



SMI CENTENNIAL CHARITABLE DONATION PROGRAM

While SMI exists to provide peace of mind to its policyholders through quality insurance products at reasonable prices, as a responsible corporate citizen it is important to put something back into the communities we do business in. To continue to promote our business partnerships with our independent brokers in Alberta, Saskatchewan and Manitoba, SMI will introduce a five-year charitable donation program beginning January 1, 2008 and ending December 31, 2012. A pool of funds not to exceed \$250,000 over five years will be distributed through our independent broker network based on specific criteria. Each year, the top ten eligible brokers will chose a charity of their choice to which SMI will distribute \$5,000. The charities must fit into the following categories: Disaster Funds, Hospitals, Health, Education, Schools, Cultural Activities and Promotion of the Arts, Libraries, Museums and other Repositories, Preservation of Sites, Beauty and Historical, Community, Protection of Animals, Recreation, Playgrounds and Vacation Camps, Sports Centers and Amateur Athletic Associations. The Charity must be registered with Canada Revenue Agency (CRA) and must have a charitable registration number. A list of Registered Charities that fall into the above categories can be found at CRA's website: www.cra-arc.gc.ca/tax/charities/online_listings/canreg_interim-e.html.

The eligibility requirements may be different from one year to the next based on SMI's strategic plan for that particular year. Our main focus in 2008 will be to make a profit so that SMI remains strong in the years to come. Our next focus will be to continue to grow in the commercial lines class and as always we will continue to support those brokers who are willing to make an effort to work in partnership with SMI.

Eligibility for 2008:

SMI brokers are eligible for this program based on the following criteria:

- Loss Ratio for 2008 must not exceed 30%, and
- Increase in direct written premiums for 2008 in the commercial line of business must exceed 10%, and
- SMI minimum volume requirements must be exceeded.

If more than ten brokers meet the eligibility requirements for 2008, those ten brokers with the lowest loss ratios will be chosen.

SMI will notify its brokerage force who the eligible brokers are by February 1, 2009. The chosen brokers must provide SMI with the name of their charity, address and registration number by October 1st. SMI will administer the program by issuing a cheque directly to the charities that are chosen. The chosen charities will be contacted to see how SMI and the broker name might be recognized locally.

This program will not impact the current cost-share arrangements already established.