



STAFF REPORT ACTION REQUIRED

Appoint Chair of Conduct Review Committee

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| Date: | February 25, 2015 |
| To: | TTC Insurance Company Limited, Board of Directors |
| From: | Chief Executive Officer |

Summary

The purpose of this report is for the board of directors to appoint a Chair of the Conduct Review Committee (CRC) in accordance with the Charter of the CRC adopted by the board of directors on June 24, 2014.

Recommendations

It is recommended that the board of directors

1. Appoint a Chair of the Conduct Review Committee

Financial Impact

There are no financial implications resulting from the adoption of this report.

Decision History

On June 24, 2014, the board of directors approved a recommendation to establish a Conduct Review Committee (CRC) for TTC Insurance Company Limited. The three commissioner directors, as elected at the shareholder's meeting, constitute the CRC. Subsequently, the board of directors approved the Charter for the CRC which is attached to this report for your information.

Issue 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.

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.

Accessibility Issues

No accessibility issues.

Comments

The establishment a CRC on a voluntary basis is beneficial to the Company as it demonstrates 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 to allow the FSCO to remain comfortable with the current operating structure of the Company.

Contact

Vincent Rodo, President, TTC Insurance Company Limited

Attachments

Conduct Review Committee Charter

TTC INSURANCE COMPANY LIMITED

CHARTER OF THE CONDUCT REVIEW COMMITTEE

A. Constitution

1. The Board of Directors shall appoint a conduct review committee (the "Committee") comprised of not less than three and not more than six directors, two of whom shall constitute a quorum.

The Board of Directors shall designate one member of the Committee as Chair of the Committee.

The Committee shall not transact business at a meeting of the Committee unless a majority of the members present are resident Canadians as provided in the Insurance Companies Act (the "Act").

2. A director whose term of service as a member of the Committee has expired shall be eligible for reappointment. Vacancies shall be filled forthwith by resolution of the Board of Directors, but in the meantime the remaining members shall constitute the Committee, provided they number at least three.

Any member of the Committee may be removed or replaced at any time by the Board of Directors, and shall cease to be a member of the Committee upon ceasing to be a director.

3. Meetings of the Committee may be called by any member of the Committee. The Committee may require the attendance of any officer of the Company at any meeting of the Committee.

The external auditor of the Company (the "Auditor") is entitled to receive notice of every meeting of the Committee and, at the expense of the Company, to attend and be heard at meetings of the Committee.

The time and place of meetings of the Committee and the procedure at such meetings shall be determined from time to time by the Committee, or by the Chair in consultation with the President of the Company, on at least twenty-four (24) hours notice.

4. If proper notice has been given or waived in respect of a meeting of the Committee, a member or members of the Committee may participate in the meeting by means of such telephonic, electronic or other communication facilities as permit all persons participating in the meeting to communicate with each other simultaneously and instantaneously; such meeting shall be deemed to be a properly called meeting of the Committee, and a director participating in such a meeting by such means shall be deemed to be present at the meeting.

5. Members of the Committee shall be paid such amounts by way of honoraria and fees as the Board of Directors may from time to time determine.

B. Mandate

1. The Committee shall:
 - (a) request that management report to it not less than annually regarding any material revisions to the listing of related parties of the Company;
 - (b) ensure that management has established procedures for the review of transactions with related parties of the Company to which Part XI of the Act applies;
 - (c) review these procedures; and
 - (d) review the practices of the Company to ensure that any transactions with related parties of the Company that may have a material effect on the stability or solvency of the Company are identified.
2. The Committee shall also:
 - (a) require that management establish and review from time to time criteria to measure whether the value of a transaction with a related party of the Company is nominal or immaterial to the Company;
 - (b) monitor procedures established by the Board of Directors to resolve conflicts of interest, including techniques for the identification of potential conflict situations and for restricting the use of confidential information;
 - (c) monitor procedures established by the Board of Directors to provide disclosure of information to customers that is required to be disclosed by the Act and for dealing with complaints as required by Section 486 of the Act;
 - (d) perform such other functions as the Board of Directors may from time to time require, and such other functions as may be performed by a conduct review committee under the Act or required of a conduct review committee by an appropriate regulatory authority; and
 - (e) after each meeting of the Committee, report to the Board of Directors on matters reviewed by the Committee.
3. Minutes of the proceedings of the Committee shall be kept in a book maintained for that purpose, and such minutes shall be presented to the Board of Directors subsequent to the confirmation by the Committee of such minutes, and a minute of such presentation shall be entered in the minutes of the Board of Directors.

4. The Secretary of the Company shall perform such functions in connection with the work of the Committee as the Chairman of the Committee may require.