

# ***Pacific Coast Fishermen's Mutual Marine Insurance Company***

## **BY-LAWS**

(As Amended to April 21, 2021)

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## **Pacific Coast Fishermen's Mutual Marine Insurance Company**

### **1. Interpretation**

(a) In these by-laws, unless the context otherwise requires, words importing the singular shall include the plural and vice versa, and words importing the masculine gender shall include the feminine, and words importing persons shall include bodies corporate.

(b) In these by-laws, unless the context otherwise requires the following words shall have the meanings inscribed thereafter respectively as follows:

"INCORPORATION ACT" shall mean the Pacific Coast Fishermen's Mutual Marine Insurance Company Act (1945) as may be amended from time to time.

"MUTUAL FIRE ACT" means the Mutual Fire Insurance Company's Act R.S.B.C. 1936 and Amending Acts and as may be amended from time to time.

"COMPANIES ACT" means the Companies Act, R.S.B.C. 1960, c. 67, as may be amended from time to time.

"COMPANY ACT" means the Company Act, R.S.B.C. 1979, c. 59, as may be amended from time to time.

"COMPANY CLAUSES ACT" means the Company Clauses Act, R.S.B.C. 1979, c. 60, as may be amended from time to time.

"FINANCIAL INSTITUTIONS ACT" means the Financial Institutions Act, S.B.C. 1989, c. 47, as may be amended from time to time.

"COMMITTEE" means a duly authorized and constituted committee of the Directors.

### **2. Membership**

(a) Any person upon becoming a holder of a subsisting policy of the Company shall thereupon become a member of the Company and shall continue to be a member of the Company for so long as he shall continue to be such a holder of such policy and no longer.

(b) Each member in good standing shall have one vote and only one vote in all general meetings of the Company irrespective of the number of policies of the Company held by him.

(c) The Directors shall have full power and complete authority in the manner hereinafter prescribed to cancel any policy or policies of insurance held by any member whom they deem to have conducted himself in a manner which is detrimental to the Company.

(d) Such cancellation shall be effected in the following manner: Upon any member or shareholder presenting in writing to the Directors a signed statement of specific charges against any member, the Directors shall, unless after their investigation dismiss the charges, send a copy thereof to the member in question and give him notice of a date not less than 21 days thereafter when he may appear before a meeting of the Directors or a Committee to respond thereto. The member so charged shall be given a full opportunity at such meeting to answer the charges made. An affirmative vote for cancellation by a majority of the Directors present at such a meeting shall immediately cancel all subsisting policies of insurance issued by the Company to such member.

(e) Upon such cancellation the member shall be entitled to immediate return of the unearned portion of premiums on all insurance policies thus cancelled; and shall be entitled to all other benefits and claims in accordance with the provisions of these by-laws as if he had voluntarily ceased to be a member of the Company.

(f) Except in the case of a corporate body prohibited by law from becoming a shareholder in the Company, every member shall apply for shares in the Company in such amount as the Directors may from time to time prescribe; Provided however, that upon sufficient share capital being subscribed in the opinion of the Directors, this provision may be waived by the Directors.

(g) Legal representatives of any member or shareholder after his death or any member or shareholder who satisfies the Directors that he has permanently retired from the fishing industry may make application for payment of such member's equity in the Company and for his share of unpaid refunds and the amount thereof shall be estimated at the end of the then current fiscal year of the Company and paid within ninety days after the end of the said fiscal year provided always that the Directors may, in case of death, make an advance upon such payment at any time after the application is received.

### **3. Guarantee Stock**

(a) The Directors may from time to time authorize the issue of guarantee stock to the amount of \$25,000 or such less amount as they may decide. Provided, however, that the total issue of guarantee stock shall not at any time exceed the said sum of \$25,000.

(b) Guarantee stock shall be divided into shares of \$10 each.

(c) No dividend or interest shall be paid on guarantee stock.

(d) The Directors may, on behalf of the Company, redeem and reissue its shares of guarantee stock at such times and in such manner as the Directors shall deem expedient; Provided always that:

1. The Directors may at any time require any shareholder to present his share certificate for cancellation upon notice offering to pay him the amount paid to the Company for each share represented thereby. If such notice is not complied with by the shareholder within sixty days, his share shall thereupon be deemed to have been redeemed, and payment shall only be made to such shareholder upon his agreeing in writing to indemnify the Company for all expenses and liabilities to which it may be put by reason of such certificate not being rendered.
2. Any person so required to surrender his share certificate shall not by reason thereof cease to be a member of the Company, despite any provision made pursuant to these by-laws requiring members to be shareholders.
3. Any member may apply to the Directors of the Company at any time requesting the Company to redeem any share of the Company held by him and shall accompany such application with the share certificate issued with respect to the said share. Upon receipt of such application the Directors shall, as soon as they consider it expedient having regard to the best interest of the Company, redeem such share.

4. The Company may reissue any share redeemed pursuant hereto.

- (e) 1. No transfer of shares of guarantee stock shall be valid unless approved by the Directors. Applications for transfer shall be made by the Transferor to the Directors which shall either approve or reject the same by resolution, such resolution to be recorded in the Minute Book by the Secretary as authority for him to make the necessary changes, if any, in the register of members. In the event of the Directors refusing to approve an application for transfer, notification of such refusal shall be given to both the transferor and the transferee.
2. The instrument of transfer of any shares of guarantee stock in the Company shall be executed by both the transferor and the transferee and the transferor shall be deemed to remain the holder of the shares until the name of the transferee is entered into the register of members of the Company as the holder thereof.
3. Shares in the guarantee stock of the Company shall be transferred in the following form, or in any usual or common form approved by the Directors:

"I \_\_\_\_\_ of \_\_\_\_\_ in consideration of the sum of \$ \_\_\_\_\_ paid to me by \_\_\_\_\_ of \_\_\_\_\_ hereinafter called the Transferee, do hereby transfer to the Transferee \_\_\_\_\_ shares in the guarantee stock of Pacific Coast Fishermen's Mutual Marine Insurance Company, to hold unto the Transferee, his heirs, executors, Administrators and Assigns, subject to the several conditions on which I hold the same at the time of the execution hereof; and I the Transferee hereby agree to take the said shares subject to the conditions aforesaid and to the by-laws of the Company.

WITNESS our hands the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_\_

\_\_\_\_\_  
Transferor

\_\_\_\_\_  
Witness

\_\_\_\_\_  
Transferee"

4. The instrument of transfer must be accompanied by the certificate of the shares to which it relates.
- (f) 1. All shares in the guarantee stock of the Company shall be paid for in full in cash and no part of the funds of the Company shall be employed in loans upon security of the shares of the Company.
2. The Directors may from time to time, make calls upon the shareholders in respect of moneys unpaid on their shares in the guarantee stock of the Company, as the exigencies of the Company may render necessary, and a call shall be deemed to have been made at the time when the resolution of the Directors authorizing the call was passed; Provided that a notice thereof is given forthwith to such shareholder or shareholders.
3. If default is made by a shareholder in payment of any call upon his shares for a period of two months after the call is due, the Directors may, on giving one month's notice to the shareholder by registered letter mailed to his last known

postal address, declare the shares of such defaulter, and all sums previously paid thereon, to be forfeited to the Company, and they may thereafter, unless within the said month the amount due on the call is paid to the Company, either cancel the shares, or sell and reissue them at such price or prices as they may deem sufficient and for the benefit of the Company only; or in the option of the Directors they may sue for and compel payment of the unpaid calls on the shares.

(g) Every person whose name is entered on the register of shareholders shall, without payment, be entitled to a certificate under the Seal of the Company upon the shares being paid for in full. PROVIDED, however, that the Directors may require payment of a fee not in excess of fifty cents for the share certificate. No shares shall be issued jointly.

(h) The Company shall have a lien on the shares of any shareholders for any debt due to it by them.

(i) A shareholder of guarantee stock of the Company who is not otherwise a member of the Company shall as a shareholder have all the powers and privileges of a member of the Company and he shall be entitled to take part in and vote at all meetings of the Company in person or by proxy in favour of another member or shareholder of the Company in the same manner as if he were a member. PROVIDED always that no shareholder shall have more than one vote irrespective of the number of shares held by him.

(j) The money subscribed by way of purchase of guarantee stock shall constitute the guarantee fund of the Company. The guarantee fund whether paid up or unpaid shall belong to the Company and be liable for all its debts and losses. The shareholders of guarantee stock of the Company shall with respect to the guarantee fund have such further and other rights and responsibilities, if any, as the Company in general meeting may declare by resolution, or by-law passed before the fund is subscribed for. PROVIDED, however, that unless the whole of the fund is repaid or discharged the said resolution or by-law shall not be rescinded or altered in any way without the consent of three-fourths of the shareholders in writing.

#### **4. Meetings**

(a) An Annual General Meeting of the members and shareholders of the Company shall be held once in every year on or before the last day of April in each year at such time and place as may be prescribed by the Directors. At such meeting in addition to the election of Directors there shall be submitted and considered a report of the transactions of the Company for the preceding year, together with a full statement of its affairs, exhibiting in detail its expenditures and its assets and liabilities and a report of the auditors of the Company thereon.

(b) In the event of a quorum not being present at the Annual General Meeting of the Company, the Directors shall convene another General Meeting to be held within two months of the date of the Annual General Meeting to transact the business of the Annual General Meeting.

(c) Notice of an Annual or Special General Meeting of the Company shall be given by circular letter caused to be mailed by the Secretary to the last known postal address of each member and each shareholder at least twenty-one days prior to the date of the meeting, but the members and shareholders may waive or reduce the period of notice for a particular meeting by unanimous consent in writing.

(d) The President or any fifteen members or shareholders of the Company may at any time direct the Secretary of the Company to call a General Meeting of the Company to be held at such time and place and for such purposes as those calling the meeting may determine, but priority shall always be given to a meeting convened by the Directors.

(e) Twelve members or shareholders actually present shall form a quorum at all General Meetings of the Company.

(f) In the event of a quorum not being present at any meeting of the Company called by the President or Directors other than the Annual General Meeting, after the expiration of thirty minutes upon the declaration of the chairman that a quorum is not present, the meeting shall stand adjourned for a period of one week at the same hour and at a place to be designated by the chairman of such meeting at the time of announcing such adjournment and at the adjourned meeting, the business of the meeting shall be proceeded with as if a quorum were present. It shall not be necessary to give notice of the adjourned meeting other than by announcement at such meeting.

(g) The President, or failing him, the Vice-President, shall preside as Chairman at every General Meeting of the Company. PROVIDED, however, if there is no such Chairman present within thirty minutes after the time appointed for holding the meeting or who is willing to act, the members present shall choose someone of their number to be Chairman.

(h) The Chairman may, with the consent of any meeting at which a quorum is present, and shall if so directed by the meeting, adjourn the meeting from time to time and from place to place but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.

(i) The order of business at a General Meeting shall, according to circumstances, be as follows:

1. Meeting to be called to order.
2. Notice convening meeting.
3. Minutes of preceding meeting.
4. Business arising out of the Minutes.
5. Reports of standing and special committees, if any.
6. Reports of Directors and Auditors.
7. Election of Directors, and Auditors, if required.
8. Special business.
9. Unfinished business.
10. New business.
11. The good and welfare of the Company.

(j) The fiscal year of the Company shall terminate on the 31st day of December of each year.

## **5. Voting**

(a) Voting at any General Meeting or at any meeting of the Directors unless otherwise herein provided, may be by show of hands, and in the case of voting by show of hands the declaration of the Chairman of the meeting shall be conclusive evidence of the result unless three or more members, before or on the declaration of the result demand a poll, in which case a poll shall be forthwith taken.

(b) Voting for the election of Directors shall be by secret ballot and voting upon all applications for policies of insurance of the Company shall be by secret ballot only if requested by one or more Directors.

(c) Every member present in person at a General Meeting of the Company shall have one vote only, but he shall also be entitled to vote as proxy for no more than five other members, in the case of a poll, or vote by secret ballot.

(d) The instrument appointing a proxy shall be in writing under the hand of the appointer duly witnessed, or, if the appointer is a body corporate, under its common seal, and shall be deposited at the Registered Office of the Company not less than forty-eight hours before the time for holding the meeting, at which the member named in the instrument proposes to vote, and in default of compliance with the provisions hereof the instrument of proxy shall not be valid.

(e) The instrument appointing the proxy may be in the following form, or in any other form approved by the Directors:

"I \_\_\_\_\_ of \_\_\_\_\_ being a member or shareholder of Pacific Coast Fishermen's Mutual Marine Insurance Company hereby appoint \_\_\_\_\_ of \_\_\_\_\_ also a member or shareholder of the said Company as my proxy to vote for me and on my behalf at the General Meeting of the Company to be held on the \_\_\_\_ day of \_\_\_\_\_ 20\_\_ and at any adjournment thereof.

SIGNED this \_\_\_\_ day of \_\_\_\_\_ 20\_\_.

WITNESS: \_\_\_\_\_ Signature \_\_\_\_\_"

(f) The Chairman of any General Meeting of the Company shall have a casting-vote only in case of an equality of votes on a division.

(g) No shareholder in arrears with a call on his shares may vote at any General Meeting.

## **6. Directors**

(a) The Directors of the Company shall consist of such number of Directors as may be fixed from time to time by ordinary resolution of the members at a General Meeting, but the number of Directors shall not be less than seven.

(b) The Directors of the Company shall be elected to represent the various districts of the Province in which the membership reside and for the purpose thereof the Province shall be divided into the following districts and the number of Directors to be elected for each district shall be determined by the Directors; PROVIDED, however, the Directors shall not change the number of Directors to be elected for each district during the period commencing 90 days prior to the next Annual General Meeting of the company and ending on the date of such Annual General Meeting. Each district shall, subject to the other provisions of these by-laws, comprise the localities set opposite the said districts respectively, that is to say:

### **No. 1 - Vancouver District**

All area East of a straight line originating at the Apex of the International Boundary in the Strait of Georgia and running through Point Atkinson.

### **No. 2 - Vancouver Island District**

Vancouver Island and all Islands south of Cape Caution excluding those included in Districts No. 1 and No. 3.

### **No. 3 – Mainland, Sunshine Coast District**

Mainland south of Cape Caution to the western boundary of District No.1 and all islands enclosed by a line from Point Atkinson to Cape Roger Curtis and continuing through Sabine Channel, West of Texada and Savary Islands, through Manson Pass, Lewis Channel, Calm Channel and Yuculta Rapids, to the Mainland shore due north of the easternmost point of Jimmy Judd Island.

### **No. 4 - Northern District**

Area north of northern boundary of Districts No. 2 and No. 3 and west of the western boundary of District No. 1 including Haida Gwaii.

No person shall be eligible for nomination for election as a Director unless he resides in the district for which he is to be elected to represent. For the purpose of nomination of Directors, the residency of each member shall be deemed to be the locality in or nearest to that which he appears to reside according to the register of members. The decision of the Directors as to which district the member resides in, shall be final and conclusive. At the time he is elected, a Director must reside in the District for which he is elected. A Director who ceases to reside in the District for which he was elected may continue to act as a Director representing such District until the expiration of his term, unless the Directors shall otherwise determine.

(c) The Directors elected prior to the coming into effect of this by-law shall continue in office for the respective terms for which they were elected and shall be deemed to represent the districts for which they were elected.

(d) The Directors may, in advance of an election, determine that periods of office may be for one, two or three years. Unless otherwise determined by the Directors in advance of an election, Directors duly elected shall hold office for a period of three years commencing at the end of the meeting at which they are elected. Elected Directors period of office will continue until the end of the Annual General Meeting in the final year of their term. If any terms of offices of Directors being filled in any election are for different lengths, the term of each person elected shall be determined by the number of votes received. The person receiving the greatest number of votes shall hold office for the longest term; and the successful candidate receiving the least number of votes shall hold office for the shortest term. In the case of candidates being elected by acclamation, term lengths will be determined by lot. Any casual vacancy may be filled by the Directors by appointing a Director to hold office until the next Annual General Meeting.

(e) The elections of Directors shall be held at each Annual General Meeting. The number of Directors to be elected at each Annual General Meeting shall be the number required to succeed Directors whose term of office has been vacated, expired or will expire at the end of the meeting. PROVIDED that any Director whose term has expired or is about to expire may be re-elected as a Director.

(f) Nominations for Directors may be made in advance of the Annual General Meeting by not less than three (3) members of the Company who are residents in the district for which the Director is to be elected. A nomination shall be in writing and shall be in the hands of the Secretary of the Company not later than forty-eight hours before the holding of the Annual General Meeting and shall be signed by the person nominated indicating his consent to the nomination. Any person so nominating a Director, must himself be in good standing with the Company.



(g) The Directors shall have the power to alter the number of districts, the boundaries of districts and the term of office of any Director who has been elected; PROVIDED, however, the Directors shall submit any such alteration to the members and shareholders at the next General Meeting and the members and shareholders may, by Special Resolution, confirm, reject or amend such alteration. Such alteration is effective from the date of the resolution of the Directors until it is confirmed or rejected or confirmed as amended by the shareholders and members or until it ceases to be effective under the following provision and, where the alteration is confirmed or confirmed as amended, it continues in effect in the form in which it was so confirmed. If an alteration is rejected by the shareholders and members or if the Directors do not submit it to the shareholders and members as required such alteration ceases to be effective and no subsequent resolution of the Directors having substantially the same purpose or effect is effective until it is confirmed or confirmed as amended by the shareholders and members.

The office of Director shall be vacated if the Director:

1. Ceases to be a member or shareholder in the Company;
2. Is concerned or participates in the profits of any contract with the Company unless he has first disclosed his interest and has refrained from voting with respect thereto;
3. Is absent from three consecutive regular meetings of the Directors without the consent of the Directors;
4. Dies, becomes insolvent or bankrupt, or a person of unsound mind;
5. Resigns.

PROVIDED ALWAYS that no Director shall be disqualified by reason of the fact that he holds one or more policies of insurance in the Company or by reason of the fact that he holds any other office or place of profit with the Company.

(h) The business of the Company shall be under the direction and supervision of the Directors who may exercise all its powers, subject to the provisions of the Incorporation Act and of those sections of the Mutual Fire Act, the Companies Act, the Company Act, the Company Clauses Act, and the Financial Institutions Act applicable to the Company.

(i) The Directors shall elect a President and Vice-President from their number and shall appoint a Secretary and a Treasurer, or, if desired, one person to act in the joint capacity of Secretary and Treasurer, whether from their own body or otherwise, as they think fit, and may prescribe their duties and fix their remuneration and from time to time dismiss them. The Vice-President shall exercise the powers of the President in his absence.

(j) The Directors may appoint a Manager and prescribe his duties subject to the provisions of the Incorporation Act and those sections of the Mutual Fire Act made applicable to the Company by the Incorporation Act, and fix his remuneration and dismiss him.

(k) The Directors may delegate any of their powers to Committees consisting of such member or members of their body as they think fit and any Committees so formed shall in the exercise of powers so delegated conform to any regulations that may be imposed on them by the Directors.

- (l) The Directors shall cause minutes to be made in books provided for the purposes:
1. Of all appointments of officers made by them;
  2. Of the names of the Directors present at each of the Directors or Committee meetings;
  3. Of all resolutions and proceedings at all meetings of the Company, the Directors, or any Committee;

and every Director present at a meeting of the Directors, or a Committee, shall sign his name in a book kept for that purpose, but failure of any Directors so present to sign shall not invalidate any proceedings or resolutions taken or passed at such meeting.

(m) The Directors shall cause proper registers of the members, shareholders, and Directors to be kept at the registered office and shall in all other respects duly comply with the Incorporation Act and all other Statutory requirements affecting the operation of the Company for the time being in force.

(n) The Company in General Meeting shall determine from time to time the remuneration, if any, of the Directors.

(o) The Directors may be paid a reasonable allowance for travelling expenses to attend meetings of the Directors or to attend to the business of the Company.

(p) All meetings of the Directors shall be held in the Province of British Columbia. Five Directors actually present shall form a quorum at all meetings of the Directors.

(q) The Directors may meet together for the dispatch of business, adjourn and otherwise regulate their meetings as they think fit. Questions arising at any meeting shall be decided by majority votes. In case of an equal division of votes, the Chairman shall not have a casting vote in addition to his vote as a Director.

(r) The Directors may meet from time to time as the Directors themselves shall decide and the Chairman may call a meeting of the Directors at any time when in his opinion any business demands the consideration of the Directors, and the Secretary shall on the requisition of two Directors at any time summon a meeting of the Directors. Reasonable notice of all meetings of the Directors shall be given.

(s) A resolution signed by all the Directors shall have the same force and effect as if passed at a duly constituted meeting of the Directors.

(t) All applications for insurance policies of the Company and for shares in the Company shall be passed on by the Directors or by any Committee of the Directors to which such duty is delegated by the Directors.

(u) The Directors shall have all the powers given to them under the Incorporation Act and under the provisions of the Mutual Fire Act, the Companies Act, the Company Act, the Company Clauses Act and the Financial Institutions Act applicable to the Company and they shall have all the powers given to them in these by-laws except insofar as any of these by-laws contravene the provisions of the said Acts.

(v) The Directors shall have the power to borrow money for the purposes of the Company in accordance with the Mutual Fire Act. PROVIDED, however, that the Directors shall not lend money to or borrow money from any Director.

(w) The Directors may from time to time change the location of the Registered Office of the Company as they may deem expedient upon proper notice thereof being filed with the Registrar of Companies.

(x) The Directors may from time to time if they deem expedient open and close branches of the Company for the purpose of carrying on the business of the Company in any community within the Province of British Columbia.

(y) The Directors may expend a reasonable sum in each year for the following purposes, that is to say:

1. To work for the elimination of careless and reckless operation of fishing vessels;
2. Encouragement of the use of safety devices and measures;
3. For the encouragement of the Co-operative movement generally;
4. For any purpose deemed to be for the benefit of the members of the Company as a whole;
5. For educational grants, bursaries or scholarships to students.

(z) The Directors shall have the power from time to time to appoint bankers and a solicitor or firm of solicitors for the Company and to make all banking and other operation of the Company.

(aa) The Directors may in their sole discretion call and hold meetings of members of the Company in all or any of the Districts referred to in clause (b) for such purposes as the Directors consider are in the interests of the Company and the Directors may in their sole discretion determine from time to time the members entitled to receive notice of any such meeting and the manner of giving notice to such members and all other matters with respect thereto as they deem expedient.

(bb)1. Except for an action by or on behalf of the Company to procure a judgment in favour of the Company, the Company shall indemnify:

- (a) a Director or officer of the Company,
- (b) a former Director or officer of the Company, or
- (c) an individual who, at the request of the Company, is or was a Director or officer of a corporation of which the Company is or was a member or creditor,

against any costs, charges and expenses, including an amount paid to settle an action or proceeding or to satisfy a judgment, reasonably incurred for any civil, criminal or administrative action or proceeding, whether threatened, pending, continuing or completed, to which the Director or officer is or may be made a party because of being or having been a Director or officer of the Company or corporation, if

- (d) the Director or officer acted honestly and in good faith with a view to the best interests of the Company or corporation, as the case may be, and
- (e) in the case of a criminal or administrative action or proceeding that is enforced by a monetary penalty, the Director or officer had reasonable grounds for believing that the conduct was lawful.

2. With the approval of a court, the Company shall indemnify a person referred to in subsections 1(a) or (b) for an action, whether threatened, pending, continuing or completed, by or on behalf of the Company to procure a judgment in favour of the Company, to which the person is or may be made a party because of being or having been a Director or officer of the Company, against any costs, charges and expenses reasonably incurred in connection with the action if the conditions set out in subsections 1(d) and (e) are fulfilled.
3. The Company shall indemnify a person referred to in subsections 1(a) or (b) who has been substantially successful on the merits in the outcome of a civil, criminal or administrative action or proceeding, to which the person is made a party because of being or having been a Director or officer of the Company, against all costs, charges and expenses reasonably incurred for the action or proceeding if the conditions set out in subsections 1(d) and (e) are fulfilled.
4. The Company or a person referred to in subsections 1(a), (b) or (c) may apply to a court for an order approving an indemnity under this section.
5. The Company may purchase and maintain insurance for the benefit of a person referred to in subsections 1(a), (b) or (c) against any liability incurred as a Director or officer.

## **7. Financial**

(a) The Treasurer, Manager, Secretary, or other persons having charge of funds of the Company shall each give security to the satisfaction of the Directors in an amount to be fixed by the Directors.

(b) The Directors shall cause true accounts to be kept of all sums of money received and expended by the Company and of the manner in respect of which such receipts and expenditures take place and of the assets and liabilities of the Company.

(c) Books of account shall be kept at the Registered office of the Company but may for temporary purposes be kept in such other place or places as the Directors think fit, and shall at all reasonable times be open to the inspection of the Directors and members and shareholders.

(d) An auditor shall be appointed by the Company at every Annual General Meeting who shall hold office until the close of the next Annual General Meeting, and, if at that meeting an appointment is not made, the auditor in office shall continue as auditor until a successor is appointed. The Directors may fill any casual vacancy in the office of auditor. No person shall be the Auditor of the Company if he is not independent of the Company, its affiliates and its Directors and officers.

(e) The Company's receipts after payment of losses and operating expenses including expenditures referred to in by-law 6(y) and adequate allowance for depreciation shall be applied as follows and subject to the provisions of by-law 7(e)3 as it now is or as it may be amended from time to time:

1. To setting aside such sums as a reserve fund as the Directors may deem expedient, not being less than the sum or sums required to be set aside by the Incorporation Act or those Sections of the Financial Institutions Act applicable to the Company.

2. To refunding to the members of the Company the whole or any portion of its remaining receipts; PROVIDED ALWAYS that: A record shall be kept in each year of the premiums earned by the Company from premiums paid by each member to the Company during each fiscal year.
3. The refunding of any portions or of the whole of the remaining receipts (after setting aside reserves) to the members in any year shall be in proportion to the net premium earned by the Company out of the premiums paid by each member for that year, such net earned premiums to be determined after such allowance as the Directors deem fit for the cost of re-insurance to the Company for each policy held by each member; the amounts so refunded shall be credited to the account of the member and held to be applied on account of next year's gross premium. The Directors may determine each year that a percentage of the refund so credited not exceeding 20 per cent in each year shall be held in reserve for the purposes and upon the conditions hereinafter stated. A member upon ceasing to be insured by the Company shall be entitled to and may obtain payment of the balance thereof upon demand in writing for payment to him and any such amount so demanded shall be payable in thirty days. In the event that the Directors determine that a portion of the refund in any year shall be held in reserve pursuant to this by-law the portion so retained shall be retained for a period of five years thereafter and be subject to assessment for losses by the Company in any year or years during said period whether or not the member is a policyholder in such year or years, which assessment the Directors may apportion in such manner as they deem equitable, and in the event such assessment is made the amount of refund held in reserve for a member shall be subject to deduction of the amount of such assessment and the amount so deducted shall be the property of the Company for the purpose of meeting such losses; PROVIDED, always, that an assessment shall not be made against any member for such losses in excess of the total amount of refund held in his name in reserve. Assessments shall be deducted from the first refund held in reserve in a member's name until it is exhausted and so as to each refund held in reserve in the order in which they were credited to his account. The remaining portion of any refund held in reserve at the end of five years from the date on which it was credited after deductions authorized hereunder shall be credited to the account of the member and be payable in the same manner as the balance of the original refund. The Company shall give notice to each policyholder credited with refunds pursuant to this clause of the amount credited to refund in each year to be held in reserve and the amount of refund to be credited to his account in excess thereof and of the fact that he is entitled to payment of the excess amount upon demand as herein provided. The Directors shall not exercise the power of assessment hereunder until the general reserves of the Company are exhausted. Notwithstanding any other provision of this by-law the Directors may pay out the whole or any portion of the refund held in his name in reserve to any member retiring from membership by reason of age or ill-health before the same is due.
4. In the event of the Company being liquidated or wound up and being possessed at the time thereof of any reserve funds, after payment to all creditors and provision for reinsurance of all unexpired policies of insurance underwritten by the Company and the repayment to the holders of the guarantee stock then outstanding of the moneys paid up thereon, the remaining reserves, together with all other surplus

assets of the Company, shall be distributed amongst the then members of the Company in proportion to the earned portion of premiums paid by them respectively, after allowance for the cost of reinsurance in the preceding period of five years in relation to the total earned premiums after allowance of total cost of reinsurance received by the Company in the said period.

## **8. Rates**

(a) The table of rates to be charged for policies of insurance issued by the Company shall be fixed by the Directors.

(b) The Directors may by resolution passed by three-fourths of the Directors present at a meeting of the Directors of which notice of the intention so to do has been given, vary the table of rates to be charged for all policies or any class of policy issued by the Company.

(c) The Directors shall publish and make available free of charge to every member or shareholder upon request the table of rates fixed in accordance herewith and such variations as may be made from time to time and the dates when such variation shall come into effect.

(d) Any variation of the rates in accordance with the provision hereof shall take effect at the time specified in the resolution of the Directors.

## **9. Risks**

(a) Policies of insurance to be issued by the Company may be divided into any number of classes by resolution of the Directors.

(b) The Directors shall fix the risks to be covered by each class of insurance to be issued by the Company upon the creation of such classifications, and such definition may be by listing the risks to be covered or by listing the risks to be excluded from a floating or general coverage.

(c) The Directors may by resolution passed by three-fourths of the Directors present at a meeting of the Directors of which notice of the intention so to do has been given, vary the risks to be covered by any class of policy of the Company.

(d) The Directors shall publish and make available free of charge to every member or shareholder upon request a schedule of the classes of policies to be issued by the Company and the risks covered thereby, and such variations as may be made from time to time and the dates when such variations will come into effect.

(e) Any variations of the risks to be covered by any class of policy issued by the Company in accordance with the provisions hereof shall take effect at the time specified in the resolution of the Directors.

## **10. Premiums**

(a) The premiums payable by any policy holder shall be determined by the rate of insurance applicable to the policy to which it relates determined in accordance with these by-laws and such resolutions of the Directors as are permitted hereby affecting the same; provided that the Directors may designate a certain portion of all premiums or a fixed amount thereof to be deemed to be the cost of valuation and of other costs relating to the issuance of the policy, which said portion of the premiums shall be known as the cost of the Policy.

(b) In determining the earned or unearned portion of any premiums the cost of the policy shall be excluded therefrom.

(c) That portion of the premiums shall be deemed to be earned which is in the same proportion to the whole premium after deduction of the cost of the policy, as the period of actual coverage of risk bears to the term of the policy at the date of determination of the earned portion and the balance of the premium, exclusive of the cost of the policy, shall be the unearned portion of the premium.

(d) All premiums shall become due and payable forthwith upon a vessel becoming insured under a new policy of insurance or a renewal of an existing policy except as otherwise herein provided; PROVIDED always, that the Directors or a Committee may authorize the Manager of the Company from time to time to arrange for payment of any premium in installments; and PROVIDED further that in the case of renewals no premium shall become due before the expiration of the subsisting terms.

(e) In the event any premium on a renewal policy is overdue by more than sixty days, the policy to which such premium relates shall, at the option of the Company, thereafter be null and void.

(f) Such portion of the earned portion of the premium as the Directors may determine shall be refundable to the policy holder for such periods of the term of policy as the property is laid up and free from the risk covered by such policy, upon such terms as the Directors may provide.

## **11. Applications**

(a) All applications for new policies of insurance shall be made in writing to the Directors upon a form prescribed by them.

(b) Upon receipt of an application, the Directors or the Manager or some other person appointed by the Directors, shall cause the property applied to be insured to be inspected by a surveyor.

(c) The surveyor shall check the inventory of the property applied to be insured as set forth in the application and report thereon in writing to the Manager or such other person authorized by the Directors.

(d) If the valuation placed by the surveyor on any articles sought to be insured is less than 90% of the value placed thereon by the Applicant in his application the Applicant shall be notified and given the opportunity to amend or withdraw his application; otherwise his application shall be deemed to have been amended in accordance with the said valuation by the surveyor.

(e) The application and report of the surveyor shall then be submitted to the Directors or a Committee who shall accept or reject the risk. The Manager or the person appointed by him to act in his absence may accept a risk on an interim basis provided that such acceptance shall be ratified by the Directors at their next meeting.

(f) Before accepting or rejecting a risk, the Directors or the said Committee may require such further and other reports as to the character of the applicant or with respect to the property as it may deem necessary to ascertain the extent of the risk.

(g) Upon accepting the application, the Directors or the said Committee shall fix the terms of payment of the premiums.

(h) Notification of acceptance shall be given as promptly as possible after acceptance, to the applicant by post or facsimile.

(i) A policy of insurance, in the form to be determined by the Directors, but in any event to be subject to these by-laws shall be issued to the Applicant within a reasonable period of time after the acceptance of his application.

(j) Subject to the satisfaction of any conditions imposed by the Company the risk shall be covered from and after 12:01 noon P.S.T. on the day agreed upon between the Applicant and the Company following the delivery of a signed application in form prescribed by the Directors to a duly authorized representative of the Company and the risk therein applied to be insured shall be covered pending issue of the policy, or until the Applicant is notified of non-acceptance by facsimile or letter addressed to the facsimile telephone number or the address shown on the application, or orally, by a duly authorized representative of the Company. All applications shall be promptly forwarded to the Directors or their duly authorized Committee who shall determine whether or not to accept or reject the same.

(k) Existing policies shall be renewed in such manner as the Directors may from time to time determine. The Directors shall upon making any variation with respect thereto forthwith notify all subsisting policy holders and any such variation shall not be brought into effect until after the elapse of fourteen days following the making thereof.

(l) The Directors may renew any policy of insurance without application being made therefor upon such terms as they shall deem reasonable but such policy shall not remain in effect for more than sixty (60) days unless the terms as to payment of the premium thereon are accepted and fulfilled within the said period of sixty (60) days.

(m) The Directors may from time to time authorize the Manager or a Committee, if special circumstances exist to accept an application for a new policy or for a renewal without compliance with the provisions of these by-laws, but such application shall not be accepted unless there shall have first been obtained a favourable report on the character of the Applicant; and any coverage of risk attaching thereby shall immediately terminate upon resolution of the Directors or a Committee upon reviewing such application or upon such longer period not exceeding 14 days as the Directors or a Committee shall determine. Before the Company is bound the applicant shall provide an adequate undertaking, that in the event of a claim or claims arising before the application is so reviewed by the Directors or a Committee, the applicant shall undertake the onus of strict proof of all facts material to such claim or claims and until so proved he shall not be entitled to payment of any such claim or claims.

## **12. Policies**

(a) The Directors shall determine from time to time, the form and wording of policies of insurance to be issued by the Company, but all policies issued shall be expressed to be subject to these by-laws in every respect.

(b) No policy of insurance of the Company shall be transferable to any person from the person to whom it is issued, except in the event of the death of such person, or in the event of such person being found to be of unsound mind, and in either event the following conditions appropriate to the circumstances shall apply, that is to say: upon the application of a widow or children (in the case of death) or the committee (in the case of a person of unsound mind), upon being satisfied that the property insured will be competently and carefully used, the Directors may authorize a transfer of the policy to the personal representative, survivor or beneficiaries entitled thereto of such deceased policy holder or to such committee upon such terms as the Directors deem reasonable.



(c) The Directors may accept an assignment of any moneys which may become payable on any claims arising under a policy of the Company in favour of any person who has an insurable interest in the property insured by such a policy. Such assignment must be in a form approved by the Directors and shall be given effect to only so long as such insurable interest of the Assignee shall continue and in an amount not in excess of such insurable interest at the date when such moneys become due and payable.

### **13. Claims**

(a) In the event of accidents whereby loss or damage may result in a claim under this policy, the policy holder, his agents and servants, shall take all reasonable measures to protect and save the property insured from further damage or loss.

(b) In the event of such an accident, notice shall be given immediately to the Company and if not in writing such notice shall be followed by written confirmation as soon as possible.

(c) Such notice shall be given prior to survey so that the Company may appoint its own surveyor if the Directors so desire. The Company shall be entitled to decide the port to which a damaged vessel shall proceed for docking and repairing (the actual additional expense arising from compliance with the Company's requirements being refunded to the member) and the Company shall also have a right of veto in connection with the place of repair or repairing firm proposed. In all such respects the Company shall act through its Directors or such person or persons authorized by the said Directors.

(d) The Directors may require any policy holder to obtain signed statements from competent persons present at the place where the damage or loss occurred or who have otherwise observed the cause of such damage or loss, the damaged property or any other material facts, to be filed with the claim of the policy holder, and unless such request is unreasonable, failure to file such statements shall relieve the Company from all liability to the policy holder with respect to the claim which they are required to substantiate.

(e) Within thirty days of the occurring of any event giving rise to any claim under any policy issued by the Company, the claimant shall file an application for claim in the form and manner prescribed by the Directors, PROVIDED, however, that the Directors may in their discretion extend the time for the filing thereof.

(f) Upon such claim being filed and upon the Directors or a Committee authorized by the Directors, receiving a report from the surveyor or surveyors, or such other person or persons as may be authorized and appointed by the Directors or said Committee, to evaluate the extent and value of the damage to or loss of the property insured, and such other reports as to the cause, nature and extent of the damage or loss as the Directors or said Committee deem necessary to determine the liability of the Company, the Directors or said Committee shall decide whether the claim for loss or damage falls within coverage of the policy and, if so, the amount of the claim which is payable under the policy. The Directors or the Committee or such other person as is authorized and appointed to act on its behalf shall notify the claimant of the decision of the Directors or said Committee.

(g) If the claimant is not willing to accept the decision of the Directors or said Committee as to coverage of the claim under the policy or the amount payable under the policy, he must within thirty (30) days or within such longer period as the Directors may in their sole discretion allow from the date of mailing of such notice communicate to the Directors in writing, his refusal to accept the same. Should the claimant fail to do so within the period referred to above, he is bound to accept the decision of the Directors or said Committee and the amount, if any, determined by the Directors or said Committee to be payable

under the policy, in full satisfaction of his claim.

(h) Within thirty (30) days after communicating his refusal to accept the decision set forth in the Directors' notice, the claimant may elect to apply for arbitration of his claim in one of the manners hereinafter provided and such election shall be final; that is to say:

1. By giving notice to the Company within such period that he desires an informal arbitration of his claim, or
2. By giving such notice within thirty (30) days that he desires arbitration of his claim in accordance with the provisions of the federal *Commercial Arbitration Act*, R.S.C. 1985, c.17 (2nd Supp.) and amendments thereto, hereinafter called formal arbitration.

(i) If the claimant fails to give notice or take proceedings for either an informal arbitration or a formal arbitration as set out above, he shall be deemed to have accepted the decision set forth in the Directors' notice and shall be estopped from claiming any sum in excess of the amount, if any, determined by the Directors or said Committee as being payable under the policy.

(j) The decision of the arbitrator, if there be only one, or of a majority of the arbitrators shall be final and conclusive and shall be binding upon the parties to the arbitration.

(k) The costs of any arbitration may be awarded against either party or divided between the parties by the Arbitrator or Arbitrators.

(l) If the claimant elects to give notice of an informal arbitration, the terms, procedure and rules of such arbitration shall be determined entirely by agreement between the claimant and such person as shall be authorized by the Directors to represent the Company, and failing such agreement they shall be determined by the Arbitrator or Arbitrators selected by the parties. PROVIDED that if the parties cannot agree upon a single arbitrator there shall be three arbitrators appointed, one by the claimant, one by the Company, and a third selected by the two arbitrators thus appointed. If the claimant elects to give notice of a formal arbitration pursuant to the federal *Commercial Arbitration Act*, R.S.C. 1985, c.17 (2nd Supp.) the provisions of that Act shall apply, each party shall appoint one arbitrator and the arbitrators shall appoint a third arbitrator who shall act as chairman. Unless otherwise agreed between the claimant and the Directors, the arbitration shall be subject to the rules of the Vancouver Maritime Arbitrators Association.

(m) No claimant or other person shall have any other remedy against the Company in any dispute regarding a claim arising out of a policy of the Company, including but not limited to disputes as to coverage or the amount payable under a policy, other than in the manner hereinbefore provided.

(n) The Directors may in their discretion at any time provide for a franchise provision or deductible clause in such amount as they see fit to be included in all policies of insurance of the Company written by the Company after the passing of said resolution and if such provision would be beneficial to the holders of any existing policy the Directors may also provide that such provision shall apply to subsisting policies of the Company.

(o) In the event that a settlement agreement is reached with respect to a claim, or an award by arbitration as hereinbefore provided is made against the Company, the amount so fixed as the liability of the Company shall become due and payable by the Company within sixty (60) days from the date of being so fixed, but shall not be paid by the Company until the policy holder has executed and delivered a full release of liability to the Company with respect to the claim to which such payment relates and such payment shall be

deemed to be payment of such claim in full satisfaction thereof.

(p) The principles of subrogation, contribution and the right to salvage shall apply to all policies of insurance of the Company.

(q) The policy holder in the event of an accident giving rise to a claim shall not prejudice any subrogation rights of the Company, shall give written notice to any parties who may be responsible for the damage or loss and shall, if necessary to protect against expiry of a limitation date for commencement of legal proceedings against third parties, commence legal proceedings in his name against the parties who may be responsible for the damage or loss.

(r) The Company, on making any payment or assuming liability therefor for a claim under a policy shall be subrogated to all rights of recovery of the policy holder against any person, may bring action in his name to enforce those rights, shall have control of the legal proceedings and may appoint solicitors to bring such action in the name of the policy holder.

(s) The Company, in the event that it exercises its right of subrogation, shall be entitled to retain the net proceeds, calculated after deduction of legal fees and expenses incurred by the Company, of any recovery for loss or damage to an insured vessel whether by settlement or judgment, provided that any amount recovered in excess of that sufficient to provide a complete indemnity to the Company for the amount paid out under its policy and its legal costs and expenses of the subrogation proceedings shall be paid to the policy holder.

(t) Subject to by-laws 13(s) and 13(t) if the policy holder has sustained loss or damage arising from an incident giving rise to his claim under a policy of a nature different from the subject matter insured, such as loss of income or personal injuries, the Company, should it exercise its right of subrogation by commencement of legal proceedings, may at the request of the policy holder but in the sole discretion of the Company include a claim for such uninsured loss or damage in the proceedings, PROVIDED that the policy holder agrees to bear his proportion of the legal fees and expenses incurred with the approval of the Company in the proportion that the uninsured loss or damage claimed bears to the total claim, regardless of whether any recovery is obtained by way of legal proceedings or settlement from third parties. Where the net amount recovered by way of legal proceedings or on settlement is, after deduction of the legal fees and expenses of the recovery approved by the Company insufficient to provide a complete indemnity for the loss or damage suffered, the amount remaining shall be divided between the Company and the policy holder as follows:

(i) In the event that the matter proceeds to trial, in the proportion that the loss or damage proven at trial and borne respectively by the Company and the policy holder bears to the total amount of the loss or damage proven.

(ii) In the event of settlement, as agreed between the Company and the policy holder or, failing agreement, by arbitration.

(u) The policy holder in the event of subrogation proceedings being taken shall cooperate fully with the Company, providing all documents relating thereto, attending to give oral evidence, signing releases and generally providing such assistance as the Company may from time to time reasonably require.

#### **14. Reinsurance**

(a) Subject to the provisions of the Financial Institutions Act, the Directors of the Compa-

ny may make such provision as they see fit on behalf of the Company to reinsure its liability under, or interest in, a lawful contract.

(b) The Directors may, notwithstanding any other provision of these by-laws, alter the terms of any policy of insurance of the Company before issuance thereof, or with the written consent of the Insurer after the issuance thereof, to conform with the requirements of the Reinsurer or Co-Insurer of any risk to be or already underwritten by the Company in order to obtain the most reasonable rate or premium upon such reinsurance or co-insurance.

(c) The Directors may enter into a contract of reinsurance with respect to any risk underwritten or to be underwritten by the Company covering part only of the liability undertaken by the Company with respect to such risk.

## **15. Disputes**

(a) Any dispute arising out of the affairs of the Company between a member or shareholder thereof, or any person aggrieved who at any time has been a member or shareholder of the Company, or any person claiming through such member or person aggrieved, and the Company or any Director thereof with respect to the interpretation and/or application of these by-laws, any dispute arising out of a claim made under a policy of insurance of the Company and any other claim whatsoever made by a member or shareholder against the Company or a Director thereof, shall be determined by arbitration.

(b) In the case of a dispute arising out of a claim made under a policy of insurance of the Company, the arbitration provisions contained in by-law 13(h) - 13(m) and by-law 13(o) shall apply. Arbitration of all other disputes shall be conducted either by informal arbitration or in accordance with the British Columbia *Commercial Arbitration Act*, R.S.B.C. 1996, c.55 (hereinafter called formal arbitration). The person seeking arbitration may by notice in writing to the Company elect either informal or formal arbitration. If informal arbitration is elected, the terms, procedure and rules of such arbitration shall be determined entirely by agreement between the person electing arbitration and such person as shall be authorized by the Directors to represent the Company, and failing such agreement they shall be determined by the Arbitrator or Arbitrators selected by the parties. Provided that if the parties cannot agree upon a single arbitrator there shall be three arbitrators appointed, one by the party electing informal arbitration, one by the Company, and a third selected by the two arbitrators thus appointed. If formal arbitration is elected, the provisions of the British Columbia *Commercial Arbitration Act* apply. Each party shall in the absence of agreement on a single arbitrator appoint one arbitrator and the two arbitrators so appointed shall appoint a third arbitrator who shall act as chairman.

(c) The decision of a majority of the arbitrators shall be final and conclusive and shall be binding upon the parties to the arbitration.

(d) Any person seeking arbitration who is not at the time of seeking the same a member or shareholder of the Company, may be required by the arbitrators upon the application of any other party, to put up security for the costs of such arbitration in a sum not in excess of \$1,000 and until such security is provided, arbitration proceedings shall be stayed.

## **16. Notices**

(a) Any notice required to be given by the Incorporation Act or these by-laws or given in pursuance hereof shall be in writing and shall be deemed to have been given by the Company to any member, or shareholder either personally or by sending it by post to his address as shown on the Company's register of members and shareholders, or to his last

known address: PROVIDED always that where it is more expedient to give such notice by facsimile, notice so given shall be deemed to have been given when a facsimile is sent to the last known facsimile number of such member or shareholder or his agent or servant.

(b) Any notice required or permitted to be given by the Incorporation Act or these by-laws to the Company or the Directors, shall be deemed to have been given if in writing or by facsimile addressed to the Company at its head office.

(c) Any purely accidental omission to send, or error in sending a notice of any meeting either of the Company or of the Directors affecting not more than 2% of the persons to whom notice ought to have been sent shall not invalidate the meeting held in pursuance of such notice nor the proceedings and resolutions taken and passed thereat.

#### **17. The Seal**

(a) The Company shall have a seal, to be obtained by the Directors on which the name of the Company shall be clearly set up.

(b) Any two of the President, Vice-President, Secretary, Treasurer and Directors shall sign all certificates of stock and all policies of the Company and all deeds, documents and other instruments requiring execution by the Company whether under seal or otherwise unless otherwise provided by resolution of the Directors.

#### **18. Alteration of By-Laws**

These by-laws may be altered, amended or added to by Special Resolution which is a resolution passed by a majority of not less than three-fourths of such members of the Company as being entitled so to do, vote in person or, where proxies are allowed, by proxy at a General Meeting of the Company of which such notice as the by-laws provide and not being less than twenty-one days specifying the intention to propose a resolution as a special resolution has been duly given.