



CORPORATE GOVERNANCE GUIDELINES

These Corporate Governance Guidelines have been adopted by the Board and aim to achieve best practices in corporate governance. They take into account developments in public company practices and our obligations to policyholders, Members and government.

Board of Directors

All directors, except the President & CEO, are independent of the Corporation, as they have no material relationship or interest in the Corporation. The President & CEO is a non-independent director. As an employee and an executive officer, he has a material relationship with the Corporation.

At the beginning of each board year the Board elects one of the independent directors as Chair.

At each meeting of the Board and its committees, the independent directors hold a closed session without management of the Corporation present.

As required by our By-Law, all directors are also independent of our Members.

Role of the Board

The Board of Directors is responsible for the stewardship of the Corporation and for the supervision of the management of the business and affairs of the Corporation. The Board has adopted a written description of its role.

The Board will ensure that the Corporation is managed effectively and efficiently in a manner consistent with its vision, mission, values and objectives.

Position Descriptions

The Chair of the Board is responsible for providing leadership to the Board in effectively carrying out its responsibilities. The Board has approved a written position description for the Chair of Board.

The Chair of each committee is responsible for providing leadership to that committee in effectively carrying out its responsibilities as described in its mandate. The Board has approved a written position description for the Chairs of the committees.

The President & CEO is responsible for providing leadership to the Corporation in fulfilling its vision, mission, values and objectives. The Board has approved a written job description for the President & CEO.

Director Orientation and Continuing Education

New directors receive an orientation session with management. The session covers the strategic direction of the Corporation and an overview of each operational area.

All directors participate in education sessions held during the year. Presentations are on various current topics which may impact the Corporation's strategic direction and operations.

Confidentiality

The Corporation receives non public information from both Members and Regulators. This information and the Assuris analysis of Members information is kept confidential.

Directors and employees must sign a confidentiality agreement.

The Board has adopted practices on confidentiality that apply to all directors and employees of the Corporation.

Directors and employees must reconfirm annually that they have read the confidentiality guidelines and understand their duties of confidentiality to Assuris.

Independence

The Corporation must maintain independence from our Members so that we can apply unbiased judgment in our discussions and decisions about them.

The Board has adopted practices on independence that apply to all directors and employees of the Corporation.

Conflicts of Interest – Personal Gain

Directors and employees must not use their position at Assuris or information obtained from Assuris for personal gain.

The Board has adopted practices on investments in Members to ensure that directors and employees cannot use information obtained at Assuris for personal gain.

The Board has adopted practices on normal course consumer products issued by Members to ensure that directors and employees cannot use information obtained at Assuris for personal gain.

The Board has also adopted practices to identify all parties that are related to directors and employees. Any transactions with those related parties are identified, reviewed and reported to the Corporate Governance Committee.

If a director has a conflict of interest with respect to a transaction or with any other matter being considered, the director involved is excluded from all discussions and decisions related to that matter.

Compensation of Directors

The Corporate Governance Committee reviews the compensation of directors. The Committee, after consultation with the Industry Advisory Committee, recommends compensation to the Board. The Committee engages consultants to review compensation of directors to ensure that compensation is appropriate based on responsibilities and risks involved in being a director of the Corporation.

Nomination of Directors

The Board is responsible for ensuring that it is composed of directors with appropriate skills, competencies and experience. Each year, the Board recommends to our Members candidates for election to the Board at the Annual General Meeting.

Committees of the Board

There are six committees of the Board: Detection & Resolution, Communications & Coverage, Audit, Corporate Governance, Human Resource and Nominating. Each committee has a written mandate approved by the Board that sets out the responsibilities of the committee. The mandate is annually reviewed by the committee and then approved by the Board. The Board annually approves membership of the committees.

Detection & Resolution Committee

The Detection & Resolution Committee is responsible for recommending appropriate policies to the Board that require management to:

- implement and maintain systems for identifying solvency risks in companies,
- analyze and plan the various methods of resolution,
- safeguard the confidentiality of information,
- consider environmental changes and industry-wide risks, and
- influence changes in legislation, regulations, guidelines and standards.

The Committee will provide advice to management and report to the Board on the effectiveness of management's practices in ensuring the successful implementation of the policies. The Committee has adopted a written mandate.

Communications & Coverage Committee

The Communications & Coverage Committee is responsible for recommending appropriate policies to the Board that require management to:

- maintain policyholder coverage that is adequate, in both quantity and scope,

- tailor our coverage communication to the level of policyholder concern about loss of benefits,
- build and maintain relationships, credibility and stewardship, with members to inform them on Assuris initiatives and to influence them to support issues that are important to Assuris,
- maintain strong relationships with both solvency and market conduct regulators,
- advocate with the Department of Finance to seek reforms on the *Winding-up and Restructuring Act*,
- establish strong relationship with other protection plans in Canada, and
- establish strong relationship with domestic and international insurance guarantee schemes.

The Committee will provide advice to management and report to the Board on the effectiveness of management's practices in ensuring the successful implementation of the policies. The Committee has adopted a written mandate.

Audit Committee

The Audit Committee is responsible for overseeing the quality, timeliness and integrity of the Corporation's financial reporting and directly overseeing the work of the external auditor.

The Committee is also responsible for recommending appropriate policies to the Board that require management to:

- prepare accurate financial reports
- maintain appropriate internal controls, and
- maintain appropriate risk management.

The Committee will provide advice to management and report to the Board on the effectiveness of management's practices in ensuring the successful implementation of the policies.

All members of the Committee, composed of independent directors, are financially literate. The Committee has adopted a written mandate.

Corporate Governance Committee

The Corporate Governance Committee is responsible for recommending appropriate guidelines to the Board to:

- ensure the effectiveness of the Board, committees of the Board, and of individual directors, and
- ensure compliance with the Corporate Governance Guidelines.

The Committee has adopted a written mandate.

Human Resource Committee

The Human Resource Committee is responsible for recommending appropriate policies to the Board that require management to:

- maintain appropriate compensation and benefits,
- maintain appropriate human resource practices (employee evaluation, harassment, professional development), and
- ensure succession planning for key executive positions.

The Committee will provide advice to management and report to the Board on the effectiveness of management's practices in ensuring the successful implementation of the policies.

The Human Resource Committee is composed of independent directors. The Committee engages consultants to review the compensation of the executives to ensure that their compensation is appropriate. The Committee has adopted a written mandate.

Nominating Committee

The Nominating Committee is responsible for recommending to the Board:

- suitable candidates for election to the Board, and
- suitable candidates for election to the Industry Advisory Committee.

The Nominating Committee is composed of independent directors. The Committee has adopted a written mandate.

Evaluations

The Board determines the competencies required of an effective director. The appropriateness of the competencies is reviewed periodically by the Corporate Governance Committee.

The Board annually conducts a peer evaluation to assess the effectiveness of each director. An external consultant compiles the results to ensure confidentiality. The Chair of the Board receives a summary of each director's results. Each director receives a summary of their own results and the average score for the entire Board. The Chair of the Board discusses the overall results with the Board and may meet with individual directors to discuss the results of their evaluation.

The Board annually conducts a survey to measure its own effectiveness.

Reporting

Annually, each Committee:

reviews its performance against its mandate and reports the results to the Board and if appropriate recommends the Board approve changes to its mandate.

Annually, the Board:

- reviews the performance of each committee against its mandate and approves changes to the mandates.
- reviews its performance against the Role of the Board of Directors.
- reviews its role and if appropriate approves changes to the Role of the Board of Directors.
- receives a report from the Corporate Governance Committee on compliance with these guidelines.

Our Guidelines and Practices

The guidelines are consistent with the Canadian Securities Administrators (CSA) guidelines on Corporate Governance Practices and the Office of the Superintendent of Financial Services' Corporate Governance Guideline.

The Board has adopted practices which outline how to implement these guidelines.

Assuris will disclose the compliance with these guidelines in the annual report to Members.