

TTC INSURANCE COMPANY LIMITED

REPORT NO.

MEETING DATE: June 24, 2014

SUBJECT: Establish Conduct Review Committee

ACTION ITEM

RECOMMENDATION

It is recommended that the Board of Directors establish a Conduct Review Committee (CRC) for TTC Insurance Company Limited, which shall consist of the three Commissioner Directors of the Company as elected at the Shareholder's Meeting.

BACKGROUND

Section 2(2) of Regulation 131/08 exempts TTC Insurance Company Limited from the Corporate Governance provisions of the Insurance Act (Ontario), including the requirement for a CRC to be established.

However, as recommended by external counsel, having a CRC is a good governance practice and is standard in other insurance companies.

DISCUSSION

The purpose of the Conduct Review Committee is to review and approve all material related party transactions on an annual basis. The only material related party transaction that currently exists is the Indemnity provided by the Toronto Transit Commission.

It is proposed that the three Commissioner Directors of the TTC Insurance Company Limited constitute the CRC as elected at the Shareholder's Meeting.

JUSTIFICATION

Establishing a CRC on a voluntary basis would be a good way for the Company to demonstrate to the Financial Services Commission of Ontario (FSCO) that the Company is committed to having a proper corporate governance structure and that it is prepared to meet more than the minimum requirements. This approach is expected allow the FSCO to remain comfortable with the current operating structure of the Company.
