

BYLAW NO. 73

A BYLAW OF THE RURAL MUNICIPALITY OF FRENCHMAN BUTTE NO. 501 IN THE PROVINCE OF SASKATCHEWAN FOR THE PURPOSE OF OBTAINING PROPERTY INSURANCE COVERAGE THROUGH A SELF-INSURANCE PLAN FOR RURAL MUNICIPALITIES.

WHEREAS the Council of the Rural Municipality of Frenchman Butte No. 501 has by resolution, decided to obtain property insurance coverage for the municipality through a self-insurance plan for rural municipalities sponsored by the Saskatchewan Association of Rural Municipalities which plan will provide a fund for the payment of claims for certain risks of loss or damage to property of rural municipalities:

THEREFORE the Council of the Rural Municipality of Frenchman Butte No. 501 in the Province of Saskatchewan, enacts as follows:

- 1. The particulars of the self-insurance plan, as presented at the November, 1991, Mid-term convention of the Saskatchewan Association of Rural Municipalities, with any necessary amendments, are attached and identified as Schedule "A" to this bylaw.
- 2. Upon final passage of this bylaw, Schedule "A" shall become binding on the municipality, as if signed and sealed, in consideration of the assumption of similar obligations by other rural municipalities.

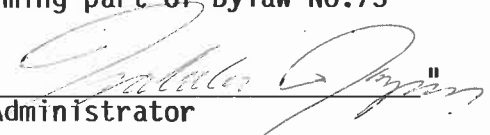
(S E A L)

Norman L. Lee
R E E V E
Paula J. Jorgensen
A D M I N I S T R A T O R

Certified a true copy of Bylaw No. 73 adopted by Resolution of Council on the 5th day of December, 1991.

Norman L. Lee
Reeve
Paula J. Jorgensen
Administrator

(S E A L)

M-11

Administrator

(S E A L)

BYLAWS OF THE CORPORATION

1. DEFINITIONS

- 1.1. "Co-operatives Act, 1989" means The Co-operatives Act 1989, S.S., Chapter C-37.2, as amended from time to time. In case of amendment to the Act, the amended provisions are to apply to the Corporation but references in these bylaws to specific sections of the Act are for convenience only.
- 1.2. "Corporation" means the co-operative corporation which enacts these bylaws.
- 1.3. "municipality" means a rural municipality in Saskatchewan under The Rural Municipality Act, 1989, S.S., Chapter R-26.1, as amended from time to time.
- 1.4. "participating member" means a member defined in section 3.3.
- 1.5. "Plan" means the arrangement by which participating members provide a fund for the payment of claims for certain risks of loss or damage to property of participating members insured by the Corporation, including loss of use of property.
- 1.6. "policy of insurance", "insurance policy" or "policy" means a policy of property insurance offered by the Corporation to participating members.
- 1.7. "S.A.R.M." means the Saskatchewan Association of Rural Municipalities.
- 1.8. "voting member" means a member of S.A.R.M. as defined in section 3.2.

2. OBJECTS

- 2.1. The objects of the Corporation are:
 - a) to establish and administer a self-insurance plan to enable participating members to provide a fund of money to be available for the payment of claims to participating members for certain risks of loss or damage to property insured, including loss of use of property.

- b) to develop a risk management program.
- c) to establish and administer other insurance plans for the benefit of participating municipalities under the Saskatchewan Insurance Act.

3. MEMBERSHIP

- 3.1. There are two classes of shareholder members:
 - a) voting members
 - b) participating members.
- 3.2. Voting members are all rural municipalities in Saskatchewan which by vote of their council declare their intention of joining the S.A.R.M. and which pay the annual S.A.R.M. membership fee, of which \$1.00 is the annual membership fee of this Corporation. Each voting member is entitled to one Class A share.
- 3.3. Participating members are those voting members which by vote of their council wish to participate as insurers and insureds in the insurance plan described in section 2.1(a). Each participating member is entitled to one Class B share.
- 3.4. Membership shall begin with January 1st and end with December 31st of each year.
- 3.5. Voting members have the right to vote and the right to elect directors. They are liable for the annual membership fee of the Corporation, but are not liable for any further premiums, assessments or levies whatsoever.
- 3.6. Participating members are subject to all the rights and obligations imposed on participating members in these bylaws and under the insurance policy.
- 3.7. A participating member may have its insurance policy with the Corporation commence at any time during the calendar year.
- 3.8. A municipality wishing to be a participating member shall complete its application by forwarding to the Corporation at the S.A.R.M. office in Regina the following:
 - a) a duly enacted municipal bylaw authorizing it to become a participating member of the Corporation subject to these bylaws;
 - b) two copies of application form for property insurance coverage;
 - c) its first year reserve contribution under section 10 as calculated by the Corporation on the property insured by it at the time of application.

- 3.9. A municipality wishing to be a participating member
- a) during the 1992 calendar year, shall complete its application as provided in section 3.8 on or before December 13, 1991;
 - b) at any time after December 13, 1991, shall complete its application as provided in section 3.8. In addition, it shall pay a late joining fee of \$1,000.00 no later than 30 days after insurance coverage begins.
- 3.10. An annual meeting shall be held at such place in Saskatchewan as selected by delegates attending the previous Annual Convention of S.A.R.M. and at such time as the Board may determine.
- 3.11. Special meetings may be at such place and time as the Board may determine, or as required by the Co-operatives Act, 1989 (section 104).
- 3.12. Each voting member may authorize by resolution two individuals or delegates, each having one vote, as permitted by the Co-operatives Act, 1989 (sections 110 and 114), to represent it at meetings of the Corporation.
- 3.13. Notice of meetings held at any S.A.R.M. Annual or Mid-Term Convention may be given:
- a) at the previous Annual or Mid-Term Convention and
 - b) for the Annual meeting, in the February 1 or March 1 issue of The Rural Councillor.

Notice of other meetings shall be given according to the Co-operatives Act, 1989 (section 105).

4. DIRECTORS

- 4.1. The elective officers of the Corporation shall consist of a President, Vice-President and six directors, and such officers shall constitute the Board of Directors.
- 4.2. The elective officers of the Corporation shall be elected officials of municipalities that are voting members of the Corporation.
- 4.3. The President and Vice-President shall be elected at large by the voting members at the annual meeting and shall hold office until their duly qualified successors are declared elected at the next annual meeting. In the event that a successor is not duly elected the position shall be deemed to be vacant at the close of that meeting.
- 4.4. Voting at all elections for President and Vice-President shall be by ballot.

- 4.5. The nominations for President and Vice-President shall be made on written nomination papers, signed by two nominees who are elected officials of rural municipalities that are voting members of the Corporation, and including the candidate's acceptance.
- 4.6. The nomination papers for President to be handed to the secretary of the S.A.R.M. Annual Convention no later than 3:00 p.m. on the second day of the Convention and all nominations received shall be announced during the first break in the Convention proceedings after 3:00 p.m. If no nominations are received the chairperson shall declare and announce another nomination period.
- 4.7. Nomination papers for Vice-President shall be handed to the secretary of the Convention during a designated period of 15 minutes as shown on the Convention program and the election shall forthwith take place. If no nominations are received the chairperson shall declare and announce another nomination period.
- 4.8. The time on the Convention program for holding elections of President, Vice-President and Directors and the procedure to be followed shall be as established by the Board of Directors of the Corporation.
- 4.9. The six Directors shall, subject to section 4.10, hold office for two years or until their duly qualified successors are declared elected at the next annual meeting. (In the event that a successor is not duly elected, the position shall be deemed to be vacant at the close of that meeting.)
- 4.10. At the first general meeting, the three incorporators who are provisional directors from the even-numbered divisions shall continue in office for one year. There shall be an election for the three directors for the odd-numbered divisions, who shall thereafter hold office for two years.
- 4.11. The procedure for election of Directors shall be:
 - a) The Province is divided into six divisions according to a plan approved by the Convention. Division boundaries may be altered according to a plan approved by the Convention.
 - b) A Director for each division is nominated by the delegates present in the Convention from that division.
 - c) The delegates having the right to nominate a Director for a division are those authorized individuals or delegates of the voting members in that division, as provided in section 3.12.
 - d) The procedure for such nominations is according to a plan adopted by the Convention, and in default of the adoption of a specific plan, follows the rules adopted by

the S.A.R.M. Convention for the nomination and election of S.A.R.M. division directors.

e) Following the nomination, six division Directors are elected at large by the voting members. Such election is, if requested by a majority of the members, by ballot.

- 4.12. Where a Director ceases to hold office as an elective member of a municipal council, and his term of office as a Director has not expired, his office as a Director shall be declared vacant at the next ensuing annual meeting, and a special election for that division shall be held to elect a Director to fill his unexpired term.
- 4.13. A Director or other official of this Corporation shall resign from his office in the Corporation prior to seeking the nomination as a candidate for a political party to run as a member of the Legislature or Parliament.
- 4.14. A Director may not be:
 - a) under the age of 18;
 - b) an undischarged bankrupt;
 - c) of unsound mind as determined by a court.
- 4.15. The Secretary, who shall be the Executive Director of S.A.R.M., is by virtue of his office an officer of the Corporation and entitled to be present at meetings of the Board of Directors, but is not entitled to vote. The term Secretary, Treasurer, Secretary-Treasurer or Executive Director shall all be deemed to mean the same person and position in the Corporation.
- 4.16. The members may elect Honorary presidents who shall hold office during the pleasure of the members.
- 4.17. The President of the Rural Municipal Administrators Association of Saskatchewan is by virtue of his office an officer of the Corporation and entitled to be present at meetings of the Board of Directors, but is not entitled to vote.
- 4.18. The Board of Directors shall nominate an auditor who shall be a member of the Institute of Chartered Accountants of the Province of Saskatchewan. The annual meeting of members appoints the auditor. The provisions of the Co-operatives Act, 1989, apply to the auditor (sections 130 to 141).
- 4.19. The Board of Directors shall have the authority to appoint or have elected. such additional officers of the Corporation as it deems desirable from time to time and

to set the rules, regulations, terms and conditions governing the appointments, election, duties, activities and remuneration of such officers.

5. POWERS AND DUTIES OF DIRECTORS

- 5.1. The Board of Directors shall meet throughout the year at such times and places as the President or Secretary may direct, to appoint Standing Committees and give direction generally to the business of the Corporation.
- 5.2. The Standing Committees shall be the Executive Committee and such other committees as the Board of Directors or the annual meeting may appoint. These committees are subject to the requirements of the Co-operatives Act, 1989 (section 73 and 78(2)).
- 5.3. The duties and powers of the President, Vice-President and Secretary-Treasurer shall be the usual duties and powers of such officers.
- 5.4. The Board of Directors may fill vacancies which shall be effective only until the next ensuing annual meeting.
- 5.5. Five members of the Board of Directors shall constitute a quorum.
- 5.6. The members of the Board of Directors when attending meetings of the Board or other necessary meetings, shall be paid transportation charges, per diem expense allowances and other cost allowances as may be ordered paid by the Board.
- 5.7. The Board of Directors of the Corporation shall have power and are hereby authorized to put into effect and to carry out any or all the borrowing powers of the Corporation.

6. BORROWING

- 6.1. The Corporation may borrow from any person, firm or corporation, any sums of money that may be found necessary for the purposes of the Corporation, and may secure any loan to the lender by bonds, debentures, bills of exchange, promissory notes, mortgages or any other instrument whatsoever that may be required or considered necessary or advisable by the lender.
- 6.2. In particular, without limiting the generality of the foregoing, the Corporation may draw on the funds of S.A.R.M. in an amount agreed upon with S.A.R.M. The Corporation shall repay to S.A.R.M. any such draws out of

the next premiums payable by the participating members, together with interest at S.A.R.M.'s bank interest rates in effect during that period.

7. EXECUTION OF DOCUMENTS

- 7.1. All documents required to be executed for any purpose must be signed on behalf of the Corporation by the President or Vice-President and the Secretary pursuant to section 7.2.
- 7.2. Documents or agreements in writing, affecting the interest of the Corporation or its property, shall be executed under the corporate seal of the Corporation attested by the signature of its proper officers duly authorized in that behalf. Promissory notes given by the Corporation to the bank may be executed under the signature of the President or Vice-President and Secretary, and may be reviewed from time to time, as the situation requires. Cheques issued on the Corporation's bank shall be signed by the Secretary and at least one other person appointed by the Board of Directors as a co-signor. In addition, the Board of Directors may appoint by resolution any person on behalf of the Corporation to sign documents generally or specific documents.

8. PREMIUM

- 8.1. The Board of Directors may set and change the premium and rate base for the property insurance offered by the Corporation, from which may be calculated the premium to be paid by a participating member on its property to be insured.
- 8.2. On receiving notification from the Corporation of the amount of any premium, a participating member shall pay that amount within 30 days after commencement of insurance coverage.

9. MANAGEMENT OF THE OPERATING FUND

- 9.1. The operating fund will be financed by premiums received under section 8. It will be the primary source of funds for administration expenses and payment of claims.
- 9.2. The Corporation may invest the money not immediately required for operations, but only in the investments permitted under The Saskatchewan Insurance Act (section 81).

- 9.3. The Corporation shall in each year transfer the operating surplus (its net profit from operations for that year, less a reasonable reserve for anticipated expenses) to the reserve fund.

10. ESTABLISHMENT OF RESERVE FUND

- 10.1. A reserve fund will be established by contributions from each participating member.
- 10.2. A participating member agrees to pay a contribution equal to three times the premium assessed against it for the first year of participation.
- 10.3. Contributions shall be paid as provided in section 3.8.

11. MANAGEMENT OF THE RESERVE FUND

- 11.1. The Corporation will invest the money in the reserve fund only in the investments permitted under the Saskatchewan Insurance Act (section 81) and according to guidelines set by the Board.
- 11.2. The Corporation will establish a "reserve account" for each participating member to record
- a) its contributions to the reserve fund,
 - b) its proportionate share of withdrawals from the reserve fund for payment of administration expenses and claims,
 - c) its proportionate share of investment income earned,
 - d) its proportionate share of the operating surplus transferred to the reserve fund, and
 - e) its proportionate share of any part of the deposit held by the Superintendent of Insurance, subject to any requirements of the Saskatchewan Insurance Act.
- 11.3. A participating member acknowledges that, notwithstanding section 11.2, it has no property rights whatsoever in the reserve fund and that all of the reserve fund is available to the Corporation for payment of administration expenses and claims. A participating member has only a right, subject to the preceding sentence, to receive from the Corporation, under the circumstances outlined in the bylaws, those amounts of money as calculated by the Corporation according to the bylaws, and a right to receive a statement as to its reserve account from time to time.
- 11.4. The Corporation shall calculate a participating member's proportionate share of:

- a) withdrawals from the reserve fund for payment of administration expenses and claims;
- b) operating surplus transferred to the reserve fund; and
- c) subject to any requirements of The Saskatchewan Insurance Act, any part of the deposit held by the Superintendent of Insurance,

according to the following method.

11.4.1. As of December 31, determine the total premium paid in the calendar year by a participating member ("Member's Premium") and the total premiums paid in the calendar year by all participating members ("Total Premium").

11.4.2. The formula is:

$$\frac{\text{Member's Premium}}{\text{Total Premiums}} \times \text{Amount Required}$$

11.4.3. It is intended that this formula be used at the Corporation's year end, December 31, even though participating members have policy periods beginning at different times throughout the calendar year, and even though the premium paid in one policy period may differ in the next policy period, and even though a participating member can withdraw from the Plan during the calendar year.

11.4.4. If for any reason a calculation has to be made on a date other than December 31, then the Corporation shall approximate as closely as possible the above formula. The Board of Directors may consult with the Corporation's auditors for assistance in making this approximation.

11.4.5. The Corporation shall calculate a participating member's proportionate share of investment income earned in the reserve fund on amounts in the reserve fund at January 1 of each year beginning January 1, 1993, as follows:

$$\frac{\text{Member's balance in reserve fund}}{\text{Total balances in reserve fund*}}$$

(*Other than Partial Year Members' balances for that year)

11.4.6. If any member becomes a participating member after January 1, 1993 or withdraws before December 31 of any year, it is defined as a "Partial Year Member" ("PYM"). Partial Year Members' balances in the reserve fund in a year will:

- a) not be included in the calculation of investment income earned in the reserve fund;
- b) be calculated separately from those of members who participate during the full calendar year as follows:

$$\frac{\text{PYM's balance in reserve fund}}{\text{All PYMs' balances in reserve fund}} \times \frac{\text{Days in Plan}}{365} \times$$

$$\frac{\text{Average interest rate}}{100} \times \text{PYMs' investment income}$$

where:

- i) average interest rate is the simple total of all interest rates on investments throughout the year divided by the number of interest rates;
- ii) the date of calculation of the balances in investment income is January 1;
- iii) the Partial Year Members' investment income (PYMs') is the total amount of investment income due to Partial Year Members in that year.

12. SPECIAL LEVY

12.1. The Board may direct that a special levy be made on each participating member, if:

- a) the funds of the Corporation become depleted in any year; or
- b) it becomes necessary to build up the reserve fund at a rate greater than that contemplated under Article 10 of these bylaws.

12.2. Those participating members who are liable to a special levy are those insured by the Corporation in the calendar year during which

- a) the expenses were incurred or the claim or claims which depleted the funds of the Corporation arose, or
- b) the Board determines it is necessary to increase the rate of build-up of the reserve fund.

- 12.3. The time at which the claim "arose" is defined as the earliest time when the loss or damage resulting in a claim was sustained.
- 12.4. A participating member is liable to be assessed for and to pay its proportion of a special levy made even after it ceases to be a participating member but only for that part of the levy attributable to expenses which were incurred and claims which arose while it was a participating member.
- 12.5. In calculating a participating member's proportionate share of the special levy, the Corporation shall use the method set out in sections 11.4.1 to 11.4.4.
- 12.6. The levy shall be paid within thirty (30) days after the date of payment specified in the notice of levy.

13. FORFEITURE - PENALTIES

- 13.1. Neglect or refusal by a participating member to pay the premium, the contribution, the levy or any other amounts due under the Plan by the date specified for payment shall:
- a) cause the policy to lapse, upon the Corporation mailing or delivering the notice referred to in section 16.2;
 - b) give the Corporation the right to sue for and recover the amount due as a simple debt;
 - c) give the Corporation a lien in the amount of the debt over the share or any amount standing to the credit of the member.
- 13.2. A lapsed policy shall be re-instated by the Corporation as of the date of payment on payment of the amount due.

14. TERMINATION OF POLICY BY MEMBER

- 14.1. A participating member may, subject to its obligations under these bylaws, and in particular under sections 10, 12 and 17, terminate its insurance policy on written notice to the Corporation, delivered at or sent by registered mail to the Corporation. The participating member is liable for the pro rata premium for the expired time until notice of termination is received. The Corporation shall refund the excess of the annual premium actually paid by the participating member over the pro rata premium for the expired time.

15. CHANGES TO THE POLICY BY THE BOARD

- 15.1. The Board may propose changes to the terms and conditions of the insurance policy from time to time as it considers necessary.
- 15.2. The Board shall notify participating members of any such change on or before November 30 in any year. Upon notification, the change shall take effect January 1 of the following year and thereafter each insurance policy shall be modified accordingly, effective upon commencement of its next policy period.
- 15.3. Except as provided in section 15.4, the Corporation has no power to change the terms and conditions of the insurance policy within a policy period.
- 15.4. The Corporation shall comply with any applicable law, regulation or licensing requirement of the Superintendent of Insurance under the Saskatchewan Insurance Act. Any provision of these bylaws or the insurance policy may be changed by the Corporation in order to so comply.

16. TERMINATION OF THE POLICY AND/OR PARTICIPATING MEMBERSHIP BY THE CORPORATION

- 16.1. The Board, on a two-thirds majority vote, may terminate any policy or any participating membership in the Corporation or both of these, or all of them. This is in addition to the Corporation's power under section 13.1 to cause a policy of insurance to lapse for non-payment of any premium, contribution or levy.
- 16.2. In any termination or lapse of the policy, the Corporation shall give the member written notice by registered mail or personally delivered as required by the Insurance Act (section 128, s.c. 5).
- 16.3. In any termination of a participating membership, the Board shall comply with the Co-operatives Act, 1989 (section 120) and the member has the appeal right granted therein. If the member's appeal succeeds, the policy and participating membership are re-instated as of the date of the successful appeal.
- 16.4. The Corporation shall refund the excess of the annual premium actually paid by the terminated participating member over the pro rata premium for the expired time.
- 16.5. The Corporation is entitled to retain all or a portion of the participating member's reserve account

- a) to cover its share of claims and expenses outstanding as of the date of termination, or
- b) to cover any contributions to come due in the future and any levies to be made in the future against it according to paragraph 17.1(b). At the Corporation's option, it may accept the participating member's written undertaking to pay such future obligations.

16.6. The Corporation shall promptly refund to the participating member upon termination any amount in its reserve account not retained under section 17.2 and thereafter shall diligently refund to the participating member in convenient instalments the balance of the reserve account after deduction of the member's share of claims and expenses and future contributions and levies, the whole to be completed within a period of one year, as required by the Co-operatives Act (section 120).

17. WITHDRAWAL FROM THE PLAN

17.1. A participating member may withdraw from the Plan and from the Corporation as a participating member upon compliance with the following conditions:

- a) It has paid all premiums, contributions, levies, and other amounts due.
- b) It confirms in writing its obligation to pay any contributions required under section 10.2 as they come due and any levies made for which it is or becomes liable under section 12.4.
- c) It discloses all claims or potential claims by it of which its council and employees are aware.
- d) It gives written notice of its intent to withdraw from the Corporation, delivered to or sent by registered mail to the Corporation.
- e) It terminates its insurance policy as of the date the notice of intent to withdraw is received by the Corporation.

17.2. The Corporation is entitled to retain all or a portion of the participating member's reserve account in the reserve fund

- a) to cover its share of claims and expenses outstanding as of the date of withdrawal, or
- b) to cover any contributions to come due in the future and any levies to be made in the future against it according to paragraph 17.1(b). At the Corporation's option, it may accept the participating member's written undertaking to pay such future obligations.

- 17.3. The Corporation shall promptly refund to the participating member upon its withdrawal any amounts in its reserve account not retained under section 18.2 and thereafter shall diligently refund to the participating member in convenient instalments the balance of the reserve account after deduction of the participating member's share of claims and expenses and future contributions and levies.
- 17.4. A participating member which has withdrawn from the Plan and from the Corporation as a participating member and wishes to re-apply to participate will be required to redeposit with the Corporation the amount in its reserve account at the date of withdrawal, less any amounts subsequently paid for claims, expenses, contributions and levies, plus the late joining fee in section 3.9(b).

18. ALLOCATION OF SURPLUS

- 18.1. Where the Corporation has a surplus in a fiscal year and before it allocates among or credits to participating members the surplus pursuant to section 18.2, the directors:
- a) shall use any part of the surplus that the Corporation will require:
 - i) first, for income tax;
 - ii) second, to retire all or any part of a deficit it has previously incurred; and
 - iii) third, for any reserve it is required to maintain pursuant to any Act or its bylaws; and
 - b) may set aside any part of the surplus in any reserves that the directors consider necessary.
- 18.2. The reserve fund established in Article 10 is considered a reserve the Corporation is required to maintain, but only up to the contribution limit described in section 11.2. Any amounts in the reserve fund in excess of the contributions limit are considered an optional reserve to which Section 18.1(b) may apply.
- 18.3. Subject to the Co-operatives Act, 1989, the Board may allocate among and credit or pay to the participating members, as a patronage dividend, all or any part of the surplus:
- a) arising from the operations of the Corporation in a fiscal year; and
 - b) remaining after making provisions for the matters described in section 18.1;

in proportion to the premiums and/or contributions paid by the participating members to the Corporation in that fiscal year, computed in the manner described in section 18.5 at a rate set by the Board.

- 18.4. The Board may allocate among and credit or pay to the participating members as a patronage dividend:

- a) any reserves, other than reserves the Corporation is required to maintain; and
- b) any unallocated earnings from previous years;

in proportion to the premiums and/or contributions paid by the participating members to the Corporation, computed in the manner described in section 18.5 at a rate set by the Board.

- 18.5. The Board may compute the patronage dividends on the basis of premiums and contributions paid, unless there are differences in the quantity, quality, kind and value of the services rendered to or by a participating member which in the opinion of the Board ought to be taken into account. In particular, the Board shall have regard to section 22.4 of these bylaws.

19. DISTRIBUTION TO MEMBERS

- 19.1. The Corporation may distribute to the participating members such sums as in the judgment of the Board are proper and justifiable and no longer required by the Corporation and for this purpose, may apply amounts credited to a participating member's reserve account to the payment of that member's annual premium.

20. RE-INSURANCE

- 20.1. The Corporation may make arrangements with any insurer for the re-insurance of a risk or any portion thereof and may accept re-insurance of a risk or any portion thereof from any insurer on such conditions with respect to the rate and payment of premiums as may be agreed upon.

21. ACCOUNTING AND ADMINISTRATION

- 21.1. A full accounting, including audited financial statements for the preceding year, shall be made to the members at the annual meeting each year.
- 21.2. The Co-operatives Act, 1989 (sections 127 to 130) applies to the financial statements.

- 21.3. The Board shall administer the Plan, and may delegate to the executive committee, to the Secretary or to employees of the Corporation and/or S.A.R.M. such duties with respect to the administration of the Plan, including decisions with respect to payment of expenses and claims, as the Board may determine.
- 21.4. The Board may determine the amount of administration expense incurred by the Corporation/S.A.R.M. which is properly attributable to the operation of this Plan.

22. ADDITIONAL INSURANCE

- 22.1. The Corporation may offer additional insurance to its members for such risks as the Board considers appropriate.
- 22.2. The Board shall have the power from time to time to determine the terms and conditions under which such additional insurance will be offered, to accept or decline risks on an individual member basis, to set and vary the premiums charged, and to administer the receipts and expenses, subject to sections 22.3 to 22.5.
- 22.3. Premiums received for additional insurance will initially be deposited in the operating fund.
- 22.4. Notwithstanding sections 11.4 and 12.5, the premiums received for any additional insurance from a participating member will not be considered part of its premium for purposes of calculating its proportionate share of withdrawals from the reserve fund, of operating surplus transferred to the reserve fund, or investment income, or of any special levy required.
- 22.5. Administration expenses and claims under additional insurance will be paid in the first instance from the operating fund, and, if required, from the reserve fund and from a special levy.

23. SHARE CAPITAL

- 23.1. Class A shares have a par value of \$1.00. The number of shares which may be issued is limited to 350. No voting member may have more than one Class A share. Class A shares do not carry the right to receive dividends or interest.
- 23.2. The rights and restrictions attaching to Class A shares are set out in sections 3.2, 3.4, 3.5. and 23.1.

- 23.3. Class B shares have a par value of \$1.00. The number of shares which may be issued is limited to 350. No participating member may have more than one Class B share.
- 23.4. Class B shares do not carry any additional rights to vote or to elect directors, unless the Corporation is in default of any term or condition of the issue of Class B shares, or there is a sale, lease or exchange of all or substantially all of the Corporation's property, other than in the ordinary course of business. In either of these cases, the applicable provisions of section 74 or 76 of the Co-operatives Act, 1989 shall be followed. Other rights and restrictions attaching to Class B shares are set out in sections 3.3, 3.6, and 3.8, and generally in the bylaws.
- 23.5. The registers of voting members and participating members is evidence of the shareholdings of Class A and Class B shareholders respectively, and no share certificates will be issued.
- 23.6. Class A and Class B shares are non-transferable, except to successor municipalities.

24. DISSOLUTION OF THE CORPORATION

- 24.1. On dissolution of the Corporation, the property of the Corporation shall be distributed according to the following priorities:
- a) as required by the Insurance Act and the Superintendent of Insurance Act;
 - b) for any reserve considered as a statutory reserve, as required by the Insurance Act and the Superintendent of Insurance, and if there is no such requirement, to such person(s) as the registrar of Co-operatives may designate (section 160(8)(c));
 - c) to the participating members in proportion to their reserve accounts;
 - d) return of capital to Class A shareholders and then Class B shareholders.

25. GENERAL

- 25.1. The name of the Corporation is S.A.R.M. General Insurance Co-operative Limited.
- 25.2. The registered office of the Corporation is in the City of Regina, Saskatchewan.
- 25.3. The fiscal year end of the Corporation is December 31.