

PARTICIPATION AGREEMENT

BETWEEN:

INSURANCE BROKERS' ASSOCIATION OF MANITOBA, INC.

(**"IBAM"**),

- and -

WHEREAS IBAM and its members believe that public interest is best served by ensuring that independent insurance brokers remain the primary provider of insurance brokerage services in Manitoba;

AND WHEREAS IBAM and each Member Brokerage (as hereinafter defined) previously entered into a participation agreement on or around April, 2008;

AND WHEREAS Manitoba Public Insurance Corporation ("**MPI**") and IBAM previously negotiated that certain MPI-IBAM Agreement on Broker Compensation (2008), as amended by that certain Amending Agreement dated as of July, 2012;

AND WHEREAS MPI has presented an opportunity to IBAM to negotiate a new MPI-IBAM Agreement on Broker Compensation (a "**Brokerage Representation Agreement**") on behalf of insurance brokerages operated by its voting members (each a "**Member Brokerage**");

AND WHEREAS the Member Brokerages and IBAM view this as a beneficial arrangement to maximize the bargaining potential of Member Brokerages, with potential long-term benefits for participants in the industry;

AND WHEREAS the undersigned, and other Member Brokerages who execute a counterpart of this Participation Agreement to the satisfaction of the IBAM Board of Directors (each a "**Participating Brokerage**"), wish to confirm the terms and conditions of IBAM's authority to negotiate collectively on their behalf.

THE PARTIES THEREFORE AGREE AS FOLLOWS:

1. Each Participating Brokerage hereby irrevocably authorizes and consents to IBAM's representation of the Member Brokerages to negotiate with MPI the terms and conditions of a Brokerage Representation Agreement, and hereby authorizes IBAM to appoint a committee (the "**Committee**"), comprised of the CEO of IBAM, elected IBAM Directors and non-director volunteers appointed and approved by the Directors, to negotiate the terms and conditions of a Brokerage Representation Agreement on its behalf with MPI. This authorization shall be irrevocable throughout the period of negotiations between IBAM, the Committee and MPI, and for greater certainty, shall be irrevocable up to and including the date of the secret ballot vote to approve any final Brokerage Representation Agreement put to Participating Brokerages by the Committee.

2. Each Participating Brokerage acknowledges and agrees that IBAM shall represent all Member Brokerages in the negotiation of a Brokerage Representation Agreement, and not just the undersigned Participating Brokerage. Each Participating Brokerage executing this Agreement acknowledges that other Member Brokerages will execute similar agreements with IBAM, with the effect that IBAM will negotiate collectively for Member Brokerages who become Participating Brokerages hereunder.

3. Each Participating Brokerage acknowledges and agrees that the Committee shall have a mandate to negotiate the best terms and conditions it may achieve in the negotiations, which shall include but are not limited to terms or conditions covering the following subject matters:

- a. Commissions and other compensation;
- b. Duration of agreement;
- c. Renewal periods for individual policies; and
- d. Driver and vehicle licensing and other non-insurance based services, and compensation with respect to the same.

4. Participating Brokerages shall have rights in relation to the MPI negotiations as follows:

- a. To be consulted during the process of preparing for bargaining, including the subject matter of proposals and positions;
- b. To be informed of the status of negotiations from time to time, as determined at the discretion of the Committee, acting reasonably; and
- c. To participate in a secret ballot vote to approve any final Brokerage Representation Agreement put to Participating Brokerages by the Committee, after reasonable notice and opportunity to be consulted on its terms and conditions.

5. Each Participating Brokerage acknowledges and agrees that it shall be bound by the terms and conditions of the Brokerage Representation Agreement upon approval by a two-thirds majority of Participating Brokerages who cast a ballot in a secret ballot vote (an “**Approved Vote**”). Eligibility to vote in such ballot shall be limited to Participating Brokerages, who shall have one vote for each location which is authorized by contract with MPI to distribute its insurance products.

6. The determination of eligibility of a Member Brokerage to become a Participating Brokerage, and any Participating Brokerage's entitlement to vote(s) in the secret ballot, shall be solely determined by the IBAM Board of Directors.

7. Upon an Approved Vote, each Participating Brokerage hereby authorizes and consents to the execution of a Brokerage Representation Agreement by IBAM on behalf of all Member Brokerages. Upon an Approved Vote, each Brokerage will independently execute its own Autopac Agency Agreement with MPI.

8. In the event that Participating Brokerages approve a Brokerage Representation Agreement with MPI, this Participation Agreement shall be in effect until expiry of that Brokerage Representation Agreement. Any Participating Brokerage may withdraw its participation by

providing written notice to IBAM during the last ninety (90) days of the Brokerage Representation Agreement with MPI. Otherwise, each Participating Brokerage shall be deemed to continue its participation and authorize IBAM to conduct negotiations for renewal or revision of the Brokerage Representation Agreement on its behalf.

9. Each Participating Brokerage hereby acknowledges having been given an opportunity to seek independent legal advice and other professional advice with respect to the preparation and execution of this Agreement, and confirms that it has either obtained such independent legal or professional advice as it considers necessary or has declined to obtain such advice, represents and warrants that it understands all of the terms hereof and confirms that this Agreement is binding on the undersigned and is enforceable within its terms. Each Participating Brokerage unconditionally agrees that it will not assert as a defence in any action in respect of this Agreement that it acted without independent legal or other professional advice.

10. Each Participating Brokerage acknowledges and agrees that IBAM provides the services described herein for the mutual benefit of the Participating Brokerages and Member Brokerages. IBAM does not conduct its own review or due diligence concerning the qualifications of other participants, but instead relies on the representations made by other participants that they will observe and abide by all policies and procedures established by IBAM, the Committee and MPI. Except for the negligence of IBAM or the Committee, the entire liability of IBAM to the Participating Brokerages and the Member Brokerages is limited to the sum of one dollar (\$1.00), and in no event shall IBAM or the Committee, as applicable, be liable for any special, indirect, or consequential loss, including lost revenues, opportunities, or profits of any Participating Brokerage or Member Brokerage. No statement, oral or written, given by IBAM or the Committee, any employee of IBAM, other person working on behalf of IBAM or any other Committee member will create a warranty, nor may the Participating Brokerage, Member Brokerage or other person rely on any such statement for any purpose.

11. This Agreement may be executed in several counterparts, each of which when so executed shall be deemed to be an original and such counterparts together shall constitute one and the same instrument and, notwithstanding the date of execution, shall be deemed to bear date as of the date written at the beginning of this Agreement. Counterpart signature pages to this Agreement transmitted by facsimile transmission, by electronic mail in "portable document format" (".pdf") form, or by any other electronic means intended to preserve the original graphic and pictorial appearance of a document, will have the same effect as physical delivery of the paper document bearing an original signature.

[Signature page follows]

SIGNED this day of _____, 2018.

[PARTICIPATING BROKERAGE]

per:

I have the authority to bind the Participating
Brokerage named herein

**INSURANCE BROKERS'
ASSOCIATION OF MANITOBA, INC.**

per:

I have the authority to bind the Corporation