

Proposed Amalgamation

Algoma Mutual Insurance Company (“Algoma”) and Dufferin Mutual Insurance Company (“Dufferin”)

Proposed Effective Date – July 1, 2025

Synopsis of the Proposed Amalgamation:

- Algoma and Dufferin propose to amalgamate effective July 1, 2025. The amalgamated company will continue to be a mutual insurance company, under the Ontario *Corporations Act* and the *Insurance Act*.
- The amalgamation is subject to the approval of Ontario Financial Services Regulatory Authority.
- Each of the companies have long and proud histories dating to the 19th century. Algoma was incorporated in 1899 and Dufferin in 1887.
- Each Company was incorporated for the purposes of providing mutual fire insurance, and has at all times operated under and subject to the limitations in the Ontario *Corporations Act*, and the *Insurance Act*.
- The draft Amalgamation Agreement and general By-law for the amalgamated corporation have been approved by the Boards of Directors of both Algoma and Dufferin , subject to:
 - minor amendments to each that may still be deemed appropriate by the Boards of the amalgamating companies;
 - amendments to each that the Financial Services Regulatory Authority of Ontario may request be made, if any.
- The Amalgamation Agreement sets out the objects of the Amalgamated Corporation, which are:

Subject to the powers granted to each Amalgamating Corporation under their respective charter documents and the *Insurance Act* and the *Corporations Act*, the purpose and business of the Amalgamated Corporation shall be the undertaking and transacting of any class of insurance for which a mutual insurance corporation may be licensed and the carrying on of or involvement in any business or activity which a mutual insurance company is permitted to carry on or be involved in.
- The Amalgamated Corporation will have a board of 8 directors, consisting of 4 from each of Algoma’s and Dufferin’s current Boards of Directors.

- Prior to approving proceeding with the amalgamation, “due diligence” of the two amalgamating companies was conducted, which included financial, legal, and operational matters. The Boards of both companies are satisfied with the due diligence conducted.
- The companies each have the same reinsurer (Farm Mutual Reinsurance Plan Inc.), are each members of the Ontario Mutual Insurance Association, and are members of the same compensation association (the Fire Mutuals Guarantee Fund). The amalgamated company will continue as a member of each.
- Employees, agents and other stakeholders of both companies have been advised of the proposed amalgamation.
- The members of the two companies will be asked to approve the Amalgamation Agreement and By-law 1- 2025 at Special General Meetings to be held concurrently with each company’s Annual General Meeting in March 2025. It is anticipated that the final approval of the Financial Services Regulatory Authority will be issued after the Special General Meetings.