August 17, 2026

POLICYHOLDERS OF

KENT & ESSEX MUTUAL INSURANCE COMPANY ("K&E")

& MAPLE MUTUAL INSURANCE COMPANY ("Maple")

PROPOSAL TO *BECOME ONE*

The respective Boards of Directors of K&E and Maple have proposed *Becoming One*, on or about January 1, 2027, as the Kent Essex Maple Mutual Insurance Company, which will also be known as KEM Mutual, through a formal Amalgamation Agreement.

The necessary due diligence has been undertaken, and both Boards agree the amalgamation will be of net benefit to applicable policyholders, staff, agents, brokers, and communities served.

The plan to *Become One* must be approved by the respective policyholders of K&E and Maple, the Financial Services Regulatory Authority (FSRA) of Ontario, and certain industry partners. As a valued policyholder, you will have the opportunity to vote FOR or AGAINST the AMALGAMATION AGREEMENT and BY-LAW 1 – 2027 at each company's Special General Meeting, as referenced in the NOTICE. Both the AGREEMENT and BY-LAW along with additional information including a frequently asked questions (FAQ) document are available for your review on K&E and Maple's websites at *kemutual.com* and *maplemutual.com*. Copies can also be obtained at K&E and Maple's offices during regular business hours. The purpose of this document is to give policyholders – who are the 'Members' of the companies – additional information regarding the respective Boards' decision to pursue amalgamation.

IMPACT ON YOU

If approved, on January 1, 2027 there will be no direct impact on your policies, coverage, rates, ongoing claims, ability to initiate a claim, payment methods, or your agent, broker, or company contacts. Existing contact information will remain functional for at least 12 months as we work to harmonize the proposed KEM Mutual. Changes to any of these items will be communicated well in advance to you, to ensure you are well informed.

Communications with you will continue primarily through your agent, broker, or company contact and through individual mailings to you, as happens today. Annual results and broader issues will be communicated at Annual General Meetings. KEM Mutual will continue as a mutual insurance company – owned by its Members. KEM Mutual will continue to invest in the community and, where approved by its Board, issue returns of surplus to the Members.

There will be some subtle changes following January 1, 2027 such as the launch of a new website, which will also be automatically redirected from both the K&E and Maple websites, and new front cover declaration pages on policies issued as of January 1, 2027 pointing to the Kent Essex Maple Mutual Insurance Company. Otherwise, our goal is to maintain things as they are for policyholders while making careful, planned steps towards fully integrating operations of the two entities by December 31, 2029.

We also remain committed to the fair treatment of policyholders in every aspect of business conduct. More specifically, we are and will continue working hard to ensure the new KEM Mutual has a strong, policyholder-centric culture which continues to value the long-term relationships established by K&E and Maple. This is essential to our collective success as a mutual insurer in Ontario.

SUMMARY BUSINESS PLAN

We are pleased to provide additional information herein to help you understand the reasons behind our plan to bring K&E and Maple together into a new entity, the Kent Essex Maple Mutual Insurance Company.

First and foremost are our common values. The following organizational values were derived from all staff, agents, and directors of both K&E and Maple Mutuals earlier this year:

- Integrity Driven
- Collaborative, Team Oriented & Community Focused
- Caring, Respectful & Customer Centric
- Accountable in the pursuit of Innovation, Stability & Excellence

These values form the bedrock of our proposal to *Become One.* We believe executing on this plan will enable the Kent Essex Maple Mutual Insurance Company to thrive, while remaining accountable to policyholders. This starts with an anticipated Minimum Capital Test ratio of 447% as of January 1, 2027, and an unappropriated, combined policyholder surplus slightly in excess of $117M. In less technical terms, the combined KEM Mutual will have substantially better reserves available to pay claims when needed. This helps protect policyholders.

We also see investments in people, processes, data, and technology at the forefront of our efforts, guided by an initial thirteen (13) continuing, experienced directors, and a highly capable

President & CEO from the existing K&E Mutual. Additional supports come in various shapes and sizes, starting with a capable executive leadership team, management teams, skilled and capable staff complements, experienced agents and broker partners, and top tier third party advisors helping to ensure success along the way. The new Board will operate primarily as a policy board with the following Board Committees:

- Governance, Conduct Review & Nominating
- Audit & Finance
- Risk & Compliance
- Investment
- Executive

Risks & Mitigations in *Becoming One*
The Boards of each company believe this proposal is in the best interests of each company, its policyholders, staff, agents, brokers, and the greater communities served. Every new venture comes with risks, even when building from long-standing mutual insurers. The Boards are mindful of these risks, and the need to mitigate those risks, which include:

- <u>Geographic Concentration:</u> The proposed KEM Mutual will have significant concentration in Chatham-Kent, and the Windsor-Essex area. We see this is both a risk, and an opportunity. As a risk, there is the potential for concentrated claims within our 'home market' if you will. To help mitigate against such risk, KEM Mutual is planning on significant investments in data analytics, helping better assess potential policyholder risks, and enable proactive loss control measures. We see this as a service to the communities we serve, and policyholders. The best risks are those which don't lead to an unnecessary claim. Additionally, recognizing all risks cannot be avoided, we are also planning on diversifying our coverage territories as both K&E and Maple had already started to do.

- <u>Integration:</u> Integration risk is always a concern when bringing two legacy entities together. In this case, Maple has a significant opportunity to refine its own internal processes and systems collaboratively with K&E as part of the proposed KEM Mutual. This essentially turns what would normally be a risk into an opportunity for improvement, integration, and better service to policyholders. This is proposed to start with documenting processes in line with current operational procedures and mapping these to K&E's significant systems capabilities. This work is set to begin later in Q3 of 2026, as appropriate support resources are put in place at Maple. Training and development of legacy Maple staff and agents in effectively utilizing updated processes and then shifting to upgraded KEM Mutual systems for the longer term will be an important step as well. This will be a significant task and is expected to take most if not all of 2027 and 2028, in parallel with the Guidewire Cloud migration on the legacy K&E side.

- Clarity of Channel Choice: There will be an opportunity to provide clarity of consumer channel choice in accessing KEM Mutual insurance products and services, and to avoid any potential confusion with policyholders in the process. Our plan is to offer consumers their own choice of how they wish to access our products and service, with common pricing across channels as we harmonize following integration.
- Lack of Appeal to Younger Consumers: A risk to any mutual insurer in Ontario is not being seen as relevant or up to date in the eyes of more tech savvy consumers. We aim to mitigate against this by offering better options for newer generations, and all generations who wish to be served differently. This will take time, but we see the need to invest in being better able to meet current and future policyholder expectations with respect to speed, quality, and convenience.
- Inefficiencies: The costs of running a mutual insurance company, like running a household, farm, or small business in Ontario are significant, and climbing. We see *Becoming One* as a great opportunity to help reign in at least some of these costs by becoming more efficient. In doing so, our goal is help keep the cost of insurance to you, our policyholder down to the extent we can while remaining relevant in the marketplace now, and for the future.
- Catastrophic Claims Event(s): Catastrophic ("CAT") claims events are a risk of doing business in property & casualty insurance. This is where a series of mitigations come into play. Despite strong working relationships both companies have developed with local property restoration contractors, over several years, there is a risk those firms may not have capacity to take on a significant volume of KEM claims after a local, catastrophic weather event. By *Becoming One*, and combining the existing talent, more staff property adjusters will be available during busy claim intake periods.

Additional risks are always possible. We plan on tracking and mitigating these risks on an ongoing basis as we move forward. This is essential to our collective success, and a responsibility to you, our policyholder, tied back to Canadian Counsel of Insurance Regulators (CCIR) guidance on the topic.

The following are what we anticipate as the primary benefits of *Becoming One.*

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Benefits in *Becoming One*

- Elevated Claims Service: The combination of claims capabilities in the new KEM Mutual will serve to significantly elevate the level of expertise brought to bear on behalf of you, the policyholder. This is based on the opportunity for further develop claims expertise at Maple, coupled with an increased proximity to local customers for both legacy entities. The new KEM Mutual plans on being highly effective in claims management and differentiating in this service area, while being increasingly diligent in the face of 'bad actors' attempting to perpetuate fraud, or similar.
- Expanded Availability: As a result of being a larger entity, KEM Mutual will be able to expand its offerings geographically through well established, partner brokerages in areas where neither entity offers coverages today. This expanded territory coverage will also enable KEM Mutual to move with you, our policyholder more frequently, should you move to a KEM Mutual coverage area in Ontario.
- Product, Pricing and Service Improvements: The capacity to invest in and deliver improved product offerings is a benefit of scale the proposed KEM Mutual will achieve. As we are able to integrate our systems, pricing will be normalized across lines of business and geographies, with prices aligned across all distribution channels not later than December 31, 2029. We also see improved 'pricing resilience' to you, our policyholder resulting from efficiency gains over time. We further anticipate the new KEM Mutual adding enhanced digital services for policyholders comfortable with technology, to enhance service delivery by agents and brokers alike.
- Enhanced Capabilities & Employment Opportunities: Creating a larger mutual in Southwestern Ontario offers the opportunity to bring more advanced, and specialized roles to KEM Mutual - in support of you, our policyholder. This in turn helps deliver rewarding, professional roles in Chatham-Kent and beyond. We see this as a fundamental part of our contribution to the communities we serve. The new KEM Mutual will also be a strong supporter of advanced, insurance related learning and professional development. In turn, this support aids local college and university programs able to support these activities.
- Local and Vocal: We see a great opportunity to build the new KEM Mutual brand alongside community investments beyond what happens at either K&E or Maple today. We plan on leveraging this brand recognition in support of local resilience building efforts, helping further educate you, our policyholder on how you can be better prepared to withstand climate and other potential perils.

- Greater Financial Strength & Stability: The new KEM Mutual will achieve greater financial stability due to substantially increased reserves, and therefore a stronger capital base to protect you, our policyholder. This stronger financial position will improve claims coverage stability for policyholders while helping even out financial fluctuations from operations and investment returns, which can vary from year to year. Reduced solvency risk and longer-term security to policyholders are also positive, anticipated outcomes of the *Becoming One* business plan. Additionally, the new KEM Mutual will have a greater ability to diversify its investment portfolio, thereby adding to its underlying financial stability, while reducing investment costs as a percentage of assets.
- More Capacity: The combined entity will have an increased capacity to handle higher value exposures, helping ensure coverages keep pace with increasing values where these exist. In turn, this means being able to better serve you as your business, farm, or property increases in value, thereby not necessarily having to transition to other carriers, many of whom send their profits outside our communities. The new KEM Mutual will be a strong supporter of building Ontario stronger, helping better manage your risks with a partner you can rely on.

Overall

We hope this information gives you, as a valued policyholder a better understanding of what *Becoming One* means for you in the proposed KEM Mutual. We never take your choice of choosing us for granted. We believe this proposal is in the best interests of our policyholders, helping us serve you better in the longer term, and acting prudently in the face of the changing conditions within which we operate. We are also hopeful the Kent Essex Maple Mutual Insurance name remains familiar to you, whether through your agent or broker.

Thank you for your consideration and should you have any questions on what you are being asked to vote on arising from this Policyholder Information Package please see kemutual.com, maplemutual.com, reach out to your agent, broker, or company contact, or email us at:

- Kent & Essex Policyholders: *info@kemutual.com*
- Maple Policyholders: *support@maplemutual.com*

We look forward to enhancing your policyholder experience.