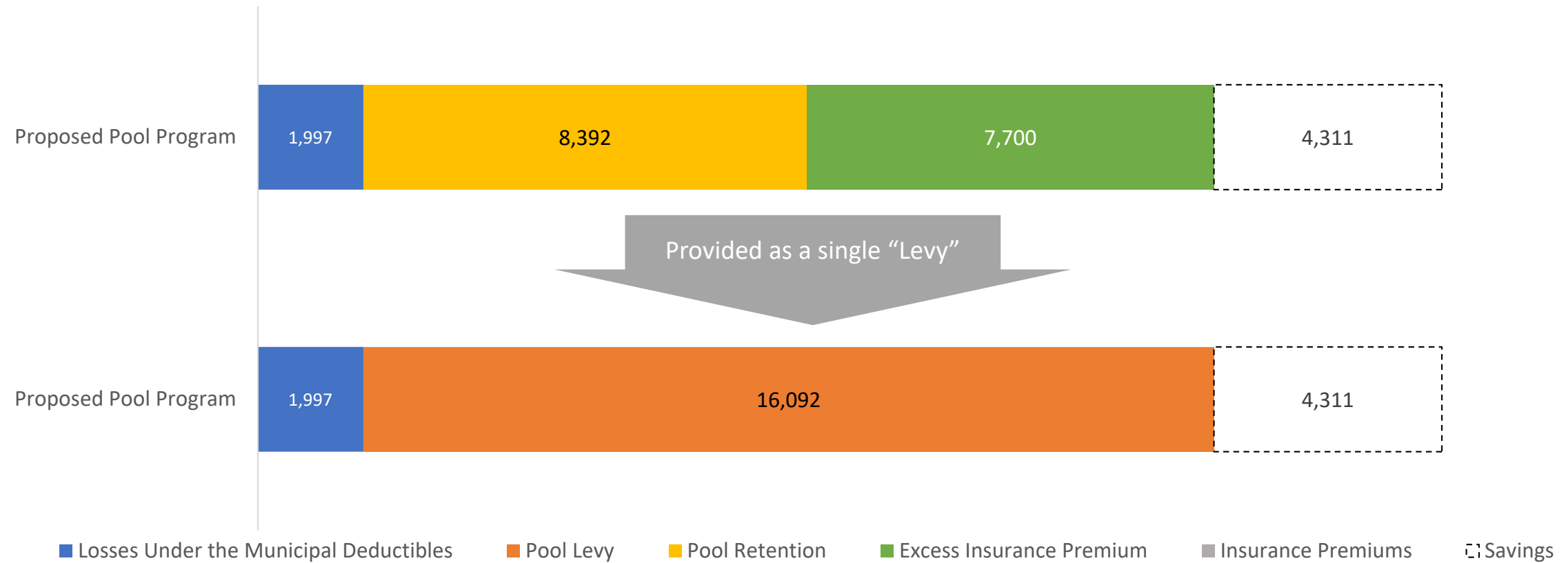
# Proposed Program vs. Status Quo

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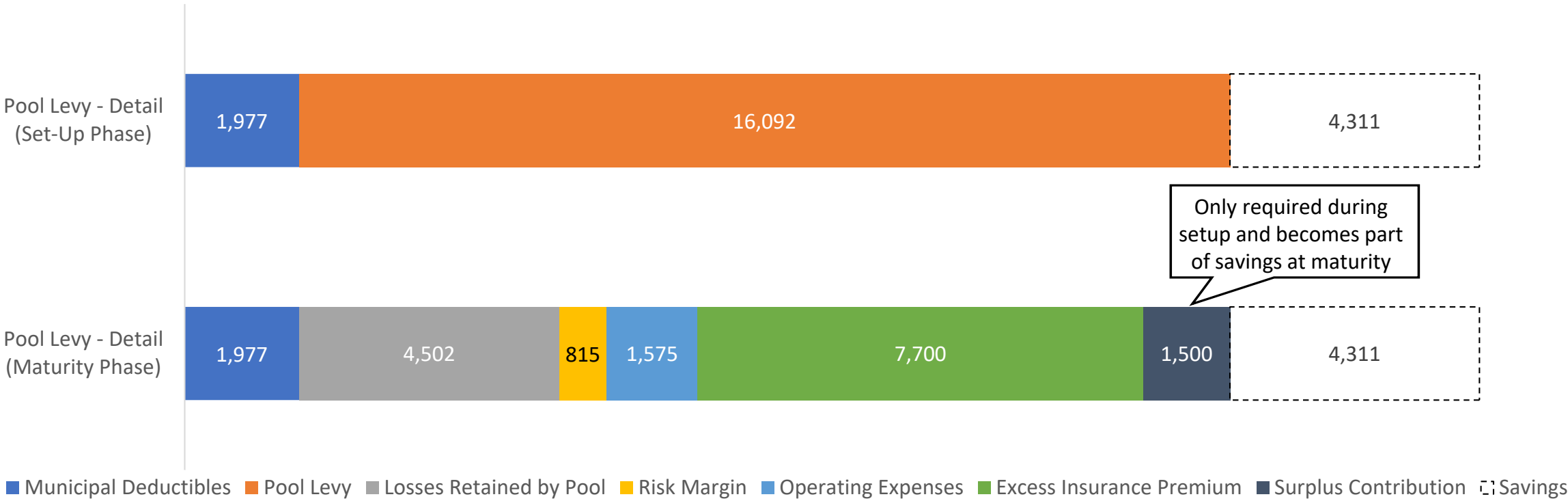
# All-Inclusive Pool Levy

Proj. 2025 Simcoe Pool Levy (in \$000's)



# Total Insurance Cost

Proj. 2025 Simcoe Pool Levy (in \$000's)





# How do we generate savings

1. Reducing the amount of commercial for-profit insurance, and establish a Pool to manage a meaningful portion of the losses in-house, on a not-for-profit basis
2. Consolidating insurance placement services to reduce insurance brokerage costs
3. Additional claim savings will materialize as in-house capabilities are built out by the Pool (not captured in analysis)

# Planning for Stability

Expected savings within the Pool model could be leveraged to generate an overall direct savings to municipalities of 19.2% vs. status quo (i.e. in the form of a reduced “premium”)

It is recommended that the municipalities elect to provide a 10.0% direct savings over status quo, and defer the remaining 9.2% savings

This provides:

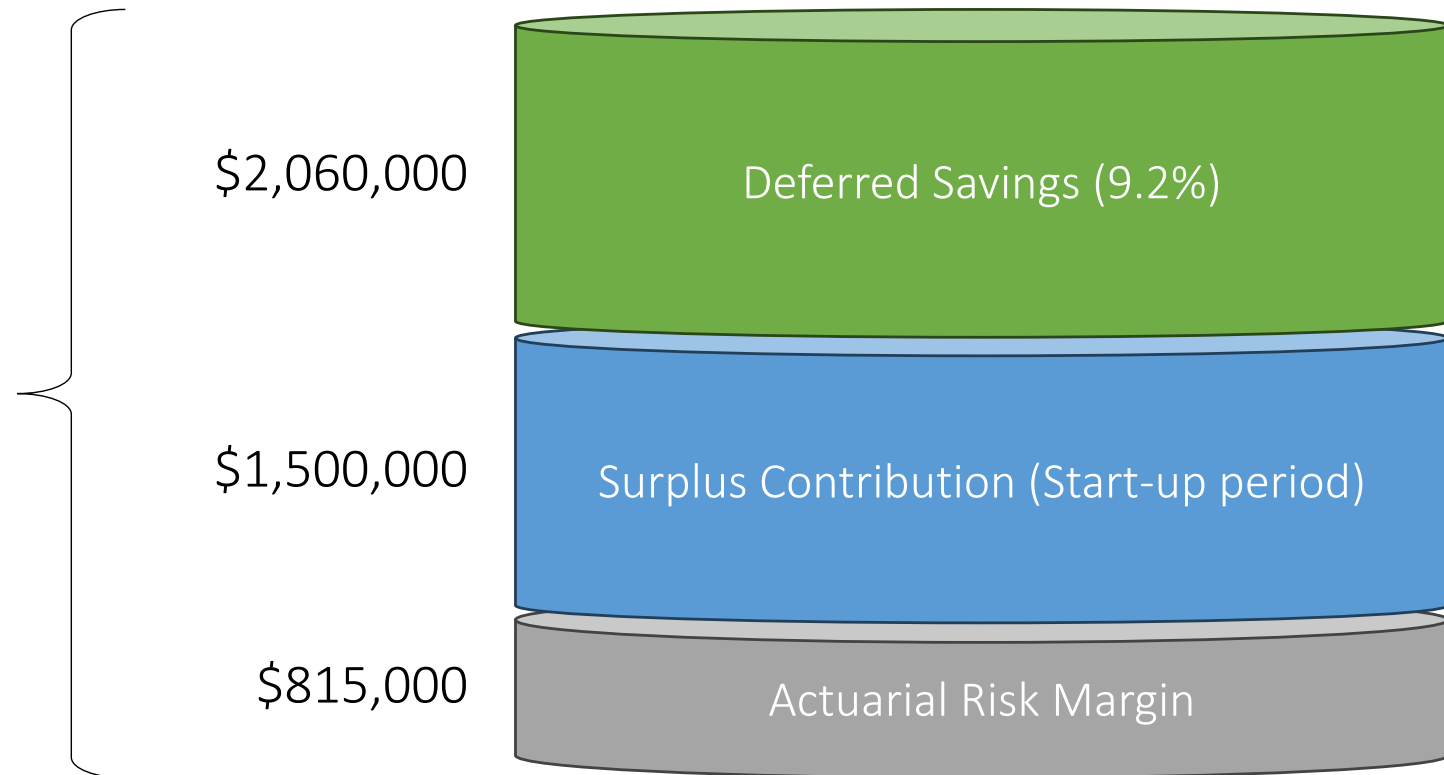
1. ‘Belt and suspenders’ startup surplus for enhanced stability
2. A second wave of savings expected in year three
3. Smoother year-over-year budgeting

# Planning for Stability

## Recommended Approach: Three Layers of Conservatism

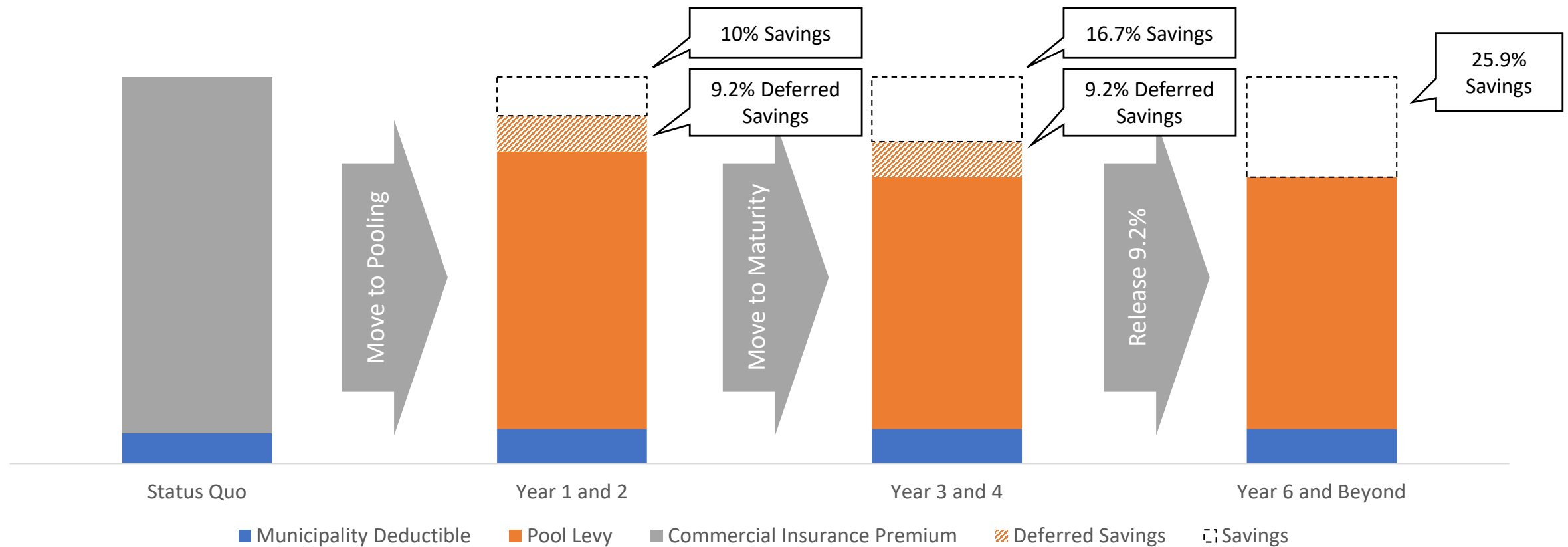
\$4,375,000 total “buffer”  
on top of expected losses  
to ensure cost stability

Pool surplus is  
municipality equity, i.e.  
deferred/indirect savings  
for Pool participants



# Proposed Program – Maturity Phase

Illustration of Year 1 to 5 Insurance Cost Savings (excl. inflation & investment income)



# Operational Considerations



Planned launch date of June 1, 2025

- Move to June 1, 2025 renewal date streamlines administration
- Simcoe municipalities have various insurance renewal dates
- Current policies allow for cancellation mid-term



Joining requires signing onto the subscriber's agreement by February 14, 2025

- 5-year commitment to ensure stability and provides negotiating power with excess insurers
- Advisory Board governs the Pool: 1 seat per municipality with 1 vote each
- Advisory Board sets Pool levies annually with input from actuary
- Pool manager is responsible for day-to-day operations
- Entry and exit conditions

# Operational Considerations



Not all municipalities required for launch

- Entry after startup could add costs which will be borne by the joining municipality
- Accumulated surplus will need to be matched
- Members may not meet criteria for joining
- Pool advisory board may not accept new members



Pool staff will provide and coordinate services, including:

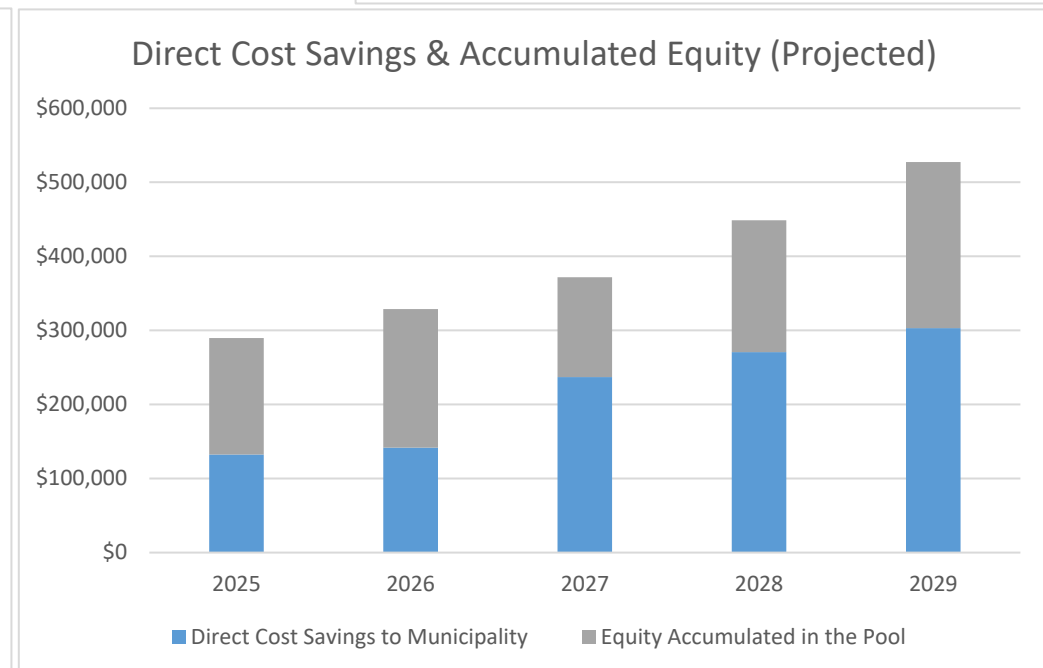
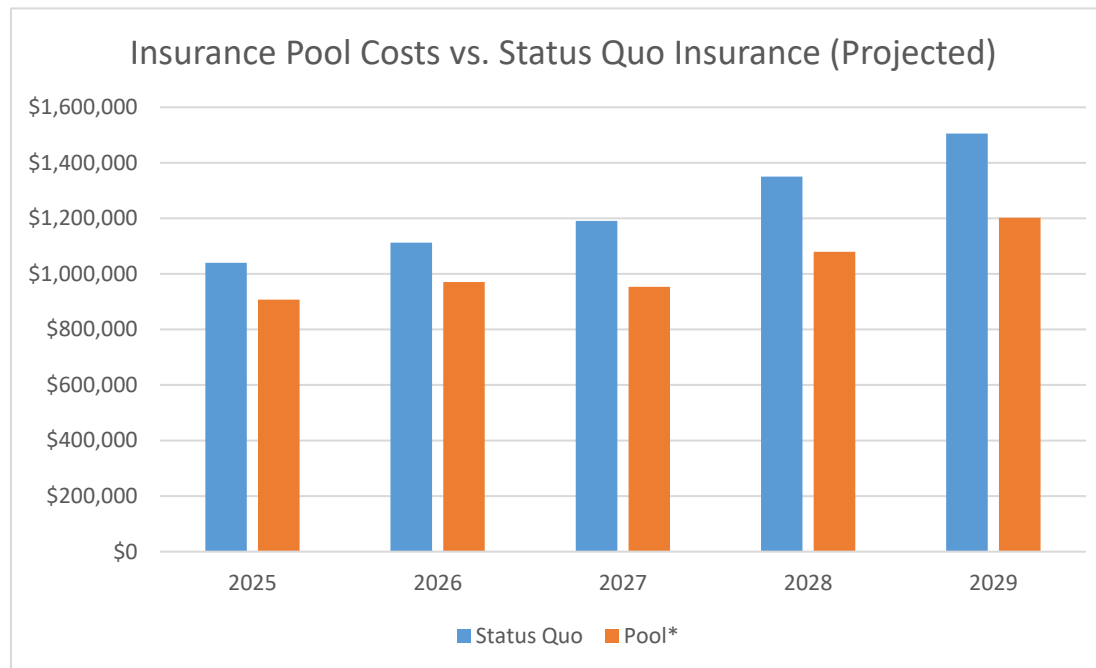
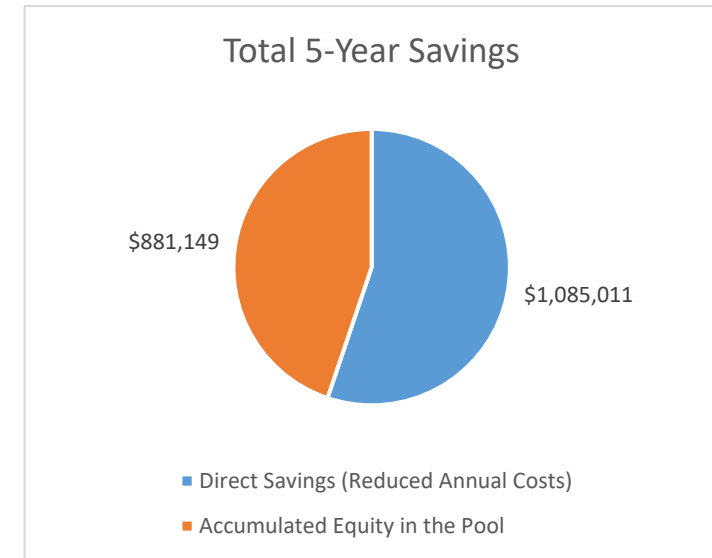
- Risk management services
- Claims handling, including appointment of adjusters and defense counsel
- Organization of meetings and materials
- Coordinating inspections

## Town of Collingwood

Insurance Pool Costs vs. Status Quo Insurance (Projected)

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\* Adjusted for change in deductible



**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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## SCHEDULES

Schedule A Founding Subscribers

## APPENDICES

Appendix A Form of Subscription  
Appendix B Form of Termination

**THIS AGREEMENT** is effective as of the 1<sup>st</sup> 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.



**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

\_\_\_\_\_  
(Seal)

Authorized Signing Officer

\_\_\_\_\_

Authorized Signing Officer