

Form 45-106 F2
AMENDED AND RESTATED OFFERING MEMORANDUM FOR NON-QUALIFYING ISSUERS

This Amended and Restated Offering Memorandum amends and restates the Offering Memorandum of DS Insurance Corporation dated August 1, 2014

Date: April 1, 2017

The Issuer

Name: DS Insurance Corporation ("**DSI**" or the "**Company**")

Head Office: **Address:** Orena, St. Lawrence Main Road, Christ Church,
BB 15029, Barbados

Tel: 246-418-9768

Fax: 246-418-0246

E-mail: Chrisevans@cge.bb

Currently listed or quoted? **These securities do not trade on any exchange or market.**

Reporting Issuer? No

SEDAR filer? No

The Offering

Capital Structure The Company is authorized to issue up to 500 classes (each, a "**Class**" and collectively, "**Classes**") of common shares ("**Common Shares**"). Each Class is divided into 100 Common Shares. The Common Shares of a Class will be issued to only one subscriber and each subscriber will subscribe for all 100 Common Shares of a Class. The particular Class to be issued to a subscriber will be designated by the Company in its sole discretion at the time it accepts the subscription. The Common Shares of all Classes, other than Class 1 Common Shares, are the same, but the board of directors (the "**Board**") will exercise its discretion as to the declaration and payment of dividends on a Class-by-Class basis in the manner described in this Offering Memorandum at Section 4.1 – "Share Capital" under Item 4: Capital Structure.

Securities offered: Common Shares of Classes 2 through 500 (each, an "**Offered Share**" and collectively, "**Offered Shares**") are offered pursuant to this offering ("**Offering**"), which particular Class shall be designated anywhere from Class 2 through 500, inclusive, by the Company in its sole and absolute discretion.

Price per security: Cdn\$100 per Offered Share.

Minimum/Maximum offering: **There is no minimum Offering.** The Company has sufficient capital to achieve its business objectives. Accordingly, the Company may discontinue the Offering at any time. The Offering will allow the Company to expand its business up to the maximum Offering of Cdn\$5,000,000. The Offering is being conducted on an ongoing basis. See Item 4.3 – Prior Sales.

Minimum subscription amount: Cdn\$10,000 (a subscriber is required to purchase all 100 Offered Shares of a Class at a price per Offered Share of Cdn\$100).

Terms of the Offering Offered Shares are offered only to Dealers or Associates of the Dealers.

Subscription procedure:	Each Certified Purchaser who wishes to purchase the Offered Shares must deliver to the Company the following: (i) an executed copy of the Subscription Agreement; (ii) a certified or cashier's cheque in the amount of the purchase price of the Offered Shares; and (iii) an executed copy of the Eligibility Certificate.
Proposed closing date(s):	This is a continuous offering.
Selling agent:	Not applicable.
Resale restrictions	You will be restricted from selling your Offered Shares for an indefinite period and all transfers of Common Shares are restricted by the By-Laws (as defined hereinafter). See Item 10 – Resale Restrictions.
Purchaser's rights	You have 2 business days to cancel your agreement to purchase these securities. If there is a misrepresentation in this Offering Memorandum, you have the right to sue either for damages or to cancel the agreement. See Item 11 – Purchaser's Rights.

No securities regulatory authority or regulator has assessed the merits of these securities or reviewed this Offering Memorandum. Any representation to the contrary is an offence. This is a risky investment. See Item 8 – Risk Factors.

Disclaimers

This Offering Memorandum is issued in connection with the distribution by the Company of the Offered Shares pursuant to offers to persons in the Qualifying Jurisdictions (as defined hereinafter). This Offering Memorandum is limited to the specific persons to whom it is addressed, each of whom is a Dealer or Associate of the Dealer (as defined hereinafter) and only Certified Purchasers (as defined hereinafter) are authorized to purchase the Offered Shares.

The Offering is being made with reliance on certain exemptions from the prospectus filing requirements available under the securities laws of all of the Provinces and Territories of Canada (the “**Qualifying Jurisdictions**”). As a result, the securities offered herein will not be listed on any stock exchange and will be subject to the applicable resale and transfer restrictions under these laws. These securities will not be offered for sale in the United States of America. These securities are not “deposits” within the meaning of the *Canada Deposit Insurance Corporation Act* (Canada) and are not insured under that Act or any other legislation.

Subscriptions will be received subject to rejection or allotment, in whole or in part, and the right is reserved to close the subscription books at any time without notice. The first closing of this Offering shall take place when the conditions of closing have been satisfied by a Dealer or its Certified Purchaser. After completion of the first closing, additional closings may take place with other Dealers or Certified Purchasers from time to time. (Refer to Item 5.2 – Subscription Procedure.)

This Offering Memorandum constitutes a private offering of securities only in the Qualifying Jurisdictions and to those persons where and to whom they may be lawfully sold and therein only by those entities permitted to sell such securities. This Offering Memorandum is not, and under no circumstances is it to be construed as, a prospectus, advertisement or public offering of the securities referred to herein. No securities regulatory authority has assessed the merits of these securities or reviewed this Offering Memorandum. Any representation to the contrary is an offence. If there is a misrepresentation in this Offering Memorandum, you will have certain rights. See Item 11 – Purchaser's Rights.

This Offering Memorandum is confidential. By acceptance hereof, a prospective investor agrees that it, he or she (a) will not transmit, reproduce or make available to anyone this Offering Memorandum or any information contained herein and (b) will return the Offering Memorandum and all accompanying documents to the Company if it, he or she does not subscribe for the Offered Shares. Any recipient of this Offering Memorandum is not permitted to transfer or assign any rights in respect of the offer herein or of its entitlement to subscribe for the Common Shares to any other person other than as described herein. No person is authorized to give any information or make any representations (whether oral or written) in connection with this Offering, except such information as is contained in this Offering Memorandum and in the documents attached hereto and the documents summarized herein.

This Offering Memorandum does not constitute, and may not be used for or in conjunction with, an offer or solicitation by anyone in any jurisdiction or in any circumstances in which such offer or solicitation is not authorized, or to any person to whom it is unlawful to make such an offer or solicitation. You are directed to inform yourself of and observe such restrictions and all legal requirements of your jurisdiction of residence in respect of the acquisition, holding and

disposition of the securities offered hereby. Prospective investors should thoroughly review this Offering Memorandum and are advised to consult with their professional advisors to assess the business, legal, income tax and other aspects of this investment. This is a risky investment. The securities offered hereby will be issued only on the basis of information contained in this Offering Memorandum and no other information or representation is authorized or may be relied upon as having been authorized by IA, IAPG and the Company (as defined hereinafter). Persons who will be acquiring securities pursuant to this Offering Memorandum will not have the benefit of the review of the material by the securities commissions or similar authorities in Canada or Barbados. Any subscription for the securities offered hereby made by any person on the basis of statements or representations not contained in this Offering Memorandum or so provided, or inconsistent with the information contained herein or therein, shall be solely at the risk of such person.

The issue of the Securities hereunder do not qualify as a private placement within the meaning of the Private Placement regulations published by the FSC (as defined hereinafter).

As the securities being offered by the Company may only be issued to the Dealers or Associates of the Dealers, and as such is a limited offering directed only to qualified persons, the Company maintains that there is no offer of securities to the public generally. As such, the Company is not required to be registered as a reporting issuer, nor are the Offered Shares required to be registered, in accordance with the *Securities Act* of the laws of Barbados

The Company further maintains that the distribution of the Offered Shares hereunder will be exempt from prospectus filing requirements in the *Securities Act* of the laws of Barbados as the distribution of the Offered Shares will be by way of an isolated sale not made in the course of continued and successive sales of such securities of the Company.

Forward-looking information

This Offering Memorandum contains certain statements or disclosures that may constitute forward looking information under applicable securities laws. Forward looking statements may be identified by the use of words like “believes”, “intends”, “expects”, “may”, “will”, “should”, or “anticipates”, or the negative equivalents of those words or comparable terminology, and by discussions of strategies that involve risks and uncertainties. Some of the specific forward-looking statements in this Offering Memorandum include, but are not limited to, statements with respect to the investment structure of the Offering and the anticipated investments of the proceeds of the Offering by the Company.

All forward looking statements are based on the Company's current beliefs as well as assumptions made by, and information currently available to, the Company and relate to, among other things, anticipated financial performance; business prospects; strategies; the nature of the Company's operations; sources of income; sources of financing; expectations regarding the ability of the Company to raise capital; the Company's business outlook; plans and objectives for future operations; and forecast investment results.

The risks and uncertainties of the Company's business, including those discussed under Item 8 – Risk Factors, could cause the Company's actual results and experience to differ materially from the anticipated results or other expectations expressed. In addition, the Company bases forward looking statements on assumptions about future events, which may not prove to be accurate. In light of these risks, uncertainties and assumptions, prospective investors should not place undue reliance on forward looking statements and should be aware that events described in the forward looking statements set out in this Offering Memorandum may not occur. The Company cannot assure prospective investors that its future results, levels of investment activities and achievements will occur as the Company expects, and neither the Company nor any other person assumes responsibility for the accuracy and completeness of the forward looking statements. Except as required by law, the Company assumes no obligation to update or revise any forward looking statements, whether as a result of new information, future events or otherwise.

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DEFINITIONS

In this Offering Memorandum, the singular includes the plural and vice versa and each gender includes all genders, as the context requires. Also, a reference herein to a statute includes reference to any amendments to or replacements of such statute and all regulations and rules enacted thereunder.

As used in this Offering Memorandum, the following terms have the particular meanings set out below:

Ancillary Products – The coverage provided through Warranty Contracts or insurance policies with respect to automobile-related after-market products and service liability, including but not limited to, mechanical breakdown insurance, guaranteed auto protection insurance, etch insurance, replacement insurance, and other such products.

Ancillary Products Reinsurance Programs – The reinsurance programs established by the Company and IAPG, which programs are intended to have Certified Purchasers participate in the earnings or losses of the Company with respect to CLI Policies and Ancillary Products reinsured with the Company through the Reinsurance Agreements relating to Ancillary Products.

Articles of Incorporation – The articles of incorporation of the Company, as amended from time to time. A copy of the relevant extracts will be provided upon request.

Associate of the Dealer – When used to indicate a relationship with a Dealer, means:

- (a) where the Dealer is an individual:
 - (i) any individual to whom the Dealer is married;
 - (ii) any son or daughter of the Dealer;
 - (iii) any other individual connected by blood-relationship, by marriage or common-law or civil partnership, or by adoption;
 - (iv) any trust or estate in which a Dealer and any of the persons mentioned in paragraphs (i) or (ii) above collectively have more than 50% of the beneficial interest (excluding contingent interests) or as to which a Dealer serves as trustee or in a similar capacity; and
 - (v) any company of which a Dealer beneficially owns, directly or indirectly, either individually or together with a person mentioned in paragraphs (i), (ii), (iii) or (iv), 100 percent of the voting rights attached to all voting securities of such company for the time being outstanding; or
 - (vi) any other person treated under the applicable law, administrative or regulatory directive or membership regulation related to such individual Dealer, as a “related person”; and
- (b) where the Dealer is a corporation or partnership:
 - (i) any Holder;
 - (ii) any individual to whom a Holder is married;
 - (iii) any son or daughter of a Holder;

- (iv) any trust or estate in which a Holder and any of the persons mentioned in paragraphs (ii) or (iii) above collectively have more than 50% of the beneficial interest (excluding contingent interest) or as to which a Holder serves as trustee or in a similar capacity; or
 - (v) any other person treated under the applicable law, administrative or regulatory directive or membership regulation related to such Dealer, as a “related person”; and
- (c) any other person treated under the applicable law, administrative or regulatory directive or membership regulation related to the Holder, as a “related person”.

provided that such relationship is certified, in writing, to the Company by the relevant Dealer substantially in the form of the Eligibility Certificate attached hereto as Appendix “A”.

Board – The board of directors of the Company.

By-Laws – Amended and Restated By-Law No.1 and By-law No.2 of the Company, as each may be amended from time to time, copies of which will be provided upon request.

Certified Purchaser – A person certified by a Dealer for whom a Dealer Account is maintained, as a person entitled to purchase a Class of Common Shares in respect of such Dealer Account pursuant to an Eligibility Certificate.

CLI – The contractual liability insurance coverage for Warranty Contract risks provided to the obligor of Warranty Contracts by IAPG pursuant to a CLI Policy.

CLI Policy – The contractual liability insurance policy or policies issued to the obligor of Warranty Contracts by IAPG from time to time with respect to Warranty Contracts, to the extent that the sale of such Warranty Contracts are attributable to a Dealer Account in respect of which a Class of Common Shares is issued and outstanding.

Common Shares – The 500 classes of voting common shares without nominal or par value in the capital of the Company.

Companies Act - The *Companies Act, Cap. 308* of the Laws of Barbados as from time to time amended and every statute substituted therefor.

Company – DS Insurance Corporation.

Creditor Policies – Insurance policies issued by IA from time to time to Dealers that insure creditor life and health risks to the extent that such policies are attributable to a Dealer Account in respect of which a Class of Common Shares is issued and outstanding.

Dealer – The individual, partnership or corporation to which a right to a Dealership is granted, and which is a member of a provincial/national dealer association.

Dealer Account – The separate business record maintained by the Company (and referred to in the By-Laws as a Shareholder Account) to track revenue, expense and other particulars relating to a particular Dealer and a particular Class of Common Shares.

Dealer Agreement – An agreement between the Dealer and IAPG setting out the terms and conditions of the Dealer’s right to distribute.

Dealership – A right conferred by an automobile or a recreational product manufacturer to an individual, partnership or corporation located in Canada, pursuant to a written agreement which permits such individual, partnership or corporation to sell the manufacturer’s products in Canada.

Eligibility Certificate – The statement certifying that a prospective purchaser is eligible to purchase Common Shares, which statement is certified by the Dealer to which a Dealer Account relates. In this regard, a Dealer has complete discretion to certify itself or an Associate of the Dealer. Such certified statement must be in the form attached hereto as Appendix “A”.

Financial Statements – In respect of the Company and as at any particular time, financial statements prepared in accordance with GAAP including, without limitation, a balance sheet, a statement of earnings and a statement of changes in financial position.

FSC – Means the Financial Services Commission established under the *Financial Services Commission Act 2010-21* of the laws of Barbados responsible, *inter alia*, for the administration of the Insurance Act, including the licensing or registration of insurance companies.

GAAP – At any time, generally accepted accounting principles in Barbados, as adopted by the Institute of Chartered Accountants of Barbados at such time, applied on a consistent basis, or such other accounting standard as may be adopted by the Board from time to time.

Group Policyholders – Means the Dealers who elect to participate in the Life and Health Reinsurance Program and who are identified in writing to the Company by IA from time to time.

Holder – In the case where the Dealer is a corporation, any shareholder of the Dealer who beneficially owns, directly or indirectly, voting securities carrying at least 50 percent of the voting rights attached to all voting securities of the Dealer for the time being outstanding and who is an employee, officer or director of such Dealer or, in the case where the Dealer is a partnership, any partner of the Dealer.

IA – Industrial Alliance Insurance and Financial Services Inc., or any successor thereof.

IA Shares – Means 100 Class 1 Non-Voting Redeemable Shares of the Company.

IAPG – Industrial Alliance Pacific General Insurance Corporation, or any successor thereof.

Income Tax Act – Means the *Income Tax Act Cap. 73* of the Laws of Barbados.

Insurance Act – Means the *Insurance Act Cap.310* of the laws of Barbados.

Investment Policy - Means the investment policy adopted from time to time by the Company.

Life and Health Reinsurance Program – The reinsurance programs established jointly by IA and the Company, which programs are intended to have Certified Purchasers participate in the earnings or losses of the Company with respect to the Creditor Policies and Policy Certificates reinsured with the Company through Reinsurance Agreements.

Management Agreement – The insurance management agreement dated January 20, 2014 between the Manager and the Company.

Manager – CGE International Insurance Services Ltd., or any successor thereof.

NI 45-106 – Means National Instrument 45-106 – *Prospectus Exemptions* of the Canadian Securities Administrators.

Offered Shares - The classes of Common Shares, without nominal or par value of the Company offered under this Offering Memorandum, up to Class 500 Common Shares, with each Certified Purchaser receiving its own class of Common Shares.

Offering – Means the offering of up to a maximum of 50,000 Common Shares, to be issued and sold by the Company pursuant to this Offering Memorandum.

Policy Certificates – Certificates of insurance issued from time to time to a Dealer's clients and which evidence enrolment under Creditor Policies on a group basis.

QIC – Means a qualified insurance company under the Insurance Act.

Qualifying Jurisdictions – Means all of the provinces and territories of Canada.

Redeemable Shares – Means the 500 classes of non-voting redeemable shares without nominal or par value in the capital of the Company.

Reinsurance Agreements – Means the reinsurance agreements entered into by the Company from time to time relating to its Reinsurance Programs, including the reinsurance of Creditor Policies, CLI Policies and other insurance policies relating to Ancillary Products.

Reinsurance Programs – Means the programs run by the Company to reinsure certain policies relating to: (i) creditor life and health insurance; and (ii) Ancillary Products.

Reinsurance Treaty – Means the reinsurance treaty entered into by the Company with IA, dated April 1, 2014.

Risk Acknowledgement Form – Means Form 45-106F4 which is the required form of risk acknowledgement under subsection 2.9(15) of NI 45-106, which form is attached hereto as Appendix "B".

Securities Authorities - Means the securities commissions or other similar regulatory authority of each of the Qualifying Jurisdictions and of Barbados.

Securities Laws - Means the securities laws, rules, regulations applicable in the Qualifying Jurisdictions and in Barbados.

Subscription Agreement – The agreement entered into between the Company and a Certified Purchaser who purchases Common Shares. Such agreement must be in the form attached hereto as Appendix "C".

Warranty Contracts – Service and warranty contracts issued by an obligor of Warranty Contracts from time to time to a Dealer's clients to the extent that such contracts are insured under a CLI Policy and attributable to a Dealer Account in respect of which a Class of Common Shares is issued and outstanding.

ITEM 1: USE OF AVAILABLE FUNDS

1.1 Funds

The following table discloses the available funds of the Offering.

		Assuming Minimum Offering ¹	Assuming Maximum Offering
A	Amount to be raised by this Offering	Not applicable ¹	\$5,000,000
B	Selling commissions and fees ²	Not applicable ¹	Not applicable ²
C	Estimated Offering costs (including legal, accounting, audit) ³	Not applicable ²	\$50,000 ³
D	Available Funds D = A – (B+C) ^{2,3}	Not applicable ^{2,3}	[\$5,000,000 – \$50,000]
E	Additional sources of funding required	Not applicable	\$0
F	Working capital deficiency	Not applicable	\$0
G	Total: G = (D+E) – F	Not applicable	[\$5,000,000 – \$50,000]

1. The Offering is an ongoing offering of Common Shares of the Company, and as there have already been Common Shares sold pursuant to the Offering prior to the date of this Amended and Restated Offering Memorandum, there is no applicable minimum offering.
2. Item B is not applicable for the purposes of this Offering Memorandum as no commissions, fees, or other forms of compensation will be paid to any person in connection with the Offering.
3. The costs and expenses arising from, and in connection with, the Offering are estimated to be \$50,000.00

1.2 Use of Available Funds

The aggregate gross proceeds of this Offering will be approximately \$5,000,000 if the maximum Offering is achieved. The gross proceeds from this Offering will be invested in accordance with the Investment Policy and allocated to the Dealer Accounts. The following table provides a breakdown of how the Company will use the available funds.

Description of intended use of available funds listed in order of priority	Assuming Minimum Offering	Assuming Maximum Offering
Investment in accordance with the Investment Policy	Not applicable	\$5,000,000
TOTAL¹	Not applicable	\$5,000,000

1. The Offering is an ongoing offering of Common Shares of the Company, and as there have already been Common Shares sold pursuant to the Offering prior to the date of this Amended and Restated Offering Memorandum, there is no applicable minimum offering. See Item 4.3 – Prior Sales.

1.3 Reallocation

There will be no reallocation of available funds as the Company intends to spend the available funds as stated above in Item 1.2 – Use of Available Funds.

ITEM 2: BUSINESS OF DS INSURANCE CORPORATION

2.1 Structure

The Company was incorporated under the laws of Barbados on January 6, 2014 under the name of “DS Insurance Corporation”. The Company is a registered insurer and holds a certificate of qualification bearing an effective date of March 11, 2014 issued by the FSC under the Insurance Act.

The registered and principal office of the Company is situated at One Welches, Welches, St. Thomas, Barbados and its mailing and business address is c/o CGE International Insurance Services Ltd., Orena, St. Lawrence Main Road, Christ Church, Barbados BB15029.

Barbados is the most easterly of the Caribbean islands, situated approximately 300 miles off the north coast of South America. Formerly a British colony, Barbados gained its independence in 1966 and has a constitution founded on the British style of parliamentary democracy and comprises an elected House of Assembly and an appointed Senate. Upon becoming independent, it joined the Commonwealth.

Barbados Corporate Law Provisions

The corporate laws of the Company are derived from the Companies Act, which is modelled after the *Canada Business Corporations Act*, and on similar legislation in the American State of Delaware. The insurance regulatory regime of the Company is governed by the Insurance Act.

The following information highlights certain provisions of Barbados law. The information provided does not purport to refer to every provision of Barbados law which may be applicable to you, and does not purport to be complete or cover all respects in which Barbados law may differ from laws generally applicable to Canadian insurance corporations and their shareholders.

Dividends

The Companies Act provides that a company shall not declare or pay a dividend if there are reasonable grounds for believing that: (a) the company is unable or would, after the payment, be unable to pay its liabilities as they become due, or (b) the realizable value of the company's assets would be less than the aggregate of its liabilities and stated capital of all classes of shares. In addition, the Companies Act mandates that dividends shall not be paid out of unrealized profits. The ability of the Company to declare and pay dividends may also be restricted by the provisions of the Insurance Act which impose certain minimum solvency requirements in respect of registered insurance companies.

Shareholders' Remedies

Barbados corporate law contains wide protection for minority shareholders and investors generally. For example, consequent upon the registration of this Offering Memorandum with the Registrar of Corporate Affairs, a statutory right of action is conferred on a holder of shares allotted under a prospectus of a Barbados company against the directors and officers responsible for the issue of the prospectus, in respect of damages suffered by reason of untrue statements therein. In addition, the Company may take action against directors and officers for breach of their statutory duty to act honestly and in good faith with a view to the best interests of the company.

Civil remedies provided for under the Companies Act include derivative actions, actions restraining oppression and other remedial actions.

Enforcement of Canadian Judgments

Any final *in personam* judgement for recovery of a definite sum of money (other than a judgement for taxes, a fine or other penalty) which is rendered against the Company by a foreign court of any of the provinces of Alberta, Manitoba, Saskatchewan, the Northwest Territories and British Columbia having personal jurisdiction over the parties to the action and having jurisdiction over the subject matter of the action, and which is valid, conclusive and enforceable in such jurisdiction, may be enforced by registration in the courts of Barbados without re-examination of the merits, pursuant to the *Foreign and Commonwealth Judgements (Reciprocal Enforcement) Act* of the laws of Barbados, provided that such judgement was not obtained by fraud or in a manner contrary to natural justice and the enforcement thereof would not be inconsistent with public policy as that term is applied by the courts of Barbados.

Any final *in personam* judgement for recovery of a definite sum of money (other than a judgement for taxes, a fine or other penalty) which is rendered against the Company by a foreign court of any of the Qualifying Jurisdictions (other than the provinces of Alberta, Manitoba, Saskatchewan and British Columbia, and the Northwest Territories) or by a federal court of Canada having personal jurisdiction over the parties to the action and having jurisdiction over the subject matter of the action, and which is valid, conclusive and enforceable in such jurisdiction, will not automatically be enforceable in Barbados. Proceedings to enforce such a judgement must be initiated by way of common law action before a court of competent jurisdiction in Barbados. A Barbados court will normally order summary judgement on the basis that there is no defence to the claim for payment without an investigation of the merits of the original action unless the court of Barbados to which such judgement is represented determines that (i) the judgement was not rendered under a system of due process of law, (ii) the foreign court did not have personal jurisdiction over the Company, (iii) the foreign court did not have jurisdiction over the subject matter, (iv) the Company did not receive appropriate notice of the proceedings in sufficient time to enable it to defend, (v) the judgement was obtained by fraud, (vi) the obligations upon which the judgement was obtained would have been subject to defence under the laws of Barbados, (vii) the cause of action on which the judgement is based is repugnant to the public policy of Barbados, (viii) the proceedings in the foreign court were contrary to an agreement between the parties under which the dispute in question was to be settled otherwise than by proceedings in that court, (ix) the foreign court was a seriously inconvenient forum for the trial of the action, or (x) the judgement conflicts with another final and conclusive judgement.

A Barbados court would not enforce penal judgments of Canadian courts obtained against the Company, or its directors and officers resident in Barbados, predicated on the civil liability provisions of Canadian securities legislation or, in original actions, impose liabilities against the Company or such persons predicated upon such legislation.

Indemnification

The By-Laws provide for the indemnification of its directors and officers against liabilities incurred in their capacities as such, but the indemnity does not extend to any liability incurred in respect of wilful negligence, wilful default, fraud or dishonesty in relation to the Company.

Shareholder's Inspection of Corporate Records

Shareholders, as well as their agents and legal representatives, have the right to inspect and copy the Articles of Incorporation and By-Laws, register, minutes of shareholders meetings, any

unanimous shareholder agreement, as well as audited Financial Statements of the Company, which must be presented to the annual meeting of shareholders.

Management

Directors and Officers

The Articles of Incorporation, relevant extracts of which are available upon request, provide for a minimum of 3 and a maximum of 9 directors. The Insurance Act requires that every insurance company registered under the Insurance Act maintain a principal office in Barbados and appoint an officer or director of the company resident in Barbados to be its principal representative in Barbados.

In accordance with the Companies Act, and pursuant to the rights of the holders of Common Shares as provided in the Articles of Incorporation, directors are elected each year by the holders of the Common Shares. General meetings of the Company at which the directors are elected are convened in accordance with the By-Laws (copies of which are available upon request). The Companies Act, provides that an incumbent director shall continue to hold office until a successor shall have been elected. Shareholders must elect directors to hold office for a term expiring not later than the close of the third annual meeting of the shareholders of the Company following their election. Refer to Item 3 – Interests of Directors, Management, Promoters and Principal Holders for the full names, municipalities of residence and all positions and offices held by all directors and officers of the Company.

2.2 Our Business

The business of the Company is the reinsurance of creditor life and health insurance as well as automobile-related after-market products and service liability, including, but not limited to, mechanical breakdown insurance coverage, guaranteed auto protection insurance coverage, etch insurance coverage, replacement insurance, and other such products.

The Company has been established to entitle an identified group of automobile and recreational product dealers to participate in the earnings or losses of the Company with respect to risks arising from certain policies reinsured with the Company through its Reinsurance Programs.

To participate in any of the Reinsurance Programs, Dealers will be required to (a) enter into either a Creditor Policy or a Dealer Agreement, and (b) simultaneously arrange for the subscription by a Certified Purchaser for the required minimum number of Common Shares.

In addition to the current Reinsurance Programs of the Company, the Company may participate and engage in other reinsurance programs from time to time as the Board may determine in the best interests of the Company. New insurance policies and agreements relating to the new reinsurance programs of the Company may be entered into from time to time, and old insurance policies and agreements may be cancelled or replaced.

The Creditor Policy and the Dealer Agreement set forth the terms and conditions of the life and disability coverage as well as the automobile-related after-market products and service liability coverage, respectively, relating to a particular Dealer Account.

The subscription of Common Shares may be made either directly by the Dealer or indirectly through an Associate of the Dealer. No Common Shares may be issued or transferred to any person if, as a result, such person (either directly or indirectly, or acting jointly and in concert with any other person) shall be the legal and beneficial owner of 10 percent or more of the aggregate votes attached to all issued and outstanding Common Shares. Dividends shall be payable to holders of Common Shares from time to time at the discretion of the Board. Although the

Company is a foreign issuer, all payments under the Reinsurance Programs will be made in Canadian dollars.

(a) The Business of Reinsurance

Reinsurance is a means of transferring to the reinsurer the risk of loss arising under a contract of insurance from the company that initially insured the risk. Reinsurance agreements are of numerous different types and may be individually negotiated by the parties to meet particular needs. A “treaty” arrangement covers all risks of a defined class. Under a “coinsurance” or “quota share” reinsurance agreement, the company acting as reinsurer is ceded (i.e. paid) a certain portion of the direct policy premiums by the primary insurer and, in return, agrees to indemnify the reinsured for a certain percentage of the losses and expenses in respect of policy risks. Under its Reinsurance Agreements, IA and IAPG will withhold funds in an amount sufficient to meet claim obligations and permit IA and IAPG to take credit under applicable Canadian insurance legislation for the reinsurance ceded. If there are any excess withheld funds after claim obligations are met, the Company is entitled to receive these excess funds. Likewise, if there are not sufficient withheld funds, the Company is obligated to pay IA or IAPG for the excess claims.

(b) The Reinsurance Agreements

The Company enters into Reinsurance Agreements in the ordinary course of its business from time to time relating to its Reinsurance Programs. Under the Company’s Reinsurance Agreements, no insurer has reinsured any risk with the Company in excess of the amounts allowed under applicable laws concerning the reinsurance of risks.

Upon a written request of a Certified Purchaser being received by the Company, the Company shall, within 30 days, arrange for such Certified Purchaser to have an opportunity to discuss any specific questions or concerns relating to a Reinsurance Agreement, and may provide such Reinsurance Agreement to the Certified Purchaser for review.

(i) The Life and Health Reinsurance Program

IA

IA is a public life and health insurance company operating in the insurance and financial services sectors. It offers a wide range of insurance products. IA maintains agreements with a number of Dealers that allow the Dealers to enrol their customers in group creditor life and disability insurance policies offered by IA.

Types of risks to be reinsured which relate to Dealer Accounts

Group creditor life and disability insurance is a form of group insurance in which a borrower enrolls in conjunction with a loan transaction. Creditor life insurance provides a benefit upon the death of the borrower sufficient to pay off the scheduled balance of the loan with respect to which the insurance was purchased (i.e., the declining balance of the loan). Creditor disability insurance provides a monthly benefit equal to the required monthly payment under the loan for any period during which the borrower is disabled.

Reinsurance Agreements in the Life and Health Reinsurance Program

Under the Life and Health Reinsurance Program the Company assumes risk with respect to certain Creditor Policies that are issued in the Qualifying Jurisdictions. This risk is attributable to Dealer Accounts in respect of which Common Shares are issued and outstanding. Pursuant to the Life and Health Reinsurance Program, up to 100% of IA’s Creditor Policies pertaining to such Dealer Accounts may be reinsured with the Company. Under the applicable Reinsurance Agreement, the Company agrees to indemnify IA for losses that may be incurred by IA under the

Creditor Policies and Policy Certificates, the risk of which is reinsured with the Company. Although there is a true transfer of risk to the Company, as security for the obligations of the Company under the applicable Reinsurance Agreement, IA will withhold funds in an amount sufficient to meet claims obligations and permit IA to take credit under applicable Canadian insurance legislation for the reinsurance ceded. If there are any excess withheld funds after claims obligations are met, the Company is entitled to receive these excess funds. Likewise, if there are not sufficient withheld funds, the Company is obligated to pay IA for the excess claims.

All benefit claims paid by IA will bind the Company so long as such payments are within the conditions of the original Creditor Policy and Policy Certificate and within the provisions of the Reinsurance Agreement. The Company may, but is not obligated to, be associated with IA in the defence or control of any claim at the Company's expense.

The Reinsurance Agreements are generally in force for an indefinite term, but may be terminated at any time upon 90 days' advance written notice with respect to new business. Upon termination of a Reinsurance Agreement, no further reinsurance risk will be ceded to the Company, but IA and the Company will remain bound by their respective obligations under the applicable Reinsurance Agreement with respect to risks reinsured prior to the close of business on the date of termination. IA may choose, however, to terminate the reinsurance of such risk reinsured prior to the close of business coincidental with the termination of that Reinsurance Agreement. In such case, IA shall reassume all risk theretofore ceded to the Company pursuant to such agreement.

In addition, IA reserves the right to terminate the Reinsurance Agreements with respect to a particular Group Policyholder if, at any time, the assets or funds withheld as security attributable to a particular Class of Common Shares are, in the sole discretion of IA, determined to be insufficient to pay claims then due and payable in respect of such Class of Common Shares. In such case, IA shall reassume all risk theretofore ceded to the Company pursuant to the applicable Reinsurance Agreement with respect to such particular Class of Common Shares.

(ii) The Ancillary Products Reinsurance Program

IAPG

IAPG is a property and casualty insurance company operating in the insurance and financial services sectors and a wholly-owned subsidiary of IA. It offers a wide range of insurance products including auto insurance and other automobile-related after-market products and services. IAPG maintains agreements with a number of Dealers that allow the Dealers to offer their customers Ancillary Products offered by IAPG or Warranty Contracts offered by warranty companies. Warranty Contracts offered by such companies are insured by IAPG under one or more contractual liability insurance policies issued to the warranty company by IAPG.

Types of risks to be reinsured which relate to Dealer Accounts

IAPG insures various types of risks that relate to automobile-related after-market products and services. The following are some examples of the types of insurance risks reinsured to the Company by IAPG. Contractual liability insurance is a form of insurance that provides coverage to the warranty company for its liabilities to customers of Dealers to whom a Warranty Contract has been issued for various coverages relating to automobile-related after-market products. Some of these coverages which could be either under a Warranty contract or as a standalone insurance policy, may include repair or replacement of a covered part in the event of mechanical breakdown, payment of the outstanding balance on a loan and the value of the vehicle in the event of theft or loss; payment in the event of theft of a vehicle when a serial number or identifier has been etched on the vehicle, payment for damages to a vehicle's tires, paint, or interior upholstery; or replacement of the vehicle itself in case of total loss or irrecoverable damage.

Reinsurance Agreements relating to the Ancillary Products Reinsurance Program

Under the Ancillary Products Reinsurance Program, the Company assumes risk with respect to certain Warranty Contracts insured under the CLI Policies and other insurance policies relating to the Ancillary Products that are issued in the Qualifying Jurisdictions. This risk is attributable to Dealer Accounts in respect of which Common Shares are issued and outstanding. Pursuant to the Ancillary Products Reinsurance Program, up to 100% of IAPG's automobile and recreational product insurance risk pertaining to such Dealer Accounts may be reinsured with the Company. Under the applicable Reinsurance Agreement, the Company agrees to indemnify IAPG for up to 100% of the losses that may be incurred by IAPG under the Ancillary Products, the risk of which is reinsured with the Company, and is a true transfer of risk to the Company.

All insurance claims paid by IAPG will bind the Company so long as such payments are within the conditions of the original CLI and insurance policies issued by IAPG, as applicable, and within the provisions of the Reinsurance Agreement. The Company may, but is not obligated to, be associated with IAPG in the defence or control of any claim at the Company's expense.

The Reinsurance Agreements are expected to renew indefinitely, but may be terminated at any time upon 90 days' advance written notice with respect to new business. Upon termination of the Reinsurance Agreements, no further insurance risk will be ceded to the Company, but IAPG and the Company will remain bound by their respective obligations under the Reinsurance Agreements with respect to risks reinsured prior to the close of business on the date of termination. IAPG may choose, however, to terminate the reinsurance of such risk reinsured prior to the close of business coincidental to the termination of the applicable Reinsurance Agreement. In such case, IAPG shall reassume all risk theretofore ceded to the Company pursuant to such agreement.

In addition, IAPG reserves the right to terminate the Reinsurance Agreement with respect to a particular Dealer Account if, at any time, the assets or funds withheld as security attributable to a particular Class of Common Shares are, in the sole discretion of IAPG, determined to be insufficient to pay claims then due and payable in respect of such Class of Common Shares. In such case, IAPG shall reassume all risk theretofore ceded to the Company pursuant to the Reinsurance Agreement with respect to such particular Class of Common Shares.

(c) Employees

Although the Company has directors and officers, the Company has no full-time employees. Pursuant to the Management Agreement, the Company relies on the Manager to carry out day-to-day operations. (See Item 2.2 – Our Business – Management Agreement.) In addition, corporate secretarial services for the Company are provided by Caribbean Corporate Services Ltd. The Board and the committees thereof remain responsible, however, for establishing and implementing policy decisions.

(d) Competition

Whereas competition is not a significant factor for the Company, the insurance business in Canada, generally, is extremely competitive with many major companies other than IA and IAPG offering similar coverage. This is particularly true in the insurance sector focusing on group creditor life and health insurance in the Canadian automotive industry.

Certain commercial insurance groups are seeking to capture additional creditor life and disability insurance business in Canada by offering to assist automobile and recreational product dealers in the formation of their own dealer-owned reinsurance companies. However, management believes that participation in the Company represents a more practical alternative for dealers who

do not have the available capital, insurance management expertise or time to successfully operate their own reinsurance company.

(e) Management Agreement

Pursuant to the Management Agreement, the Manager underwrites and supervises the issuance and maintenance of insurance and/or reinsurance in the name of the Company, collects and disburses funds on behalf of the Company, provided that such payment is made only out of funds provided by the Company, and provides general management and administrative services to the Company. The Manager provides all managerial services from its office situated at Orena, St. Lawrence Main Road, Christ Church, Barbados BB15029. In consideration of the Manager's services, the Company pays the Manager a fee based on normal time charge rates for services performed. The Manager is responsible for the payment of costs attributable to services provided to the Company. However, out-of-pocket expenses, such as overseas telephone, fax, courier, travel and other items are borne by the Company on an expense reimbursement basis.

CGE International Insurance Services Ltd. is the Manager for the Company. Its principal, Chris Evans, is a Barbadian and has extensive experience in this business since 1987. There are 9 additional staff that work with Mr. Evans and their insurance clients collectively had over US\$2 billion of invested assets as at December 31, 2016. No employee will devote all of his or her time to the Company's business. However, the Manager is obligated to devote all employee time necessary to ensure the performance of the Manager's duties under the Management Agreement.

The termination of the Management Agreement may be effected by either party serving 90 days prior written notice of cancellation to the other party, or as mutually agreed in writing.

(f) Barbados Insurance Regulation and Taxes

Insurance Regulation

The Company is registered and certified under the Insurance Act as a QIC. The Company is therefore authorised to carry on international insurance business from Barbados in respect to the specific classes of insurance business authorised under the QIC certification.

The Insurance Act sets out a number of requirements applicable to QICs registered in Barbados. The Company complies with these requirements and entering into the Reinsurance Agreements has not affected such status.

The principal requirements are as follows:

1) For general international insurance business

- a) at any time during the Company's first financial year, in respect of the general international insurance business, the value of the assets of the Company must exceed the amount of its liabilities by US\$125,000;
- b) at any time after the expiration of the Company's first financial year, in respect of the general international insurance business, the value of the assets of the Company must exceed its liabilities by:
 - i. US\$125,000, where the premium income in the preceding financial year did not exceed US\$750,000;
 - ii. 20% of the premium income for the preceding financial year, where such income exceeded US\$750,000 but did not exceed US\$5,000,000; and

- iii. the aggregate of US\$1,000,000 and 10% of the amount by which the premium income for the preceding financial year exceeded US\$5,000,000;

2) For long-term international insurance business

- c) the Company shall not, in respect of its long-term international insurance business, be regarded as maintaining a solvency level, if the value of its assets does not exceed its liabilities

3) For general and long-term international insurance business

- d) the Company must maintain a registered office in Barbados and appoint an auditor, who must (i) be a member of the Institute of Chartered Accountants of Barbados, and (ii) hold a practising certificate from such institute;
- e) the Company must have audited Financial Statements in respect of its general and long-term international insurance business for each year; and the Company must submit to the FSC:
 - i. quarterly Financial Statements and audited Financial Statements within six months after the end of the relevant financial year of the Company; and
 - ii. on an annual basis, a certificate of its auditor to the effect that the Company is in compliance with the solvency requirements of the Insurance Act as at the date of the balance sheet included in the audited Financial Statements.

Taxes

Under the provisions of the Income Tax Act, income tax will be charged on the profits and gains of the Company. However, the Company will be entitled to a tax credit in respect of its foreign insurance business and will therefore be subject to an effective tax rate of as low as 1.75% of its taxable income for its general international insurance business, and 0.35% of its gross investment income for its long-term international insurance business. Capital gains are not taxed in Barbados.

There are no significant direct taxes or imposts levied in Barbados on (i) the transfer of the securities of the Company to any person who is not a resident of Barbados, (ii) the Company, its shareholders or transferees in respect of the transfer of all or any part of the Company's securities or other assets to another QIC or a licensee under the *Exempt Insurance Act Cap. 308A* of the laws of Barbados or to any person who is not a resident of Barbados, or (iii) any portion of any dividend, interest, or other return payable to any person in respect of his or her holding any Common Shares or other securities of the Company.

Exchange Control

As a registered QIC, the Company is exempt from the application of certain provisions of the *Exchange Control Act, Cap. 71* of the laws of Barbados. Accordingly, the Company may hold any non-Barbados currency and convert that currency into any other currency without restriction.

(g) Facilities

The officers and the Board are entitled to utilize the office space provided by the Manager which is located at Orena, St. Lawrence Main Road, Christ Church, Barbados BB15029. The Company believes that these facilities are adequate for its current and anticipated future needs. In addition,

the Manager supplies all equipment for the Company and maintains all insurance records for the Company.

2.3 Development of Business

The Company was formed in 2014, and has been operating in the reinsurance industry since then. The Company expects to continue evolving its product mix by entering into new reinsurance treaties over time.

IA and IAPG have been in operation for over 40 years in the insurance business generally.

2.4 Long Term Objectives

The Company's long term objectives are to operate a reinsurance business and to allow holders of Common Shares in the Company to participate in the profitability of the reinsurance business. The Company will be able to operate the business and achieve its long term objectives even if no proceeds are raised in this Offering.

2.5 Short Term Objectives and How We Intend to Achieve Them

The Company intends to invest the total proceeds from the Offering in the manner described in this Offering Memorandum. It is the intention of the Manager that the proceeds from the Offering will be invested as quickly as is reasonably possible.

What we must do and how we will do it	Target completion date or, if not known, number of months to complete	Our cost to complete
Proceeds from the Offering to be invested in accordance with the Investment Policy	3-6 months after proceeds received	Not applicable

2.6 Insufficient Funds

Not applicable.

2.7 Material Agreements

The only material agreement of the Company is the Management Agreement. See Section 2.2(e).

ITEM 3: INTERESTS OF DIRECTORS, MANAGEMENT, PROMOTERS AND PRINCIPAL HOLDERS

3.1 Compensation and Securities Held

As of the date of this Offering Memorandum, no director, officer or promoter of the Company beneficially owns or controls, directly or indirectly, 10% or more of any class of voting securities of the Company.

3.2 Management Experience

The following table discloses the principal occupations of the Company's directors and executive officers over the past five years and any relevant experience in a business similar to the Company's.

Name	Positions held with the Company	Principal Occupations and other Relevant Experience
Douglas Carrothers ¹	Director and Chairman	Mr. Carrothers has over 30 years experience in the insurance industry. He obtained his L.L.B from the Osgoode Hall Law School in Toronto and his M.B.A. from York University. Mr. Carrothers was Vice President, Legal Services and Corporate Secretary of IA and was responsible for the legal activities of the Industrial Alliance Group of Companies until November 30, 2015. Mr. Carrothers previously served as a Member of Provincial Parliament in the Ontario Legislature.
Andrew Marryshow	Director	Mr. Marryshow has extensive audit, accounting and tax experience in the financial services sector, serving onshore and offshore insurance companies, international business companies, societies with restricted liability and retail banking clients. Mr. Marryshow also has wide experience serving major Barbados corporations including those in the insurance sectors.
Ashok Merai	Director	Mr. Merai has over 20 years of experience with life and property and casualty reinsurers and has provided leadership in operational and financial roles in senior executive positions. Mr. Merai is a certified accountant in the U.K and in Canada and has been involved in complex tax planning and risk management decisions. He is currently President of International Intermediaries Inc., a private consulting firm. Previously, Mr. Merai was Vice President and Chief Financial Officer of Manufacturers P & C Limited and Manager of Reinsurance Markets of North American Life Insurance Company.
Chris Evans	President	Mr. Evans has extensive background in insurance operations in Barbados. Mr. Evans is the Principal of the CGE Group of Companies which provides management services for international insurance and other business companies. Previously, Mr. Evans was General Manager of three subsidiaries of Sun Life Assurance Company of Canada (international reinsurers) and of Watson Wyatt Management Company (Barbados) Limited, an insurance management company.
Shawn Babb	Vice President	Mr. Babb is currently the Vice President of the CGE Group of Companies which provides management services for international insurance and other business companies. Mr. Babb was previously Vice President at Towner Management Group, the largest independent international business company and international/captive insurance management in Barbados.
Alnoor Jiwani	Vice President	Mr. Jiwani has over 33 years of progressive experience in the financial and insurance industry. Mr. Jiwani has been serving since 2008, and is currently serving as, a senior Vice President of SAL Group, one of the leading providers of creditor group life and disability insurance and automobile-related after-sale products.

1. Pursuant to the Reinsurance Treaty, IA has the right to appoint one member to the Board, who shall be the Chairman of the Board, so long as any reinsurance is in effect under the Reinsurance Treaty, or any other reinsurance agreement (whether with IA or one of its affiliates).

3.3 Penalties, Sanctions and Bankruptcy

No penalty or sanction has been in effect during the last 10 years, and no cease trade order has been in effect at any time during the last 10 years, against:

- a) a director, executive officer or control person of the Company; or
- b) an issuer of which a person or company referred to in (a) above was a director, executive officer or control person at the time.

No declaration of bankruptcy, voluntary assignment in bankruptcy, proposal under any bankruptcy or insolvency legislation, proceedings, arrangement or compromise with creditors or appointment of a receiver, receiver manager or trustee to hold assets, has been in effect during the last 10 years with regard to any:

- a) director, executive officer or control person of the Company; or
- b) issuer of which a person or company referred to in (a) above was a director, executive officer or control person at the time.

3.4 Loans

As of the date of this Offering Memorandum, the Company does not have any loans due to or from the Manager, IA, IAPG, promoters (if any), any holder of 10% or more of any Class of Common Shares, or any directors, employees or control persons thereof.

ITEM 4: CAPITAL STRUCTURE

4.1 Share Capital

As prescribed in the Articles of Incorporation, the authorized share capital of the Company consists of (a) one Class of Common Shares designated the Class 1 Common Shares comprising one hundred (100) Common Shares, (b) four hundred and ninety nine (499) Classes of Common Shares to be designated by number from Class 2 Common Shares through Class 500 Common Shares, inclusive, each such Class comprising one hundred (100) Common Shares, (c) one class of common shares designated the Class A Non-Voting Common Shares comprising one hundred common shares, and (d) five hundred (500) classes of Redeemable Shares to be designated by number from Class 1 Non-Voting Redeemable Shares through Class 500 Non-Voting Redeemable Shares, inclusive, each such class comprising one hundred (100) Redeemable Shares. The rights, privileges, restrictions and conditions of each Class of Common Shares, the Class A Non-Voting Common Shares and each class of Redeemable Shares are set forth in the Articles of Incorporation.

The share structure of the Company is as set out in the table below.

Description of Security	Number Authorized	Price per security	Amount per Class	Number o/s as at March 31, 2017	Number o/s after maximum Offering
Class 1 Common Shares ¹	Up to 100	\$3,000	\$300,000	0 ¹	0 ¹
Class 2 Common Shares through Class 500 Common Shares (inclusive) ²	Up to 100 per Class	\$100	\$10,000	7,000 ²	49,900
Class A Non-Voting Common Shares ¹	Up to 100	\$3,000	\$300,000	0	0
Class 1 Non-Voting Redeemable Shares ¹	Up to 100 per Class	\$3,000	\$300,000	100 ¹	100 ¹
Class 2 Non-Voting Redeemable Shares through Class 500 Non-Voting Redeemable Shares (inclusive)	Up to 100 per Class	\$100	\$10,000	0	0

1. No Class 1 Common Shares remain outstanding. Prior to the date of this Offering Memorandum, IA subscribed for 100 Class 1 Common Shares each with a paid up capital of \$3,000 for an aggregate of \$300,000, in order to satisfy initial capital requirements. Following the subscription of 1,100 Class 2 Common Shares through Class 12 Common Shares, inclusive, all of the Class 1 Common Shares were converted into 100 Class 1 Non-Voting Redeemable Shares.
2. Prior to the date of this Offering Memorandum, the Company issued 71 Classes of Common Shares (namely, Class 2 Common Shares through Class 72 Common Shares, inclusive) each Class comprising 100 Common Shares at \$100 per Common Share for a total paid up capital of \$710,000.

(a) Dividends

Subject to the provisions of the Companies Act, the Insurance Act, the Articles of Incorporation and the By-Laws, the holders of Common Shares shall be entitled to receive, as the Board may from time to time declare out of the profits or surplus available for dividends, non-cumulative cash dividends. Dividends will only be paid to the extent that, after giving effect to the dividend, the Company is compliant with the minimum solvency margin established by Barbados laws.

The Companies Act and the By-Laws provide that the Board shall not declare or pay a dividend or make any other distribution out of the realised profits or surplus of the Company to the holder of a Class of Common Shares relating to a Dealer Account, if there are reasonable grounds for believing that:

- (a) the Company is unable, or would after the payment be unable, to pay its liabilities as they become due; or
- (b) the realisable value of the Company's assets would thereby be less than the aggregate of its liabilities (actual or contingent) and stated capital accounts in respect of all classes of shares of the Company; or
- (c) the amount standing to the credit of that Dealer Account is less than that required to be maintained in accordance with sound insurance principles and practice; or

- (d) the capital required to be maintained in respect of that Class of Common Shares, and of all other Classes of Common Shares of the Company is (i) less than that required under any applicable insurance laws, policies or guidelines, (ii) in contravention of any rule or regulation binding on the Company, or (iii) in the opinion of the Board below that which is required to be maintained in accordance with sound insurance principles and practice.

Further, the Insurance Act imposes a number of solvency requirements applicable to QICs registered in Barbados (see Item 2.2 – Our Business – Barbados Insurance Regulation and Taxes).

The foregoing requirements may effectively limit the ability of the Company to pay dividends on its outstanding Common Shares while continuing to earn premiums on business it writes. The Board has the ability to declare and pay dividends only if the Company has, after giving effect to the dividend, sufficient net assets, without regard to any letter of credit or guarantee, to meet the solvency margins prescribed by the Insurance Act and the Companies Act. (See Item 2.2 – Our Business – Barbados Insurance Regulation and Taxes and Item 2.1 Structure – Barbados Corporate Law Provisions.)

In addition, the Articles of Incorporation provide that any declaration or payment of a dividend to holders of Common Shares are subject to a priority entitlement to a dividend by holders of Redeemable Shares. The By-Laws also provide that no declaration or payment of dividend shall be made by the Company to holders of Class 2 Common Shares through Class 500 Common Shares, inclusive, without the prior written consent of any holder of Class 1 Common Shares or Class 1 Non-Voting Redeemable Shares, as the case may be, unless or until there are no further Class 1 Common Shares or Class 1 Non-Voting Redeemable Shares issued and outstanding at such date of declaration and payment.

If the Reinsurance Agreements are terminated or otherwise become non-operative in respect of risks ceded under the insurance policies relating to the specific Dealer Account to which the Common Shares relate, the Board may declare and the Company shall, subject to compliance with applicable solvency requirements and other applicable law, pay as dividends the net amount remaining in the Dealer Account within a determined period of time following the payment of all reinsured claims with respect to such insurance policies, such period of time to be determined by the Board in its sole and absolute discretion.

(i) Revenue

The following represents a high-level summary of the revenues of the Reinsurance Programs until they are declared as dividends. Certain information that is sensitive to the Company, IA and IAPG is not disclosed in this Offering Memorandum for competitive reasons. Representatives of the Company, IA or IAPG are available to walk you through this section and provide you with additional information at your request.

Life and Health Reinsurance Program

As part of the Reinsurance Agreements relating to creditor life and disability risks, IA will receive premiums from Dealers with respect to the reinsured business. In order to arrive at the net reinsurance premiums payable to the Company, the premiums received by IA will be adjusted to reflect items such as the expenses, claims and unearned premiums.

A Dealer's share of the Life and Health Reinsurance Program profit will be attributed to each Dealer in respect of a particular Class of Common Shares held by the Dealer or by an Associate of the Dealer, as the case may be.

Ancillary Products Reinsurance Program

As part of the Reinsurance Agreements relating to the Ancillary Products, IAPG will receive premiums from Dealers with respect to the reinsured business. In order to arrive at the net reinsurance premium payable to the Company, the premiums received by IAPG will be adjusted to reflect items such as the expenses, claims and unearned premiums.

A Dealer's share of the Ancillary Products Reinsurance Program profit will be attributed to each Dealer in respect of a particular Class of Common Shares held by the Dealer or by an Associate of the Dealer, as the case may be.

Dealer Accounts

Subject to restrictions in the By-Laws, the profits attributable to each holder of a particular Class of Common Shares can be distributed as a dividend to the holder. When computing profits attributable to each holder in respect of the particular Class of Common Shares held by them, the By-Laws provide, among other things, that an amount shall be deducted quarterly from each Dealer Account by the Company and allocated to the general operating account of the Company. Such amounts are determined on a Class-by-Class basis by the Board at its sole and absolute discretion. All amounts allocated to the general operating account shall be available for use by the Company to, among other things, pay general operating expenses incurred by the Company and, in certain conditions, offset a deficit in any Dealer Account.

(b) Voting

Subject to the Companies Act, the Articles of Incorporation and the By-Laws, holders of Common Shares will have voting rights for the election of the Board. Such holders will receive notice of and be able to attend all shareholder meetings.

(c) Liquidation, Dissolution or Winding-up

Upon liquidation, dissolution or winding-up of the Company or any other distribution of its assets amongst its shareholders for the purpose of winding-up its affairs, holders of Common Shares and Redeemable Shares, respectively, are, after payment of any residual amount in their Dealer Accounts, entitled to share in the property and assets of the Company on a pro rata basis, in proportion to the number of Common Shares owned by each holder (and without reference to the amount contributed by each holder to the stated capital account maintained in respect of the Common Shares), except as restricted by the By-laws.

(d) Redemption

Although the Common Shares are not redeemable, they are convertible at the request of the holder into Redeemable Shares. Subject to the Articles of Incorporation and the By-Laws, each Class of Common Shares shall be convertible into its equivalent class of Redeemable Shares. Subject to the Companies Act, the Insurance Act, the Articles of Incorporation and the By-Laws, Redeemable Shares may be redeemed, in whole at any time or in part from time to time, at the option of the Company at their redemption price. Such price shall be equal to the sum of (a) the value of the Dealer Account maintained in respect of a particular class of Redeemable Shares, and (b) all declared and unpaid dividends, multiplied by the number of Redeemable Shares to be redeemed within a particular class, divided by the total issued and outstanding Redeemable Shares within such class. Fractional shares will not be taken into account. The Company is required to provide written notice of its intention to redeem Redeemable Shares of a particular class to each holder of such class at least ninety (90) days prior to the date fixed for redemption by the Board.

4.2 Long Term Debt Securities

The Company presently has no long-term debt.

4.3 Prior Sales

Date of issuance	Type of security issued	Number of securities issued	Price per security	Total funds received
March 30, 2016	Class 41 Common Shares	100	\$100	\$10,000
	Class 42 Common Shares	100	\$100	\$10,000
	Class 43 Common Shares	100	\$100	\$10,000
	Class 45 Common Shares	100	\$100	\$10,000
May 9, 2016	Class 44 Common Shares	100	\$100	\$10,000
June 6, 2016	Class 46 Common Shares	100	\$100	\$10,000
	Class 47 Common Shares	100	\$100	\$10,000
	Class 48 Common Shares	100	\$100	\$10,000
	Class 49 Common Shares	100	\$100	\$10,000
	Class 50 Common Shares	100	\$100	\$10,000
	Class 51 Common Shares	100	\$100	\$10,000
	Class 52 Common Shares	100	\$100	\$10,000
September 14, 2016	Class 53 Common Shares	100	\$100	\$10,000
	Class 54 Common Shares	100	\$100	\$10,000
	Class 55 Common Shares	100	\$100	\$10,000
	Class 56 Common Shares	100	\$100	\$10,000
	Class 57 Common Shares	100	\$100	\$10,000
February 3, 2017	Class 58 Common Shares	100	\$100	\$10,000
December 28, 2016	Class 59 Common Shares	100	\$100	\$10,000
January 23, 2017	Class 60 Common Shares	100	\$100	\$10,000
	Class 61 Common Shares	100	\$100	\$10,000
	Class 62 Common Shares	100	\$100	\$10,000
	Class 63 Common Shares	100	\$100	\$10,000
	Class 64 Common Shares	100	\$100	\$10,000
January 25, 2017	Class 65 Common Shares	100	\$100	\$10,000
	Class 66 Common Shares	100	\$100	\$10,000
	Class 67 Common Shares	100	\$100	\$10,000
	Class 68 Common Shares	100	\$100	\$10,000

	Class 69 Common Shares	100	\$100	\$10,000
	Class 70 Common Shares	100	\$100	\$10,000
January 31, 2017	Class 71 Common Shares	100	\$100	\$10,000
March 27, 2017	Class 72 Common Shares	100	\$100	\$10,000

ITEM 5: SECURITIES OFFERED

5.1 Terms of Securities

The Company is authorized to issue up to 500 Classes of Common Shares in its sole and absolute discretion. However, the FSC must approve the issuance of the Common Shares to the shareholders.

The following is a description of the material terms of Class 2 Common Shares, all of which are identical to the terms of all other classes of Common Shares to be issued under the Offering.

Class 2 Common Shares Up to 100 authorized for issuance.

Voting Rights The holder of the Class 2 Common Shares shall be entitled to receive notice of and to attend any meeting of the shareholders of the Company (a “**General Meeting**”).

Each holder of Class 2 Common Shares shall be entitled to exercise one vote in respect of each Class 2 Common Share held by that shareholder at the date of such General Meeting, except as restricted by the By-Laws.

Dividend Rights The holder of the Class 2 Common Shares shall be entitled to receive, and the Company shall pay thereon in each financial year of the Company, out of the profits or surplus available for dividends, such non-cumulative dividends as the directors may from time to time declare.

The holder of the Class 2 Common Shares shall be entitled to share in any dividend declared and paid to the holders of the Class 2 Common Shares, on a *pro rata* basis, in proportion to the number of Class 2 Common Shares owned by each holder, except as restricted by the By-Laws. (Refer to Item 4.1 Share Capital – Dividends)

Liquidation Rights In the event of the liquidation, dissolution or winding up of the Company, whether voluntary or involuntary, the holders of the Class 2 Common Shares, shall, after payment of any residual amount in their Dealer Accounts, be entitled to share in the property and assets of the Company on a *pro rata* basis, in proportion to the number of Class 2 Common Shares owned by each holder (and without reference to the amount contributed by each holder to the state capital account maintained in respect of the Class 2 Common Shares), except as restricted by the By-Laws. (Refer to Item 4.1 Share Capital – Liquidation, Dissolution or Winding-up)

5.2 Subscription Procedure

Purchase Procedure

To purchase the Offered Shares, the following documents must be sent by the Dealer, if purchasing on its own behalf, or a Certified Purchaser to the Company in Barbados:

- a) an executed Eligibility Certificate attached hereto as Appendix “A”;
- b) two executed copies of the Risk Acknowledgment Form attached hereto as “B”;
- c) two executed copies of the Subscription Agreement attached hereto as Appendix “C”; and
- d) a certified or cashier’s cheque in the amount of the aggregate purchase price of the Offered Shares payable to DS Insurance Corporation.

Once executed and delivered by a Certified Purchaser, a Subscription Agreement constitutes an offer to the Company to purchase the Offered Shares described in the Subscription Agreement. Such offer will be deemed accepted only if the Company approves the offer by resolution of the Board and executes and delivers the Subscription Agreement. (Refer to Item 5.2 – Subscription Procedure – Conditions of Sale.)

Following execution of the Subscription Agreement by the Company, the Certified Purchaser has no right to withdraw the amount of the purchase payment or any interest earned thereon. Amounts remain in the Company’s escrow account pending satisfaction of the conditions set out in Item 5.2 – Subscription Procedure – Conditions of Sale.

Terms of Sale

Shares will be sold only to Certified Purchasers who have submitted the documentation specified in Item 5.2 – Subscription Procedure, duly executed and delivered. Pursuant to the Subscription Agreement, the Certified Purchaser shall be bound by the Articles of Incorporation and By-Laws, including the restrictions on transfer of the Common Shares set forth therein. (Refer to Item 10 – Resale Restrictions.)

Once accepted by the Company, a Subscription Agreement remains in effect as long as the Offered Shares purchased pursuant thereto or the equivalent class of Redeemable Shares into which the Offered Shares may be converted remain outstanding. A Subscription Agreement terminates only upon (a) the purchase for cancellation of the Offered Shares to which it relates, (b) the conversion of all of the Offered Shares to which it relates into an equivalent number of Redeemable Shares and the redemption of such Redeemable Shares, or (c) the liquidation of the Company. Upon a transfer of all Offered Shares of a particular Class, the transferor is relieved of all restrictions and obligations under the Subscription Agreement which the transferor entered into upon the purchase of the Offered Shares and the transferee, as a condition of the transfer, is required to agree to abide by all of the provisions of the Subscription Agreement.

As the promoter of the Company, IA solicits Canadian dealers with respect to the purchase of the Offered Shares, performs actuarial services, and performs other such related services. Pursuant to the services agreement between the Company and IA dated January 20, 2014, IA is compensated for the services it provides as a promoter of the Program.

Conditions of Sale

The Company will maintain an escrow account at RBC Royal Bank (Barbados) Ltd. into which cheques from Certified Purchasers will be deposited pending satisfaction of the conditions

described below and subject to the Certified Purchaser's right to cancel the purchase of Offered Shares within 2 business days after the execution of the Subscription Agreement. If these conditions of sale are not satisfied, the payments made by a Certified Purchaser for Offered Shares will be returned together with any interest accrued thereon. Each offer to purchase Shares must be accepted by the Company within 30 days from the date of delivery to the Company of a duly executed Subscription Agreement by the Certified Purchaser. The Company has the right to reject any prospective purchaser for any reason whatsoever. If the Company determines to accept an offer to purchase the Offered Shares, the Company will execute both copies of the Subscription Agreement remitted by the Certified Purchaser and return one copy to such purchaser. If a request to purchase is accepted, Common Shares will be issued and the Certified Purchaser will receive a certificate evidencing ownership of the Common Shares. If the Company determines not to accept an offer to purchase the Offered Shares, the Company will return the Subscription Agreement, without its signature thereon, together with all funds held in escrow and all interest accrued thereon.

THIS OFFERING IS SUBJECT TO A MAXIMUM OFFERING OF 50,000 COMMON SHARES AND IS MADE ON A CONTINUOUS BASIS. UNLESS TERMINATED EARLIER BY THE COMPANY, THIS OFFERING WILL TERMINATE ON THE DATE ON WHICH ALL OF THE COMMON SHARES OFFERED HEREBY HAVE BEEN SOLD.

Eligibility to Purchase Common Shares

A distinct Class of Common Shares will be issued with respect to each specific Dealer Account. Each Dealer Account is maintained in respect of one or more Dealerships held by a Dealer. Only one Class of Common Shares will be issued in respect of a Dealer Account. Subject to the right of the Company to decline to accept for any reason whatsoever an offer to purchase the Common Shares, the Common Shares will be sold only to each Certified Purchaser purchasing as principal who:

- a) is either (i) a Dealer who owns a Dealership relating to a Dealer Account in respect of which the particular Class of Common Shares is to be issued; or (ii) is an Associate of the Dealer; and
- b) has delivered the documents and funds in accordance with the requirements set forth under Item 5.2 – Subscription Procedure.

Simultaneously with the subscription of such Common Shares by the Certified Purchaser, the relevant Dealer must enter into either a Creditor Policy or Dealer Agreement with IA or IAPG, as applicable.

ITEM 6: INCOME TAX CONSEQUENCES

6.1 Professional Advice

This summary is of general nature only and is not intended to be, nor should it be construed to be, legal or tax advice to any particular shareholder. You should consult your own professional advisors to obtain advice on the income tax consequences that apply to you.

6.2 Income Tax Considerations

Canada Tax Considerations

No income tax ruling or opinions have been requested by the Company in respect of Canadian income tax matters pertaining to the Company or its shareholders.

Barbados Tax Considerations

The Company will be subject to the provisions of the Insurance Act and the Income Tax Act. Under the current law, the Company is subject to Barbados income tax on its profits or gains. However the Company will be entitled to a tax rebate in respect of its foreign insurance business and will accordingly be subject to an effective tax rate of as low as 1.75%. The Company will be exempt from Barbados withholding tax and exchange control restrictions with respect to dividends paid by it. There is no capital gains tax in Barbados. The Company can make no representations on how the law will change, if at all.

6.3 RRSP Eligibility

Not all securities are eligible for investment in a registered retirement savings plan (RRSP). You should consult your own professional advisers to obtain advice on the RRSP eligibility of these securities.

ITEM 7: COMPENSATION PAID TO SELLERS AND FINDERS

No compensation in connection with the Offering will be paid to any person.

ITEM 8: RISK FACTORS

Investment in reinsurance ventures such as that conducted by the Company is subject to certain risks, the most significant of which are described below. Therefore, prospective purchasers should carefully consider the following together with the information contained elsewhere in this Offering Memorandum before subscribing for Common Shares.

Investment Risk

Restrictions on Transfers; No Public Market. There is presently no public market for the Common Shares and none is expected to develop in the foreseeable future. The Common Shares are subject to substantial restrictions on transfer under the By-Laws. Further restrictions are also imposed by the exemption from the registration and prospectus requirements of the Securities Laws pursuant to which the Common Shares are offered under this Offering Memorandum. Accordingly, the Common Shares may not be resold or otherwise transferred, except in accordance with the By-Laws or the terms of such exemption. (See Item 5.2 Subscription Procedure – Eligibility to Purchase Shares and Item 10 – Resale Restrictions.)

Issuer Risk

Duration of Operating History. The Company was established in January 2014 and therefore has limited operating history and minimal records.

Reliance on Outside Consultants. The Company does not have any full-time officers or employees. The Company relies on outside consultants for insurance management, day-to-day administrative services and investment advice. (Item 2.2 Our Business – Management Agreement.)

Reinsurance Agreements. IA and IAPG have the ability to terminate Creditor Policies, CLI Policies, and other insurance policies relating to the Ancillary Products, in certain circumstances and otherwise limit the Company's insurance business with respect to Dealer Accounts. IA and IAPG may also terminate the reinsurance with respect to risks related to a particular Class of Common Shares in certain circumstances. (See Item 2 – Our Business.)

The Reinsurance Agreements may be terminated at any time upon 90 days' advance written notice with respect to new business. Also, IA and IAPG may choose to terminate the ceded risk

at the same time as any termination of the Reinsurance Agreements. In the event the Reinsurance Agreements are terminated, there is no assurance that the Company would make arrangements which would allow it to continue to operate in the manner described in this Offering Memorandum.

Barbados Corporate Law. The Company is governed by the Companies Act, the provisions of which may differ significantly from the federal and provincial corporate legislation applicable in Canada. Dealers and Certified Purchasers should consult their legal advisors to determine these variations before deciding to invest in the Common Shares.

Enforcement of Canadian Judgments. Because the Company is a foreign entity and does not have any assets situated in Canada, it may be difficult, and even impossible, for a Dealer or Certified Purchaser to enforce any legal rights against it.

Risk of Underwriting Losses. Creditor life and disability insurance coverages are sold to individuals without requiring that the insured obtain a medical examination and without requiring a written statement of good health. Accordingly, exposure to adverse claim experience may be greater for creditor life and disability reinsurance than for other forms of reinsurance. Exposure to adverse claim experience may, however, be even greater for auto-related mechanical breakdown insurance policies and extended warranty contracts due to the mix of business (some car makes and models have higher loss ratios), the potential for adverse selection (some dealers covering only bad risks) and the potential for adverse dealer behaviour at the time of a claim (dealers pushing more repairs through warranty than are eligible for coverage). As well, there may be instances in which there exists a deficit in one or more of the Dealer Accounts. Subject to certain conditions, these deficits will be allocated to and claimed against, among other things, the Dealer Accounts of all Classes of Common Shares in the manner described in the By-Laws.

Risks related to Foreign Business Operations. As a Barbados company, the Company is subject to the provisions of the Companies Act. (See Item 2.1 Structure – Barbados Corporate Law Provisions.)

Barbados Regulatory Limitations. The Company is regulated under the Insurance Act and, as such, is required to maintain assets that exceed liabilities by certain amounts as prescribed in the Insurance Act. The Company is subject to tax on its income at the rate of 25%. The Income Tax Act, Cap.73 of the laws of Barbados provides that where a company registered under the Insurance Act and carrying on business in Barbados provides services in respect of insurance business including re-insurance of risks undertaken in the course of carrying on an insurance business and investment or other business activities undertaken in connection with the insurance business, earns assessable income in respect of those services, then that income shall be deemed to be foreign currency earnings. In computing the tax for the income year of such a company, there shall be a set off against the tax payable on the taxable income of such person, a foreign currency earnings allowance.

Dividends. The ability of the Company to pay any dividends is subject to compliance with Barbados insurance regulatory requirements, the Companies Act, the Articles of Incorporation and the By-Laws. These could affect the Company's ability to pay dividends. Losses resulting from claims with respect to each Dealer Account may have a negative impact on the profits attributable to each Dealer Account, thereby diminishing the amounts available for distribution on the Common Shares and may even eliminate same. (See Item 4.1 Share Capital – Dividends.)

Company's Ability to Terminate Reinsurance The Board has the unilateral discretion to cause the termination, on a prospective basis, of ceded risk under the reinsurance agreements with respect to a particular Class of Common Shares. (See Item 2 – Our Business.)

Directors. Certain of the directors of the Company also serve as consultants or directors of other companies involved in reinsurance. A possible conflict of interest may arise. (See Item 3 Interests of Directors, Management, Promoters and Principal Holders.)

Credit Risk. Credit risk associated with the reinsurance premium receivable in the course of the Company's activities is not considered significant.

Canadian Tax Risk. No income tax ruling has been requested in respect of Canadian income tax matters pertaining to the Company or its shareholders. Prospective investors should consult with their own tax advisors for advice as to the consequences of an investment in Common Shares.

Forward-Looking Statements. The business plan of the Company contains certain "forward-looking statements" regarding operation of the Company after the completion of the Offering, and is thus prospective. Such forward-looking statements are subject to risks, uncertainties and other factors which could cause actual results to differ materially from results expressed or implied by such forward-looking statements.

Industry Risk

Canadian Insurance Regulations. Although the Reinsurance Programs are common in the Canadian insurance industry, no assurance can be given that the structure of the Reinsurance Programs will not be challenged in the future by the Canadian federal and provincial insurance, tax and securities authorities.

Regulatory Restrictions. The Company is not presently required to be registered or licensed or to obtain government approval in Canada to carry on its reinsurance business. IA and IAPG will, with respect to risks on Creditor Policies and Policy Certificates, the CLI Policies, and the other insurance policies relating to Ancillary Products reinsured with the Company, maintain reserves in Canada as if no reinsurance with the Company was in effect. The Company, IA and IAPG believe that they can and will conduct the reinsurance of risks described herein within the limits and extent of the applicable Canadian insurance legislation.

ITEM 9: REPORTING OBLIGATIONS

Each holder of Common Shares will receive, within six months of the financial year end of the Company, annual audited Financial Statements relating to such year. Additionally, each such holder and IA and IAPG will receive quarterly a statement reflecting the balance of such holder's Class of Common Shares.

ITEM 10: RESALE RESTRICTIONS

10.1 General Statement

Under applicable securities laws, the Offered Shares will be subject to a number of resale restrictions, including a restriction on trading. Unless the restriction on trading expires, you will not be able to trade the Offered Shares unless the Company prepares and files a prospectus with applicable securities regulatory authorities or complies with an exemption from the prospectus and registration requirements under applicable securities legislation.

This Offering is made only on a private placement basis to subscribers who are eligible to purchase Common Shares on an exempt basis under, and subject to compliance with, applicable Securities Laws. The Company is not a reporting issuer in any of the Provinces or Territories of Canada and does not intend to become a reporting issuer in any Province or Territory of Canada. There is no market for the Common Shares.

The issue, transfer and resale of the Offered Shares will also be subject to restrictions imposed by the By-Laws; including, but not limited to, Board approval. Subject to the substantial restrictions on transfer imposed by the By-Laws, Subscribers will be able to transfer Common Shares to another person pursuant to another exemption from the prospectus and registration requirements of applicable securities laws, or pursuant to an order permitting such trade granted by applicable securities regulatory authorities. The Company will be entitled to require and may require, as a condition of allowing any transfer of any Common Share, the transferor or transferee, at their expense, to furnish to the Company evidence satisfactory to it in form and substance (which may include an opinion of counsel satisfactory to the Company) in order to establish that such transfer will not constitute a violation of the securities laws of any jurisdiction whose securities laws are applicable thereto.

10.2 Restricted Period

For trades in Alberta, British Columbia, New Brunswick, Newfoundland and Labrador, Northwest Territories, Nova Scotia, Nunavut, Ontario, Prince Edward Island, Québec, Saskatchewan and Yukon:

- a) unless permitted under securities legislation, you cannot trade the Offered Shares before the date that is 4 months and a day after the date the Company becomes a reporting issuer in any Province or territory of Canada.

The Company has no intention or plan to proceed with becoming a reporting issuer in any jurisdiction and so the transfer restriction could continue indefinitely.

10.3 Manitoba Restricted Period

For trades in Manitoba, unless permitted under securities legislation, you must not trade Shares without the prior written consent of the regulator in Manitoba unless:

- a) the Company has filed a prospectus with the regulator in Manitoba with respect to the securities you have purchased and the regulator in Manitoba has issued a receipt for that prospectus, or
- b) you have held the Offered Shares for at least 12 months.

The regulator in Manitoba will consent to your trade if the regulator is of the opinion that to do so is not prejudicial to the public interest.

The Company has no intention or plan to proceed with becoming a reporting issuer in any jurisdiction and so the transfer restriction could continue indefinitely.

ITEM 11: PURCHASER'S RIGHTS

Your purchase will be made in reliance on the "offering memorandum exemption" in section 2.9 of NI 45-106. If you purchase the Offered Shares, you will have certain rights, some of which are described below.

The Subscription Agreement also supplements your rights under NI 45-106 on a contractual basis such that all subscribers, wherever resident, will be given substantially the same rights. For further information about your rights, you should consult a legal advisor.

11.1 Two Day Cancellation Right

You can cancel your agreement to purchase these securities. To do so, you must send a notice to us by midnight on the second (2nd) business day after you sign the agreement to buy the securities.

11.2 Rights of Action in the Event of a Misrepresentation

The following rights of action for damages or rescission will apply to a purchase of the Offered Shares. The applicable securities laws in certain Qualifying Jurisdictions provide purchasers, or requires that purchasers be provided, with remedies for rescission or damages, or both, if this Offering Memorandum or any amendment to it contains a misrepresentation (within the meaning of applicable Canadian securities laws). However, these remedies must be exercised within prescribed time limits. Purchasers should refer to the applicable legislative provisions for the complete text of these rights and/or consult with a legal advisor.

Statutory Rights for Subscribers Resident in Alberta, British Columbia, Newfoundland and Labrador, Northwest Territories and Nova Scotia

If there is a misrepresentation in this Offering Memorandum and you are resident in Alberta, British Columbia, Newfoundland and Labrador, the Northwest Territories or Nova Scotia, you have a statutory right to sue:

- a) the Company to cancel your agreement to buy the Offered Shares; or
- b) the Company, every director of the Company at the date of the Offering Memorandum and every person who signed the Offering Memorandum for damages.

This statutory right to sue is available to you whether or not you relied on the misrepresentation. However, there are various defences available to the persons or companies that you have a right to sue. In particular, they have a defence if you knew of the misrepresentation when you purchased the securities. If you intend to rely on the rights described in (a) or (b) above, you must do so within strict time limitations. You must commence your action to cancel the agreement within 180 days after you signed the agreement to purchase the securities. You must commence your action for damages within the earlier of 180 days after learning of the misrepresentation and 3 years after you signed the agreement to purchase the securities.

Statutory Rights for Subscribers Resident in Manitoba

If there is a misrepresentation in this Offering Memorandum and you are resident in Manitoba, you have a statutory right to sue:

- a) the Company to cancel your agreement to buy the Offered Shares; or

- b) the Company, every director of the Company at the date of the Offering Memorandum and every person or company who signed the Offering Memorandum for damages.

This statutory right to sue is available to you whether or not you relied on the misrepresentation. However, there are various defences available to the persons or companies that you have a right to sue. In particular, they have a defence if you knew of the misrepresentation when you purchased the securities. If you intend to rely on the rights described in (a) or (b) above, you must do so within strict time limitations. You must commence your action to cancel the agreement within 180 days after you signed the agreement to purchase the securities. You must commence your action for damages within the earlier of 180 days after learning of the misrepresentation and 2 years after you signed the agreement to purchase the securities.

Statutory Rights for Subscribers Resident in New Brunswick

If there is a misrepresentation in this Offering Memorandum and you are resident in New Brunswick, you have a statutory right to sue:

- a) the Company or a selling securityholder on whose behalf the distribution is made to cancel your agreement to buy the Offered Shares; or
- b) the persons referred to in paragraph (a) for damages.

This statutory right to sue is available to you whether or not you relied on the misrepresentation. However, there are various defences available to the persons or companies that you have a right to sue. In particular, they have a defence if you knew of the misrepresentation when you purchased the securities. If you intend to rely on the rights described in (a) or (b) above, you must do so within strict time limitations. You must commence your action to cancel the agreement within 180 days after you signed the agreement to purchase the securities. You must commence your action for damages within the earlier of 1 year after learning of the misrepresentation and 6 years after you signed the agreement to purchase the securities.

Statutory Rights for Subscribers Resident in Ontario

Ontario Securities Commission Rule 45-501 ("**Rule 45-501**") provides that when an offering memorandum, such as this Offering Memorandum, is delivered to an investor to whom securities are distributed in reliance upon the "accredited investor" prospectus exemption in Section 2.3 of National Instrument 45-106 – *Prospectus and Registration Exemptions* ("**NI 45-106**") or other exemption therein, the right of action referred to in Section 130.1 of the *Securities Act* (Ontario) ("**Section 130.1**") is applicable unless the prospective purchaser is:

- a) a Canadian financial institution, meaning either:
 - (i) an association governed by the *Cooperative Credit Associations Act* (Canada) or a central cooperative credit society for which an order has been made under section 473(1) of that Act;
 - (ii) a bank, loan corporation, trust company, trust corporation, insurance company, treasury branch, credit union, caisse populaire, financial services cooperative, or league that, in each case, is authorized by an enactment of Canada or a jurisdiction of Canada to carry on business in Canada or a jurisdiction of Canada;
- b) a Schedule III bank, meaning an authorized foreign bank named in Schedule III of the *Bank Act* (Canada),
- c) The Business Development Bank of Canada incorporated under the *Business Development Bank of Canada Act* (Canada), or

- d) a subsidiary of any person referred to in paragraphs (a), (b) or (c), if the person owns all of the voting securities of the subsidiary, except the voting securities required by law to be owned by the directors of the subsidiary.

Section 130.1 provides purchasers who purchase securities offered by an offering memorandum with a statutory right of action against the issuer of securities and any selling securityholder for rescission or damages in the event that the offering memorandum or any amendment to it contains a “misrepresentation”, without regard to whether the purchaser relied on the “misrepresentation”. “Misrepresentation” means an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made.

In the event that this Offering Memorandum, together with any amendment, is delivered to a prospective purchaser of securities in connection with a trade made in reliance on Section 2.3 of NI 45-106 or other exemption therein, and this Offering Memorandum contains a misrepresentation which was a misrepresentation at the time of purchase of the securities, the purchaser will have a statutory right of action against the Company and the selling securityholder(s), if any, for damages or, while still the owner of the securities, for rescission, in which case, if the purchaser elects to exercise the right of rescission, the purchaser will have no right of action for damages, provided that:

- a) no action shall be commenced more than, in the case of an action for rescission, 180 days after the date of the transaction that gave rise to the cause of action; or in the case of any other action other than an action of rescission, the earlier of (i) 180 days after the plaintiff first had knowledge of the facts giving rise to the cause of action, or (ii) three years after the date of the transaction that gave rise to the cause of action;
- b) the defendant will not be liable if it proves that the purchaser purchased the securities with knowledge of the misrepresentation;
- c) in the case of an action for damages, the defendant will not be liable for all or any portion of the damages that it proves do not represent the depreciation in value of the securities as a result of the misrepresentation relied upon;
- d) in no case will the amount recoverable exceed the price at which the securities were offered to the purchaser; and
- e) the statutory right of action for rescission or damages is in addition to and does not derogate from any other rights or remedies the purchaser may have at law.

This summary is subject to the express provisions of the *Securities Act* (Ontario) and the regulations and rules made under it, and you should refer to the complete text of those provisions.

Statutory Rights for Subscribers Resident in Nunavut, Prince Edward Island and Yukon

If there is a misrepresentation in this Offering Memorandum and you are resident in Nunavut, Prince Edward Island or Yukon, you have a statutory right to sue:

- a) the Company or a selling securityholder on whose behalf the distribution is made to cancel your agreement to buy the Offered Shares; or
- b) the Company, a selling securityholder on whose behalf the distribution is made, every director of the Company at the date of the Offering Memorandum and every person who signed the Offering Memorandum for damages.

This statutory right to sue is available to you whether or not you relied on the misrepresentation. However, there are various defences available to the persons or companies that you have a right to sue. In particular, they have a defence if you knew of the misrepresentation when you purchased the securities. If you intend to rely on the rights described in (a) or (b) above, you must do so within strict time limitations. You must commence your action to cancel the agreement within 180 days after you signed the agreement to purchase the securities. You must commence your action for damages within the earlier of 180 days after learning of the misrepresentation and 3 years after you signed the agreement to purchase the securities.

Statutory Rights for Subscribers Resident in Québec

If there is a misrepresentation in this Offering Memorandum and you are resident in Québec, you have a statutory right to sue:

- a) to cancel your agreement to buy the Offered Shares or have the price revised; and
- b) among others, the Company, every director and officer of the Company, and a dealer under contract to the Company for damages.

This statutory right to sue is available to you whether or not you relied on the misrepresentation. However, there are various defences available to the persons or companies that you have a right to sue. In particular, they have a defence if you knew of the misrepresentation when you purchased the securities. If you intend to rely on the rights described in (a) or (b) above, you must do so within strict time limitations. You must commence your action to cancel the agreement within 3 years after you signed the agreement to purchase the securities. You must commence your action for damages within 3 years after learning of the misrepresentation, subject to additional limitations under the Québec *Securities Act*.

Statutory Rights for Subscribers Resident in Saskatchewan

If there is a misrepresentation in this Offering Memorandum and you are resident in Saskatchewan, you have a statutory right to sue:

- a) the Company or a selling securityholder on whose behalf the distribution is made to cancel your agreement to buy the Offered Shares; or
- b) the Company, every promoter and director of the Company or the selling securityholder at the time the Offering Memorandum is sent or delivered for damages;
- c) every person or company whose consent has been filed respecting the Offering, but only with respect to reports, opinions or statements that have been made by them, for damages;
- d) every person who or company that, in addition to the persons or companies mentioned in paragraphs (a) to (c), signed the Offering Memorandum or the amendment to the Offering Memorandum for damages; and
- e) every person who or company that sells securities on behalf of the Company or selling securityholder under the Offering Memorandum or any amendment made thereto for damages.

This statutory right to sue is available to you whether or not you relied on the misrepresentation. However, there are various defences available to the persons or companies that you have a right to sue. In particular, they have a defence if you knew of the misrepresentation when you

purchased the securities. If you intend to rely on the rights described in (a) or (b) above, you must do so within strict time limitations. You must commence your action to cancel the agreement within 180 days after you signed the agreement to purchase the securities. You must commence your action for damages within the earlier of 1 year after learning of the misrepresentation and 6 years after you signed the agreement to purchase the securities.

ITEM 12: FINANCIAL STATEMENTS

Please see financial statements of the Company as enclosed below ITEM 13.

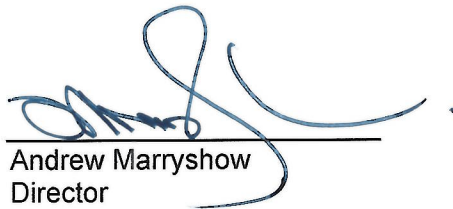

ITEM 13: DATE AND CERTIFICATE

Effective the 1st day of April, 2017


This Offering Memorandum does not contain a misrepresentation


Chris Evans
Chief Executive Officer
Chris Evans
Chief Financial Officer

On behalf of the Board of Directors of DS Insurance Corporation


Andrew Marryshow
Director
Ashok Merai
Director

On behalf of the Promoter, Industrial Alliance Insurance and Financial Services Inc.


Alnoor Jiwani
Senior Vice President
Karen Davies
Vice President

DS Insurance Corporation

Financial Statements

For the 15 months ended December 31, 2016
(Expressed in Canadian Dollars)

DS INSURANCE CORPORATION

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INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF DS INSURANCE CORPORATION

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of DS Insurance Corporation ("the Company"), which comprise the statement of financial position as at 31 December 2016, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the period to 31 December 2016, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2016 and its financial performance and its cash flows for the period then ended in accordance with International Financial Reporting Standards ("IFRSs").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are responsible for overseeing the Company's financial reporting process.

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF DS INSURANCE CORPORATION

Report on the Audit of the Financial Statements (cont'd)

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Company's audit. We remain solely responsible for our audit opinion.

We communicate with management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF DS INSURANCE CORPORATION

Report on the Audit of the Financial Statements (cont'd)

Other Legal and Regulatory Requirements

This report is made solely to the Company's shareholders, as a body, in accordance with Section 147 of the Companies Act of Barbados. Our audit work has been undertaken so that we might state to the Company's shareholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law and subject to any enactment or rule of law to the contrary, we do not accept or assume responsibility to anyone other than the Company and the Company's shareholders as a body, for our audit work, for this report, or for the opinion we have formed.

A handwritten signature in black ink that reads 'Ernst & Young Ltd'. The signature is written in a cursive, flowing style.

Chartered Accountants
Barbados
6 April 2017

DS INSURANCE CORPORATION

Statement of Financial Position

As at December 31, 2016


(With comparatives as at September 30, 2015)

(Expressed in Canadian Dollars)

	Notes	2016 \$	2015 \$
Assets			
Cash and cash equivalents	5	306,149	3,169,679
Available-for-sale investments	7	8,103,321	-
Prepaid expenses		4,161	6,058
Due from ceding insurers		2,167,895	1,122,503
Other receivable	4	568,822	-
		<u>11,150,348</u>	<u>4,298,240</u>
Liabilities			
Accounts payable and accrued expenses		61,874	52,843
Shareholder subscriptions		130,000	-
Corporation taxes payable	10	13,946	3,072
Due to ceding insurer	4	568,822	-
		<u>774,642</u>	<u>55,915</u>
Equity			
Share capital	11	850,000	690,000
Other comprehensive income		96,787	-
Retained earnings		9,428,919	3,552,325
		<u>10,375,706</u>	<u>4,242,325</u>
		<u>11,150,348</u>	<u>4,298,240</u>

The accompanying notes form an integral part of these financial statements.

Approved on behalf of the Board of Directors on April 6, 2017

 : Director

DS INSURANCE CORPORATION

Statement of Comprehensive Income

For the 15 months ended December 31, 2016

(With comparatives for the year ended September 30, 2015)

(Expressed in Canadian Dollars)

	Notes	2016 \$	2015 \$
Revenue			
Net premiums earned		31,567,088	20,570,382
Net investment income	6	53,328	2,036
		<u>31,620,416</u>	<u>20,572,418</u>
Expenses			
Claims incurred		4,585,125	2,450,513
Ceding insurer's fees and expenses	9	20,355,801	14,124,325
General and administrative expenses		444,045	263,281
		<u>25,384,971</u>	<u>16,838,119</u>
Profit before tax		6,235,445	3,734,299
Taxation	10	18,808	8,252
Net profit for the period/year		6,216,637	3,726,047
Other comprehensive income			
Items that will be reclassified to profit or loss in the future:			
Net unrealized gain on securities	7	96,787	-
Total comprehensive income for the period/year		<u>6,313,424</u>	<u>3,726,047</u>

The accompanying notes form an integral part of these financial statements.

DS INSURANCE CORPORATION

Statement of Changes in Equity

For the 15 months ended December 31, 2016

(With comparatives for the year ended September 30, 2015)

(Expressed in Canadian Dollars)

	Notes	Share capital \$	Accumulated Other Comprehensive Income \$	Retained earnings (Deficit) \$	Total \$
Balance – September 30, 2014		440,000	-	(173,722)	266,278
Issue of share capital	11	250,000	-	-	250,000
Total comprehensive income		-	-	3,726,047	3,726,047
Balance – September 30, 2015		690,000	-	3,552,325	4,242,325
Issue of share capital	11	180,000	-	-	180,000
Share redemption		(20,000)	-	(340,043)	(360,043)
Total comprehensive income		-	96,787	6,216,637	6,313,424
Balance – December 31, 2016		850,000	96,787	9,428,919	10,375,706

The accompanying notes form an integral part of these financial statements.

DS INSURANCE CORPORATION

Statement of Cash Flows

For the 15 months ended December 31, 2016

(With comparatives for the year ended September 30, 2015)

(Expressed in Canadian Dollars)

	2016 \$	2015 \$
Cash flows from operating activities		
Income before tax	6,235,445	3,734,299
Adjustment for:		
Investment income	(81,135)	(2,036)
	6,154,310	3,732,263
Net changes in non-cash balances relating to operations:		
Decrease (increase) in prepaid expenses	1,897	(3,355)
Increase in amounts due from ceding insurers	(1,045,392)	(1,122,503)
Increase in other receivable	(568,822)	-
Increase (decrease) in accounts payable and accrued expenses	9,031	(41,432)
Increase in due to ceding insurer	568,822	-
	5,119,846	2,564,973
Tax paid	(7,934)	(5,180)
Net cash generated from operations	5,111,912	2,559,793
Cash flows from investing activities		
Purchase of investments	(9,614,541)	-
Proceeds from sales and maturities of investments	1,567,306	-
Investment income received	121,836	2,036
Net cash (used in) generated from investing activities	(7,925,399)	2,036
Cash flows from financing activities		
Issuance of common shares	180,000	250,000
Proceeds from shareholder subscriptions	130,000	-
Share redemption	(360,043)	-
Net cash (used in) generated from financing activities	(50,043)	250,000
Net (decrease) increase in cash and cash equivalents	(2,863,530)	2,811,829
Cash and cash equivalents – beginning of period/year	3,169,679	357,850
Cash and cash equivalents – end of period/year (Note 5)	306,149	3,169,679

The accompanying notes form an integral part of these financial statements.

DS INSURANCE CORPORATION

Notes to the Financial Statements

For the 15 months ended December 31, 2016

(With comparatives for the year ended September 30, 2015)

(Expressed in Canadian Dollars)

1. Incorporation, principal activity and registered office

DS Insurance Corporation ('the Company') was incorporated in Barbados on January 6, 2014 under the Companies Act of Barbados. On March 11, 2014, the Company was registered and certified as a Qualifying Insurance Company under the Insurance Act 1996-32 of Barbados. All of the Company's voting shares are owned by car dealers or associates of car dealers in Canada. During the year the Company changed its' year end from September 30 to December 31.

Effective October 1, 2014, the Company reinsured certain risks underwritten by Industrial Alliance Insurance and Financial Services Inc. and Industrial Alliance Pacific General Insurance Corporation "the Ceding Companies". The insurance policies underwritten by these insurers are sold by automotive dealers in Canada to their customers. The policies include but are not limited to creditor, disability, critical illness, loss of employment, mechanical breakdown, tires, rims, and chemical and rust proofing.

Effective September 30, 2016, the Company entered into a Novation Agreement with Industrial Alliance Insurance and Financial Services Inc. ("IA") and Hillsdale Insurance Corporation ("Hillsdale"). Under the agreement, Hillsdale transferred all rights as reinsurer under the Reinsurance Agreement pursuant to which Hillsdale had assumed reinsurance on a coinsurance basis on certain creditor insurance policies issued by IA. Effective December 1, 2016, the Reinsurance Agreement between the Company and IA was amended to a modified coinsurance agreement.

Under the two creditor insurance plans, IA cedes 100% and 97.5% of the earned exposure to the Company under a modified coinsurance agreement.

The general insurance business is underwritten by Industrial Alliance Pacific General Insurance Corporation which cedes 100% of the Earned Premium from the SAL Marketing Inc. ("SMI") policy and 52.38% of Earned Premium from all other policies, to the Company, under a modified coinsurance agreement. The Company assumes 100% of the liability arising out of the Reinsured Business for the SMI policies and 100% of the liability in excess of 40% of the Earned Premium for all other policies.

DS INSURANCE CORPORATION

Notes to the Financial Statements

For the 15 months ended December 31, 2016

(With comparatives for the year ended September 30, 2015)

(Expressed in Canadian Dollars)

1. Incorporation, principal activity and registered office (cont'd)

The registered office of the Company is located at One Welches, Welches, St. Thomas, Barbados.

2. Summary of significant accounting policies

a] Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), which comprise standards and interpretations approved by the International Accounting Standards Board and International Accounting Standards Committee and Standing Interpretations Committee interpretations approved by the International Accounting Standards Board that remain in effect. Except for the measurement at fair value of its available-for-sale investments, the financial statements are prepared under the historical cost convention. No account is taken for the effects of inflation.

b] Changes in accounting policies and disclosures

There are no standards, interpretations or amendments to existing standards that are effective for the first time for the financial year beginning January 1, 2016 that had a material impact on the Company.

Standards issued by not yet effective

The Standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's financial statements that are relevant to the Company's activities are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective.

IFRS 9 Financial Instruments

IFRS 9, as issued, reflects the first phase of the IASB's work on the replacement of IAS 39 and applies to classification and measurement of financial assets and financial liabilities as defined in IAS 39. The standard was initially effective for annual periods beginning on or after January 1, 2013, but Amendments to IFRS 9 - Mandatory Effective Date of IFRS 9 and Transition Disclosures, issued in December 2011, moved the mandatory effective date to January 1, 2018.

In subsequent phases, the IASB is addressing hedge accounting and impairment of financial assets. The adoption of the first phase of IFRS 9 will have an effect on the classification and measurement of the Company's financial assets, but will not have an impact on classification and measurements of the Company's financial liabilities. The Company will quantify the effect in conjunction with the other phases, when the final standard including all phases is issued.

DS INSURANCE CORPORATION

Notes to the Financial Statements

For the 15 months ended December 31, 2016

(With comparatives for the year ended September 30, 2015)

(Expressed in Canadian Dollars)

2. Summary of significant accounting policies (cont'd)

c] Use of estimates

The preparation of the Company's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

d] Cash equivalents

The Company considers all cash deposits and short-term investments with an initial maturity date of three months or less to be cash equivalents.

e] Currency

The financial statements are expressed in Canadian dollars, the primary currency in which the Company operates. Monetary assets and liabilities in currencies other than Canadian dollars are translated at the rates of exchange prevailing at the statement of financial position date. Non-monetary items that are measured at fair value in currencies other than Canadian dollars are translated at the exchange rate at the initial transaction date. Gains and losses on foreign exchange are included in income or loss.

f] Revenue recognition

Premium income

Premiums assumed represent the Company's share of the earned policy premiums as stipulated in the reinsurance agreements between the Company and the ceding companies. Under the terms of modified coinsurance agreements, premiums are ceded as earned. Ceding insurer's fees and expenses, which consist primarily of ceding commissions and administration fees, are charged to income as incurred.

Interest income

Interest income is recognized in the income statement as it accrues, taking into account the effective yield of the asset or an applicable floating rate.

DS INSURANCE CORPORATION

Notes to the Financial Statements

For the 15 months ended December 31, 2016

(With comparatives for the year ended September 30, 2015)

(Expressed in Canadian Dollars)

2. Summary of significant accounting policies (cont'd)

g] Investments

Available-for-sale investments

All investments are initially recognized at cost, being the fair value of the consideration given, including acquisition charges associated with the security. After initial recognition, investments, which are classified as available-for-sale, are measured at fair value. Changes in fair value are recorded as other comprehensive income. Fair value is determined by reference to the market value of the investments as at the year-end date, the exit price is used.

Regular purchases and sales are recognized on the trade date, the date the Company commits to the purchase or sell the asset.

An available-for-sale investment is derecognized when the rights to receive cash flows from the asset expire and the Company has transferred substantially all risks and rewards of ownership.

Fixed income investments are reviewed for impairment whenever events or circumstances indicate that the carrying amount may not be recoverable. The identification of impairment and the determination of recoverable amounts is an inherently uncertain process involving various assumptions and factors, including the financial condition of the counterparty, expected future cash flows, observable market prices and expected net selling prices. All equity securities for which the market value has been significantly below amortized cost for a considerable period of time are individually reviewed.

A distinction is made between circumstances attributed to general market fluctuations and those attributed to issuer specific developments.

The impairment review focuses on issuer specific developments regarding financial condition and future prospects, taking into account the intent and ability to hold the securities under the Company's long-term investment strategy. The amount of the loss is measured as the difference between the investment's carrying amount and the present value of estimated future cash flows discounted at the investment's original effective interest rate and is recognized in income. On de-recognition or impairment, the cumulative gain or loss previously reported in equity is transferred to income.

Realized gains and losses on disposal of available-for-sale investments and impairment losses are recorded in income. Amortized cost is calculated by taking into account any discount or premium on acquisition, over the period to maturity.

DS INSURANCE CORPORATION

Notes to the Financial Statements

For the 15 months ended December 31, 2016

(With comparatives for the year ended September 30, 2015)

(Expressed in Canadian Dollars)

2. Summary of significant accounting policies (cont'd)

h] Impairment of financial assets

In addition to any impairment to available for sale investments discussed above, a provision for impairment of other financial assets is established when there is objective evidence that the Company will not be able to collect amounts due. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognized in income. Investment securities are reviewed for impairment when the market value is below cost for a prolonged period or there is a significant unrealized loss.

i] Insurance

Insurance contracts are defined as those containing significant insurance risk at the inception of the contract, or those where at the inception of the contract there is a scenario with commercial substance where the level of insurance risk may be significant. The significance of insurance risk is dependent on both the probability of an insured event and the magnitude of its potential effect. Once a contract has been classified as an insurance contract, it remains an insurance contract for the remainder of its lifetime, even if the insurance risk reduces significantly during this period.

j] Actuarial liabilities

The Company reinsures on modified coinsurance basis. Under the terms of the modified coinsurance arrangements, the Company records its proportionate share of premiums, claims reserves and expenses in its statement of comprehensive income while the actuarial liabilities and unearned premiums are retained by the Ceding companies. Under the terms of the reinsurance agreements, the ceding companies retain liabilities arising from obligations under the contract on its books, along with the assets backing those liabilities. The Company assesses the reserves held by the ceding companies and determines whether they are appropriate to the circumstances of the underlying business. If necessary the Company will book a reserve in order to bring the total level of reserves to an amount considered appropriate to the Company's particular circumstances. As a result, unless the Company deems the ceding company's reserves to be insufficient, there are no reserves booked in respect of the Company's reinsurance agreements in the normal course of business.

k] Income taxes

The taxation charge in the statement of comprehensive income comprised current taxation on both life and general business. Current taxation is provided for general business on the basis of income before taxation and life business on investment income for financial reporting purposes. These amounts are adjusted for income and expense items which are not assessable or deductible for tax purposes to determine taxable income.

DS INSURANCE CORPORATION

Notes to the Financial Statements

For the 15 months ended December 31, 2016

(With comparatives for the year ended September 30, 2015)

(Expressed in Canadian Dollars)

2. Summary of significant accounting policies (cont'd)

1] Equity instruments

The share capital of the Company comprises common and non-voting redeemable common shares, which are classified as equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. The equity instruments of the Company are measured at fair value of the cash or other resources received or receivable, net of direct costs of issuing the equity instruments.

3. Critical accounting estimates, and judgements in applying accounting policies

The Company makes estimates and assumptions that affect the reported amounts of assets and liabilities. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements relate to the assessment of impairment of financial assets, as well as the assessment of the adequacy of loss reserves, as described in the following notes.

4. Management of insurance and financial risk

Insurance risk

Insurance risk is the risk of financial loss as a result of actual loss experience differing from that assumed at the time that the reinsurance contracts were designed and priced. A variety of assumptions are made with respect to the future level of losses and other factors, based upon Company and industry experience and necessarily involves professional judgment. Actual experience may differ significantly from that assumed and may be impacted by unusual developments in terms of man-made or natural disasters, disease and illness. The assessment of reserves for claims liabilities established by the ceding companies is central to the insurance operation.

When an insurance policy is issued by the primary insurance company, a variety of assumptions are made related to the future levels of claims, policyholder behavior, expenses and sales levels when the insurance products are designed and priced, as well as the determination of actuarial liabilities. Such assumptions require a significant amount of professional judgment. Risks relating to financial losses arise when actual results adversely vary from what was assumed.

DS INSURANCE CORPORATION

Notes to the Financial Statements

For the 15 months ended December 31, 2016

(With comparatives for the year ended September 30, 2015)

(Expressed in Canadian Dollars)

4. Management of insurance and financial risk (cont'd)

The Company reinsures mortality and morbidity risks, as well as certain general insurance risks, on a modified coinsurance basis. Under this basis, the ceding company retains liabilities arising from obligations under the contract on its books, along with the assets backing those liabilities. As a result, incurred claims are the only risk driver which exposes the Company to large financial losses.

Financial risk

The Company is exposed to financial risk through its financial assets and liabilities. In particular, the key financial risk is that the proceeds from its financial assets are not sufficient to fund the obligations arising from the insurance contracts. Financial risk consists of market risk (including interest rate risk, price risk and foreign exchange risk), credit risk and liquidity risk as described below.

Interest rate risk

Interest rate risk is the possibility that changes in the fair value or future cash flows of a financial instrument may occur because of changes in market interest rates. Differences in maturity dates and changes in interest rates may expose the Company to interest rate risk. The company monitors the sensitivity of interest rate movements by analyzing investment returns on a regular basis and discussing market trends with the investment managers.

As of December 31, 2016 and September 30, 2015 a 1% increase in interest rates on the value of fixed income securities would have had the effect of decreasing the fair value of investments by \$167,126 and \$0 respectively.

Foreign exchange risk

Foreign exchange risk is the risk that the value of a financial asset or liability will fluctuate due to changes in foreign currency rates. As at December 31, 2016 and September 30, 2015 the Company has conducted its operations principally in Canadian dollars. As a result, the Company does not consider its exposure to foreign exchange risk to be significant.

DS INSURANCE CORPORATION

Notes to the Financial Statements

For the 15 months ended December 31, 2016

(With comparatives for the year ended September 30, 2015)

(Expressed in Canadian Dollars)

4. Management of insurance and financial risk (cont'd)

Price risk

Price risk is the risk that changes in the fair value of securities will fluctuate because of changes in market prices. The Company's investment portfolio is exposed to price risk arising from changes in market values of the equity investments. Equities for December 31, 2016 and September 30, 2015 were valued at \$670,846 and \$0 respectively. The effect of a 5% across the board decline in equity prices on the Company's net assets would be \$33,542 for the period ended December 31, 2016 and \$0 for the year ended September 30, 2015.

Credit risk

The Company's exposure to credit risk arises from the possibility that counterparties may default on their obligations to the Company. The amount of the Company's maximum exposure to credit risk is indicated by the carrying value of its financial assets, as follows:

	2016 \$	2015 \$
Cash and cash equivalents	306,149	3,169,679
Available-for- sale investments	8,103,321	-
Due from ceding insurers	2,167,895	1,122,503
Other receivable	568,822	-
	<hr/>	<hr/>
	11,146,187	4,292,182

The Company places its cash and cash equivalents and investments with substantial financial institutions. The Company also has exposure to concentration of credit risk in respect of its amounts due under reinsurance contracts which are due from the two counterparties referred to in Note 1. Management believes this risk is mitigated by the financial strength of the ceding insurers.

There are no past due or impaired financial assets at December 31, 2016 or September 30, 2015.

DS INSURANCE CORPORATION

Notes to the Financial Statements

For the 15 months ended December 31, 2016

(With comparatives for the year ended September 30, 2015)

(Expressed in Canadian Dollars)

4. Management of insurance and financial risk (cont'd)

Liquidity risk

The Company is exposed to calls on its available cash resources mainly from negative experience from the programs' operations. Liquidity risk is the risk that cash may not be available to pay obligations when due at a reasonable cost. The Company mitigates liquidity risk by holding highly liquid financial assets which may be sold quickly in response to needs for liquidity.

All financial assets and liabilities are short-term in nature as such the Company has no significant exposure to liquidity risk.

Fair value

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e. an exit price). The accounting guidance includes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The three levels of the fair value hierarchy are as follows:

Level 1 – Unadjusted quoted prices for identical assets or liabilities in active markets

Level 2 – Inputs other than quoted prices in active markets for identical assets and liabilities that are observable either directly or indirectly for substantially the full term of the asset or liability; and

Level 3 – Unobservable inputs for the asset or liability, which include management's own assumption about the assumptions market participants would use in pricing the asset or liability, including assumptions about risk.

When inputs used to measure fair value fall within different levels of the hierarchy, the level within which the fair value measurement is categorized is based on the lowest level input that is significant to the fair value measurement in its entirety.

The Company's financial assets comprise cash and cash equivalents, investments, amounts due from ceding insurers and other receivable. Financial liabilities comprise accounts payable, and due to ceding insurer. The carrying value of these assets and liabilities is a reasonable estimate of their fair value because of the short maturity of these instruments. In determining the fair value of its financial instruments, the Company uses observable market data, when available, and minimizes the use of unobservable inputs to the extent possible when determining fair value.

DS INSURANCE CORPORATION

Notes to the Financial Statements

For the 15 months ended December 31, 2016

(With comparatives for the year ended September 30, 2015)

(Expressed in Canadian Dollars)

4. Management of insurance and financial risk (cont'd)

As at December 31, 2016 the debt securities were classified as Level 2 and equity security fund were classified as Level 1 financial instruments.

Available-for-sale financial assets measured at fair value include the following:

As at December 31, 2016

	Level 1	Level 2	Level 3	December
	\$	\$	\$	31, 2016
				\$
Equity Global fund	670,846	-	-	670,846
Corporate bonds	-	5,149,220	-	5,149,220
Government bonds	-	2,283,255	-	2,283,255
	<u>670,846</u>	<u>7,432,475</u>	<u>-</u>	<u>8,103,321</u>

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date for Level 1 available for sale investments. The quoted market price used for financial assets is the current close price at the balance sheet date. Fair values within the level 2 category are determined through the use of quoted prices in active markets for similar assets, which in some cases, are adjusted for factors specific to the asset.

There were no impairment provisions for available-for-sale investments for the period ended December 31, 2016 (2015 - nil).

5. Cash and cash equivalents

Cash and cash equivalents comprise of the following:

	2016	2015
	\$	\$
Cash	306,149	217,643
Cash equivalents	-	2,952,036
	<u>306,149</u>	<u>3,169,679</u>

DS INSURANCE CORPORATION

Notes to the Financial Statements

For the 15 months ended December 31, 2016

(With comparatives for the year ended September 30, 2015)

(Expressed in Canadian Dollars)

6. Investment income

	2016 \$	2015 \$
Interest income	81,135	2,036
Investment management fees	(27,807)	-
	53,328	2,036

7. Investments

As at December 31, 2016 all of the Company's investments consisted of Government Investment Certificates (GICs), government and corporate bonds and an equity fund. Investments are comprised as follows:

	2016		2015	
	Amortised cost/ Cost \$	Fair value \$	Amortised cost/ cost \$	Fair value \$
Bonds:				
GICs	747,450	747,450	-	-
Government bonds	2,295,816	2,283,255	-	-
Corporate bonds	4,410,849	4,401,770	-	-
	7,454,115	7,432,475	-	-
Equities:				
Global fund	552,419	670,846	-	-
	8,006,534	8,103,321	-	-

The yield on the GICs is 0.95% (2015 - 0%) per annum. Bonds yield interest at rates ranging from 0.820% to 1.870% (2015 - 0%) per annum. The bond ratings, as rated by Moody's & S&P range from A2 to Aa3 & A to AAA respectively.

DS INSURANCE CORPORATION

Notes to the Financial Statements

For the 15 months ended December 31, 2016

(With comparatives for the year ended September 30, 2015)

(Expressed in Canadian Dollars)

7. Investments (cont'd)

	2016 \$	2015 \$
Due within 1 year	1,804,777	-
1 to 5 years	5,627,698	-
	<hr/> 7,432,475	<hr/> -

8. Funds withheld, actuarial liabilities and unearned premium reserves

The Company reinsures creditor insurance and general insurance (as explained in note 1) on a modified coinsurance basis. Under this approach, the ceding companies retain liabilities arising from obligations under the contract on their books, along with the assets backing those liabilities. The Company's actuary assesses the assumptions used by the Ceding Companies' actuaries and determines whether those used are appropriate to the circumstances of the underlying business.

Actuarial liabilities are calculated using methods and assumptions considered to be appropriate to the circumstances of the Company and the business written. They include reserves required to provide for future benefits on contracts reinsured by the Company. This provision, while believed to be adequate to cover the ultimate cost of losses incurred, may ultimately be settled for a different amount.

Funds supporting the Company's liabilities are withheld by the Ceding Companies under a right-of-offset. As a result, the actuarial liabilities and unearned premium reserves are netted against funds withheld. These amounts are not reflected on the Company's Statement of Financial position. The amount of reserves retained by ceding companies at December 31, 2016 was \$31,017,038 (2015 - \$21,363,595).

DS INSURANCE CORPORATION

Notes to the Financial Statements

For the 15 months ended December 31, 2016

(With comparatives for the year ended September 30, 2015)

(Expressed in Canadian Dollars)

9. Ceding fees & other expenses

These underwriting expenses are comprised as follows:

	2016 \$	2015 \$
Dealer commissions	12,984,007	9,131,827
Ceding insurers' fees and expenses	5,732,182	3,939,858
Operating expenses	403,009	230,404
Premium taxes	893,207	589,063
Risk Fund fees	343,396	233,173
	<u>20,355,801</u>	<u>14,124,325</u>

10. Taxation

As a Qualifying Insurance Company, registered under the Insurance Act, the Company is liable to corporation tax at the rate of 25% on its taxable income for general insurance business. For long-term insurance business, the Company is liable to tax at 5% on its investment income. A foreign currency earnings credit of 93% is available which reduces the effective rates to 1.75% of taxable income for general insurance business and 0.35% of investment income for long term insurance business.

Corporation tax expense is comprised as follows:

	2016 \$	2015 \$
Income tax expense	<u>18,808</u>	<u>8,252</u>

DS INSURANCE CORPORATION

Notes to the Financial Statements

For the 15 months ended December 31, 2016

(With comparatives for the year ended September 30, 2015)

(Expressed in Canadian Dollars)

10. Taxation (cont'd)

A reconciliation between income taxes computed at the statutory rate and the tax charge per the statement of comprehensive income is as follows:

	2016 \$	2015 \$
Net income	6,235,445	3,734,299
At statutory rate of 25% (2015 - 25%)	1,558,861	933,575
Tax effect of non-taxable income	(1,299,429)	(786,301)
Foreign tax credit 93% (2015 - 93%)	(241,272)	(136,965)
Non-allowable expenses	-	445
Tax losses	-	(2,052)
Under (over) accrual of prior year tax	648	(450)
	18,808	8,252

11. Share capital

The Company is authorized to issue:

- a) Class 1 to 500 common shares with each class limited to 100 shares of that class.
- b) Class 1 to 500 non-voting redeemable common shares limited to 100 shares.

Shares issued and movement in the year/period is shown in the following table.

	2016		2015	
	Number of shares	Value \$	Number of shares	Value \$
Common shares				
Beginning of period/year	3,900	390,000	1,400	140,000
Issued in period/year	1,800	180,000	2,500	250,000
Redeemed in period/year	(200)	(20,000)	-	-
End of period/year	5,500	550,000	3,900	390,000

DS INSURANCE CORPORATION

Notes to the Financial Statements

For the 15 months ended December 31, 2016

(With comparatives for the year ended September 30, 2015)

(Expressed in Canadian Dollars)

11. Share capital (cont'd)

Redeemable Common shares

Beginning and end of period/year	100	300,000	100	300,000
	<hr/>		<hr/>	
Total		850,000		690,000
	<hr/>		<hr/>	

The non-voting redeemable common shares may be redeemed but only at the discretion of the Company's board of directors.

12. Capital management

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders appropriate to the level of risk inherent in its business operations. It is the intention that the Company maintain a level of capital sufficient to support the Company's ongoing business objectives. In order to maintain or adjust the capital structure over time, the Company will issue new shares, or return capital to shareholders. The Company has issued an Offering Memorandum in order to raise capital from potential shareholders, all of whom operate car dealerships in Canada.

13. Related party balances and transactions

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions.

The Company assumes reinsurance business on an arm's-length basis through reinsurance agreements with Industrial Alliance Pacific, General Insurance Corporation and Industrial Alliance Insurance and Financial Services Inc., which are regarded as related parties. The underlying risk assumed originates from customers of shareholders.

14. Regulatory framework

The Company is regulated by the Financial Services Commission under the Financial Services Commission Act of Barbados and is also subject to the provisions of the Insurance Act of Barbados.

DS INSURANCE CORPORATION

Notes to the Financial Statements

For the 15 months ended December 31, 2016

(With comparatives for the year ended September 30, 2015)

(Expressed in Canadian Dollars)

15. Reinsurance collateral

The Ceding Companies hold reserves on a modified co-insurance basis, in an amount intended to be sufficient to satisfy all current and future claims arising in respect of any business reinsured, thus permitting the ceding companies to take credit under applicable insurance regulation for the risk ceded. The amount withheld as at December 31, 2016 is described in Note 8.

16. Capital and solvency requirements

Under the Insurance (Miscellaneous Provisions) Act, 1996-32, the Company is required to meet certain capital and solvency requirements. These requirements have been met as at December 31, 2016 and September 30, 2015 with the Company exceeding its solvency requirement by \$10,108,465 and \$4,068,626, respectively.

APPENDIX "A"
FORM OF ELIGIBILITY CERTIFICATE

TO: DS INSURANCE CORPORATION

The undersigned dealer (the "**Dealer**") hereby represents that it is the owner of automobile or recreational product dealership(s) doing business as

(insert full name and address of dealership(s)) with respect to which Dealer Account# (to be designated by the Company)_____ is maintained.

The undersigned hereby designates _____
(insert full name of authorized purchaser of common shares) (the "**Certified Purchaser**") to be eligible to purchase 100 common shares of a single class of common shares (the "**Offered Shares**") in the capital stock of DS Insurance Corporation (the "**Company**"), which particular class shall be designated by the Company in its sole and absolute discretion. The purchase of Offered Shares shall be pursuant to the confidential offering memorandum (the "**Offering Memorandum**") dated April 1, 2017 delivered by the Company offering such Offered Shares by way of private placement (the "**Offering**"). All capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the Offering Memorandum, as the same may be amended from time to time, unless the context otherwise indicates. The Dealer, on its own behalf and on behalf of the Certified Purchaser, hereby represents and warrants to, and covenants with, the Company as follows and acknowledges that the Company is relying on such representations and warranties in connection with the transaction contemplated herein:

- a) the Certified Purchaser is a Dealer or an Associate of the Dealer (within the meaning of the Offering Memorandum);
- b) the Dealer confirms on its own behalf, and on behalf of the Certified Purchaser, that it:
 - i. has such knowledge in financial and business affairs as to be capable of evaluating the merits and risks of the investment in the Offered Shares;
 - ii. is capable of assessing the merits and risks (including the potential loss of the entire investment) of the proposed investment in the Offered Shares;
 - iii. is aware of the characteristics of the Offered Shares and understands the risks relating to an investment therein; and
 - iv. is able to bear the economic risk of loss of its investment in the Offered Shares;

- c) any investment advice received by the Dealer or the Certified Purchaser is from a person who is not an insider of or in a special relationship with the Company, but who is registered to advise under applicable securities laws or exempted from the requirement to be so registered to advise.

Dated: _____

Signed: _____

Witness (If Dealer is an Individual)

Print the name of Certified Purchaser

Print Name of Witness

If Certified Purchaser is a Company,
print name and title of Authorized Signing
Officer

APPENDIX "B"

RISK ACKNOWLEDGMENT FORM

Risk Acknowledgement

- I acknowledge that this is a risky investment.
- I am investing entirely at my own risk.
- No securities regulatory authority or regulator has evaluated or endorsed the merits of these securities or the disclosure in the offering memorandum.
- The person selling me these securities is not registered with a securities regulatory authority or regulator and has no duty to tell me whether this investment is suitable for me.
- I will not be able to sell these securities except in very limited circumstances. I may never be able to sell these securities.
- The securities are redeemable, but I may only be able to redeem them in limited circumstances.
- I could lose all the money I invest.

I am investing \$_____ [total consideration] in total; this includes any amount I am obliged to pay in future. If applicable, DS Insurance Corporation will pay \$ [amount of fee or commission] of this to _____[name of person selling the securities] as a fee or commission.

I acknowledge that this is a risky investment and that I could lose all the money I invest.

Date

Signature of Purchaser

Print name of Purchaser

Sign 2 copies of this document. Keep one copy for your records.

You have 2 business days to cancel your purchase

To do so, send a notice to DS Insurance Corporation stating that you want to cancel your purchase. You must send the notice before midnight on the 2nd business day after you sign the agreement to purchase the securities. You can send the notice by fax or email or deliver it in person to DS Insurance Corporation at its business address. Keep a copy of the notice for your records.

Issuer Name: DS Insurance Corporation

Address: Orena, St. Lawrence Main Road, Christ Church, BB 15029, Barbados

Tel: 246-418-9768

Fax: 246-418-0246

E-mail: Chrisevans@cge.bb

You are buying Exempt Market Securities

They are called *exempt market securities* because two parts of securities law do not apply to them. If an issuer wants to sell *exempt market securities* to you:

- the issuer does not have to give you a prospectus (a document that describes the investment in detail and gives you some legal protections), and
- the securities do not have to be sold by an investment dealer registered with a securities regulatory authority or regulator.

There are restrictions on your ability to resell *exempt market securities*. *Exempt market securities* are more risky than other securities.

You will receive an offering memorandum Read the offering memorandum carefully because it has important information about the issuer and its securities. Keep the offering memorandum because you have rights based on it. Talk to a lawyer for details about these rights.

You will not receive advice

You will not get professional advice about whether the investment is suitable for you. But you can still seek that advice from a registered adviser or registered dealer. In Alberta, Manitoba, Northwest Territories, Nunavut, Prince Edward Island, Québec, Saskatchewan and Yukon to qualify as an eligible investor, you may be required to obtain that advice.

The securities you are buying are not listed

The securities you are buying are not listed on any stock exchange, and they may never be listed. You may never be able to sell these securities.

The issuer of your securities is a non-reporting issuer

A *non-reporting issuer* does not have to publish financial information or notify the public of changes in its business. You may not receive ongoing information about this issuer.

For more information on the exempt market, call your local securities regulatory authority or regulator.

Alberta
Alberta Securities Commission
Tel: (403) 297-6454
Website: <http://www.albertasecurities.com>

British Columbia
British Columbia Securities Commission
Tel: (604) 899-6500
Website: <http://www.bcsc.bc.ca>

Manitoba
Manitoba Securities Commission
Tel: (204) 945-2548
Website: <http://www.msc.gov.mb.ca>

New Brunswick
Financial and Consumer Services Commission
(New Brunswick)
Tel: (506) 658-3060
Website: <http://www.nbsc-cvmnb.ca>

Newfoundland and Labrador
Securities NL, Financial Services
Regulation Division, Department of
Government Services
Newfoundland and Labrador
Tel: (709) 729-4189
Website: <http://www.gs.gov.nl.ca/>

Nova Scotia
Nova Scotia Securities Commission
Tel: (902) 424-7768
Website: <http://www.gov.ns.ca/nssc/>

Ontario
Ontario Securities Commission
Tel: 416-593-8314
Website: <http://www.osc.gov.on.ca>

Québec
Autorité des marchés financiers
Tel: (418) 525-0337
Website:
<http://www.lautorite.qc.ca/en/index.html>

Yukon
Superintendent of Securities - Government
of Yukon
Tel: (867) 667-5314
Website: <http://www.gov.yk.ca>

Northwest Territories
Superintendent of Securities
Department of Justice
Government of the Northwest Territories
Tel: (867) 920-3318
Website:
<http://www.justice.gov.nt.ca/SecuritiesRegistry/>

Nunavut
Superintendent of Securities, Legal Registries
Division, Department of Justice, Government of
Nunavut
Tel: (867) 975-6190
Website:
http://nunavutlegalregistries.ca/sr_index_en.shtml

Prince Edward Island
Office of the Attorney General
Tel: (902) 368-4569
Website: <http://www.gov.pe.ca>

Saskatchewan
Financial and Consumer Affairs Authority,
Saskatchewan
Tel: (306) 787-5879
Website: <http://www.sfsc.gov.sk.ca>

**APPENDIX “C”
FORM OF SUBSCRIPTION AGREEMENT**

DS INSURANCE CORPORATION

SUBSCRIPTION AGREEMENT FOR COMMON SHARES

Instructions

PLEASE MAKE SURE THAT YOUR COMPLETED SUBSCRIPTION PACKAGE INCLUDES:

1. Subscription: Two completed and signed copies of this Subscription Agreement (pages 1 and 2);
2. Payment: Payment as directed by this Subscription Agreement (please refer to section 2 of the Subscription Agreement);
3. The Eligibility Certificate attached hereto as Schedule “A”; and
4. Two copies of the Risk Acknowledgement Form attached hereto as Schedule “B”, including Exhibit 1 – *Classification of Investors Under the Offering Memorandum Exemption*, and Exhibit 2 – *Investment Limits for Investors Under the Offering Memorandum Exemption*.

Upon request, Subscribers will receive copies of definitive certificates representing their interest in the securities purchased hereunder against payment of the aggregate subscription amount. Please ensure your completed Subscription Agreement includes instructions on registration details for the certificates representing the securities.

The securities offered under this Offering have not been and will not be registered under the *United States Securities Act of 1933*, as amended (the “U.S. Securities Act”), or the securities laws of any state, and may not be offered in the United States (“U.S.”) or to U.S. persons (as defined in Regulation S under the U.S. Securities Act, “U.S. Person”). This Offering does not constitute an offer to sell or a solicitation of an offer to buy these securities in the U.S. or to any U.S. Person.

DS INSURANCE CORPORATION
SUBSCRIPTION AND PURCHASE AGREEMENT
IN RESPECT OF CONFIDENTIAL OFFERING MEMORANDUM
(For Canadian Subscribers)

TO: DS INSURANCE CORPORATION

The undersigned (the “**Subscriber**”) hereby irrevocably subscribes for and agrees to purchase from DS Insurance Corporation (the “**Company**”) that number of common shares of the Company set out below at a price of \$100 per common share for an aggregate subscription price of \$10,000 (the “**Subscription Amount**”). For purposes of this Subscription Agreement (as defined below), the Subscriber is subscribing for a single class of common shares of the Company (the “**Shares**”), which particular class shall be designated by the Company in its sole and absolute discretion and shall be designated exclusively to the Subscriber at the time of acceptance of this subscription. For greater certainty, no Shares of a class designated to the Subscriber shall be issued to other investors without the written consent of the Subscriber.

This subscription forms part of a larger offering of a maximum of 50,000 Shares. This agreement, which for greater certainty includes and incorporates the attached schedules, is referred to herein as the “**Subscription Agreement**”.

The Subscriber agrees to be bound by the terms and conditions set forth in this Subscription Agreement including without limitation the representations, warranties and covenants set forth in the schedules attached thereto. The Subscriber further agrees, without limitation, that the Company may rely upon the Subscriber’s representations, warranties and covenants contained in such documents.

SUBSCRIPTION AND SUBSCRIBER INFORMATION
Please print all information (other than signatures), as applicable, in the space provided below

Subscriber Information and Signature
<hr style="border: 0; border-top: 1px solid black; margin-bottom: 5px;"/> <div style="border-bottom: 1px solid black; height: 1.2em; margin-bottom: 5px;"></div> (Name of Subscriber)
Account Reference (if applicable):
<div style="border-bottom: 1px solid black; height: 1.2em; margin-bottom: 5px;"></div> <div style="border-bottom: 1px solid black; height: 1.2em; margin-bottom: 5px;"></div> <div style="border-bottom: 1px solid black; height: 1.2em; margin-bottom: 5px;"></div>
By:
<div style="border-bottom: 1px solid black; height: 1.2em; margin-bottom: 5px;"></div> <div style="border-bottom: 1px solid black; height: 1.2em; margin-bottom: 5px;"></div>
Authorized Signature

Number of Shares: <u>100</u> x <u>\$100</u>
Class of Shares: <u></u> (to be designated by the Company in its sole discretion)
Aggregate Subscription Price: <u>\$10,000</u> (the “ Subscription Amount ”) =

(Official Capacity or Title – if the Subscriber is not an individual)

(Name of individual whose signature appears above if different than the name of the Subscriber printed above.)

(Subscriber's Residential Address, including Municipality, Province and Country)

Please check the applicable box:

☐ Subscriber is resident in Canada for purposes of the *Income Tax Act* (Canada)

☐ Subscriber is not resident in Canada for purposes of the *Income Tax Act* (Canada)

(Subscriber's Telephone Number)

(Subscriber's Email Address)

Please complete if purchasing as agent or trustee for a disclosed beneficial purchaser (the "Disclosed Principal") and is not purchasing as trustee or agent for accounts fully managed by it.

(Name of Disclosed Principal)

(Residential Address of Disclosed Principal)

Please check the applicable box:

☐ Disclosed Principal is resident in Canada for purposes of the *Income Tax Act* (Canada)

☐ Disclosed Principal is not resident in Canada for purposes of the *Income Tax Act* (Canada)

(Telephone Number of Disclosed Principal)

(Account Reference, if applicable)

Account Registration Information:

(Name)

(Account Reference, if applicable)

(Address, including Postal Code)

Delivery Instructions as set forth below (if different from registration instructions):

(Name)

(Account Reference, if applicable)

(Address)

(Contact Name)

(Telephone Number)

THE REMAINDER OF THIS PAGE IS LEFT INTENTIONALLY BLANK

TERMS AND CONDITIONS FOR SUBSCRIPTION OF SHARES

NO SECURITIES REGULATORY AUTHORITY OR REGULATOR HAS ASSESSED THE MERITS OF THESE SECURITIES OR REVIEWED THE CONFIDENTIAL OFFERING MEMORANDUM AND THIS SUBSCRIPTION AGREEMENT. THIS IS A RISKY INVESTMENT.

YOU CAN CANCEL YOUR AGREEMENT TO PURCHASE THESE SHARES. TO DO SO, YOU MUST SEND A NOTICE TO THE COMPANY BY MIDNIGHT ON THE SECOND (2nd) BUSINESS DAY AFTER YOU SIGN THIS SUBSCRIPTION AGREEMENT.

The Company is not a public company or a reporting issuer and does not intend to become either one. There is no market for the Shares. The Shares shall be subject to indefinite statutory resale restrictions in Canada under Canadian Securities Laws (as hereinafter defined) and, as such, such securities are not freely tradable in Canada and may only be resold in accordance with appropriate statutory exemptions from the prospectus and registration requirements of Canadian Securities Laws or if appropriate discretionary orders have been obtained. Further, the Shares shall not be sold, assigned, transferred, pledged, encumbered or otherwise disposed of except in accordance with terms, conditions and provisions of this Subscription Agreement and the By-Laws (as hereinafter defined), copies of which will be provided upon request, and without the written consent of the Company, in its sole discretion. Share certificates representing such Shares will bear a legend to this effect. Subscribers are advised to consult their own legal advisors in this regard.

The description of the Shares herein is a summary only and will be subject to the detailed provisions set forth in the Articles of Incorporation (as hereinafter defined), of which copies of the relevant extracts therein will be provided upon request after Closing. All dollar amounts referred to herein are in Canadian dollars.

1. Defined Terms

The following capitalized terms used in this Subscription Agreement have the following meanings:

- (a) **“Articles of Incorporation”** means the articles of incorporation of the Company, as amended from time to time;
- (b) **“Associate of the Dealer”** when used to indicate a relationship with a Dealer, means:
 - (i) where the Dealer is an individual:
 - (A) any individual to whom the Dealer is married;
 - (B) any son or daughter of the Dealer;
 - (C) any trust or estate in which a Dealer and any of the persons mentioned in paragraphs (A) or (B) above collectively have more than 50% of the beneficial interest (excluding contingent interests) or as to which a Dealer serves as trustee or in a similar capacity; and
 - (D) any company of which a Dealer beneficially owns, directly or indirectly, either individually or together with a person mentioned in paragraphs (A), (B) or (C), 100 percent of the voting rights attached to all voting securities of such company for the time being outstanding; and
 - (ii) where the Dealer is a corporation or partnership:
 - (A) any Holder;
 - (B) any individual to whom a Holder is married;
 - (C) any son or daughter of a Holder; or
 - (D) any trust or estate in which a Holder and any of the persons mentioned in paragraphs (B) or (C) above collectively have more than 50% of the beneficial

interest (excluding contingent interest) or as to which a Holder serves as trustee or in a similar capacity;

provided that such relationship is certified, in writing, to the Company by the relevant Dealer substantially in the form of the Eligibility Certificate attached hereto as Schedule “B”.

- (c) **“business day”** means any day except Saturday, Sunday or other day on which banks are authorized to be closed in Toronto, Ontario;
- (d) **“By-Laws”** means the By-Law No.1 and the By-law No.2 of the Company, as each may be amended from time to time;
- (e) **“Canadian Securities Laws”** means, collectively, the applicable securities laws of each of the Qualifying Jurisdictions and the respective regulations and rules made and forms prescribed thereunder together with all applicable and legally enforceable published policy statements, multilateral or national instruments, blanket orders, rulings and notices of the Securities Regulators;
- (f) **“CBB”** means Cassels Brock & Blackwell LLP;
- (g) **“Closing”** means the closing of the transaction of purchase and sale in respect of the Shares as contemplated by this Subscription Agreement;
- (h) **“Closing Date”** means the date of the Closing, or such later date as may be determined by the Company. For greater certainty, the Company may extend the Offering under the Confidential Offering Memorandum in its sole discretion;
- (i) **“Company”** means DS Insurance Corporation, a company incorporated under the laws of Barbados;
- (j) **“Confidential Offering Memorandum”** means the confidential amended and restated offering memorandum of the Company dated April 1, 2017 which relates to the Offering thereunder;
- (k) **“Dealer”** means the individual, partnership or corporation to which a right to a dealership is granted, and which is a member of a provincial/national dealer association.
- (l) **“Disclosed Principal”** shall have the meaning ascribed to such term on the first page of the Subscription Agreement which, for greater certainty, means a beneficial purchaser who is identified by name and on whose behalf the Subscriber is executing this Subscription Agreement as agent or trustee, and not purchasing as trustee or agent for accounts fully managed by it so as to be deemed to be purchasing as principal pursuant to NI 45-106;
- (m) **“Eligibility Certificate”** means the statement certifying that the Subscriber is eligible to purchase Shares pursuant to the terms and conditions of the Confidential Offering Memorandum, which form is attached hereto as Schedule “A”;
- (n) **“Offering”** means the offering of Shares pursuant to the Confidential Offering Memorandum;
- (o) **“NI 45-106”** means National Instrument 45-106 – *Prospectus and Registration Exemptions* of the Canadian Securities Administrators;
- (p) **“Person”** means an individual, a firm, a corporation, a syndicate, a partnership, a trust, an association, an unincorporated organization, a joint venture, an investment club, a government or an agency or political subdivision thereof and every other form of legal or business entity of whatsoever nature or kind;
- (q) **“Personal Information”** means any information about a Person and includes information contained in this Subscription Agreement and the schedules incorporated by reference herein;
- (r) **“Qualifying Jurisdictions”** mean all of the provinces and territories of Canada;
- (s) **“Resident”** means a Subscriber or beneficial purchaser of the Shares, as the case may be, who is, immediately prior to the Closing, a resident of Canada for purposes of the Tax Act;

- (t) **Risk Acknowledgement Form** – means Form 45-106F4 which is the required form of risk acknowledgement under subsection 2.9(15) of NI 45-106, which form is attached hereto as Schedule “B”, and for greater certainty includes Exhibit 1 – *Classification of Investors Under the Offering Memorandum Exemption*, and Exhibit 2 – *Investment Limits for Investors Under the Offering Memorandum Exemption*.
- (u) **“Securities Regulators”** mean the securities commissions or other securities regulatory authorities of each of the Qualifying Jurisdictions;
- (v) **“Shares”** mean Class 2 to Class 500 common shares of the Company;
- (w) **“Subscriber”** means the purchaser for the Shares purchased as set out in the “Subscription and Subscriber Information” above;
- (x) **“Subscription Agreement”** means this subscription agreement (including any schedules attached hereto) and any instrument amending this Subscription Agreement;
- (y) **“Subscription Amount”** means the aggregate dollar amount to be paid by the Subscriber for the Shares purchased, as reflected in the “Subscription and Subscriber Information” above;
- (z) **“Tax Act”** means the *Income Tax Act* (Canada), as amended;
- (aa) **“U.S.”** means the United States of America;
- (bb) **“U.S. Person”** shall have the meaning ascribed to such term in Regulation S under the U.S. Securities Act; and
- (cc) **“U.S. Securities Act”** means the *United States Securities Act of 1933*, as amended.

Any other capitalized term not otherwise defined herein shall have the meaning attributed to it in the Confidential Offering Memorandum.

2. **Conditions of Closing**

The Subscriber acknowledges that the sale of Shares by the Company to the Subscriber is subject to, among other things, the following conditions:

- (a) the Subscriber having properly completed, executed and delivered to the Company by courier only (i) this Subscription Agreement; (ii) the Eligibility Certificate attached hereto as Schedule “A”; (iv) the Risk Acknowledgement Form, attached hereto as Schedule “B”; and if less than a complete copy of this Subscription Agreement is delivered to the Company, the Company and its respective advisors are entitled to assume that the Subscriber accepts and agrees to all of the terms and conditions of the pages not delivered, unaltered;
- (b) the Subscriber (or Disclosed Principal, if any) executing and returning to the Company, by courier only, all documents, as required by applicable Canadian Securities Laws, for delivery to the Securities Regulators on behalf of the Subscriber (or Disclosed Principal, if any) by no later than the Closing Date;
- (c) payment by the Subscriber by way of certified or cashier’s cheque delivered to the Company by courier only and made payable in Canadian dollars to “DS Insurance Corporation – Escrow Account”, representing the Subscription Amount of the Subscriber as set forth in the first page of this Subscription Agreement or such other payment method as may be agreed to by the Company, including payment to an alternative third party agent as authorized and directed by the Company;
- (d) the acceptance of the Subscriber’s subscription by the Company, in its sole discretion;
- (e) the Company having obtained all required regulatory approvals (including those that may be required under Canadian Securities Laws) to permit the completion of the transactions contemplated hereby;

- (f) the offer, issue, sale and delivery of the Shares being exempt from the requirements to file a prospectus under applicable Canadian Securities Laws and other applicable laws relating to the sale of the Shares in Canada or such other jurisdiction where the Shares are offered, or that the Company has received such orders, consents or approvals as may be required to permit the sale of Shares without the requirement of filing a prospectus or delivering an offering memorandum or any similar document;
- (g) the subscription shall not have been cancelled by the Subscriber prior to Closing; and
- (h) the representations and warranties of the Subscriber made in this Subscription Agreement being true and correct as at the Closing Date.

The Subscriber (and each Disclosed Principal, if any) acknowledge and agree that the sale of the Shares will not be qualified by a prospectus and that such sale is subject to the condition that the Subscriber (or the Disclosed Principal, if any) sign and return to the Company all relevant documentation required by Canadian Securities Laws or the laws of such other jurisdiction (other than the U.S.) to which the Subscriber is subject.

The Subscriber (and each Disclosed Principal, if any) for whom the Subscriber is acting as trustee or agent acknowledge and agree that the Company may be required to provide to the Securities Regulators a list setting out the identities of the beneficial purchasers of the Shares. Notwithstanding that the Subscriber may be purchasing the Shares as an agent on behalf of an undisclosed beneficial purchaser (if permissible under the relevant Canadian Securities Laws or other applicable securities laws), the Subscriber agrees to provide, on request, particulars as to the identity of such beneficial purchaser as may be required by the Company or the Company in order to comply with the foregoing.

3. Acceptance or Rejection of Offer to Purchase

The Subscriber acknowledges that the subscription for Shares contained in this Subscription Agreement is subject to rejection or allotment in whole or in part by the Company in its sole discretion.

The acceptance by the Company of the Subscriber's irrevocable offer to purchase the Shares in whole or in part shall constitute an agreement by the Company with the Subscriber that the Subscriber shall have, in respect of such Shares, the benefits of the representations, warranties and covenants of the Company made by the Company and the conditions of Closing not waived by the Subscriber contained in this Subscription Agreement.

If this Subscription Agreement is rejected in whole, the Subscriber (and each Disclosed Principal, if any) understands that the Subscription Agreement and all other documentation in connection with the purchase of the Shares will be returned to the Subscriber, and any funds delivered by the Subscriber representing the Subscription Amount for the Shares will be promptly returned to the Subscriber without interest or deduction. If this Subscription Agreement is accepted only in part, the Subscriber understands that a cheque representing the portion of the Subscription Amount for that portion of its subscription for the Shares that is not accepted will be promptly delivered to the Subscriber without interest or deduction.

Where the Subscriber has requested a copy of a certificate representing the Shares, the Subscriber acknowledges that such copies of the certificates will be available for delivery and will be delivered to the Subscriber in accordance with the delivery instructions provided by the Subscriber to the Company in this Subscription Agreement, upon Closing, provided that the Subscriber has satisfied the requirements of section 2 hereof and the Company has accepted this Subscription Agreement.

4. Subscriber's Representations and Warranties

The Subscriber, on its own behalf and, if applicable, on behalf of a Disclosed Principal, hereby represents and warrants to, and covenants with, the Company as follows and acknowledges that the Company is relying on such representations and warranties in connection with the transactions contemplated herein:

- (a) the Subscriber is either a Dealer or an Associate of the Dealer;
- (b) the Subscriber confirms that it:
 - (i) has such knowledge in financial and business affairs as to be capable of evaluating the merits and risks of its investment in the Shares;

- (ii) is capable of assessing the merits and risks (including the potential loss of their entire investment) of the proposed investment in the Shares;
 - (iii) is aware of the characteristics of the Shares and understands the risks relating to an investment therein; and
 - (iv) is able to bear the economic risk of loss of its investment in the Shares;
- (c) the Subscriber is resident, or if not an individual has its head office, in one of the Qualifying Jurisdictions set out on the first page of this Subscription Agreement and intends that the securities laws of that jurisdiction govern the Subscriber's subscription. Such address was not created and is not used solely for the purpose of acquiring the Shares and the Subscriber was solicited to purchase in only such jurisdiction;
- (d) the Subscriber is not a U.S. Person and is not acquiring the Shares for the account or benefit of a U.S. Person or a person in the United States;
- (e) the Shares have not been offered to the Subscriber in the U.S., and the individuals making the order to purchase the Shares and executing and delivering this Subscription Agreement on behalf of the Subscriber were not in the U.S. when the order was placed and this Subscription Agreement was executed and delivered;
- (f) the Subscriber undertakes and agrees that it will not offer or sell any of the Shares in the U.S. unless such securities are registered under the U.S. Securities Act and the securities laws of all applicable states of the U.S., or an exemption from such registration requirement is available;
- (g) the execution and delivery of this Subscription Agreement, the performance and compliance with the terms hereof, the subscription for the Shares and the completion of the transactions described herein by the Subscriber will not result in any material breach of, or be in conflict with or constitute a material default under, or create a state of facts which, after notice or lapse of time, or both, would constitute a material default under any term or provision of the constating documents, by-laws or resolutions of the Subscriber, if applicable, Canadian Securities Laws or any other laws applicable to the Subscriber, any agreement to which the Subscriber is a party, or any judgment, decree, order, statute, rule or regulation applicable to the Subscriber;
- (h) the Subscriber is subscribing for the Shares as principal for its own account and not for the benefit of any other person (within the meaning of applicable Canadian Securities Laws) or, if it is not subscribing as principal, it is acting as agent for a Disclosed Principal who is purchasing as principal for its own account and not for the benefit of any other person;
- (i) if the Subscriber is contracting hereunder as trustee or agent for a fully managed account (including for greater certainty, a portfolio manager or comparable advisor) or as agent for a Disclosed Principal, the Subscriber is duly authorized to execute and deliver this Subscription Agreement and all other necessary documentation in connection with such subscription and if the Subscriber is acting as agent for a Disclosed Principal, who is subscribing as principal for its own account and not for the benefit of any other person, this Subscription Agreement has been duly authorized, executed and delivered by or on behalf of and constitutes a legal, valid and binding agreement of, such Disclosed Principal and the Subscriber acknowledges that the Company may be required by law to disclose to certain Securities Regulators the identity of such Disclosed Principal for whom it is acting;
- (j) in the case of a subscription for the Shares by the Subscriber acting as principal, this Subscription Agreement has been duly authorized, executed and delivered by, and constitutes a legal, valid and binding agreement of, the Subscriber. This Subscription Agreement is enforceable in accordance with its terms against the Subscriber;
- (k) if the Subscriber is:
 - (i) a corporation, the Subscriber is duly incorporated and is validly subsisting under the laws of its jurisdiction of incorporation and has all requisite legal and corporate power and

authority to execute and deliver this Subscription Agreement, to subscribe for the Shares as contemplated herein and to carry out and perform its obligations under the terms of this Subscription Agreement and the individual signing this Subscription Agreement has been duly authorized to execute and deliver this Subscription Agreement;

- (ii) a partnership, syndicate or other form of unincorporated organization, the Subscriber has the necessary legal capacity and authority to execute and deliver this Subscription Agreement and to observe and perform its covenants and obligations hereunder and has obtained all necessary approvals in respect thereof and the individual signing this Subscription Agreement has been duly authorized to execute and deliver this Subscription Agreement; or
 - (iii) an individual, the Subscriber is of the full age of majority in his or her jurisdiction of residence and is legally competent to execute this Subscription Agreement and to observe and perform his or her covenants and obligations hereunder;
- (l) there is no person acting or purporting to act in connection with the transactions contemplated herein who is entitled to any brokerage or finder's fee from the Company. If any Person establishes a claim that any fee or other compensation is payable in connection with this subscription for Shares, the Subscriber covenants to indemnify and hold harmless the Company with respect thereto and with respect to all costs reasonably incurred in the defence thereof;
 - (m) the Subscriber deals at arm's length (within the meaning of the Tax Act) with the Company and with other Subscribers and is not a promoter of the Company;
 - (n) the Subscriber is not a "tax shelter" as defined in subsection 237.1(1) of the Tax Act and neither the purchase nor the holding of the Shares by the Subscriber will at any time cause the Shares to be a "tax shelter investment" for purposes of section 143.2 of the Tax Act or result in the application of any analogous provisions of any Canadian provincial taxing legislation;
 - (o) if required by Canadian Securities Laws or the Company, acting reasonably, the Subscriber will execute, deliver and file or assist the Company in filing such reports, undertakings and other documents with respect to the issue of the Shares as may be required by any Securities Regulators;
 - (p) the subscription for the Shares has not been made through or as a result of, and the distribution of the Shares is not being accompanied by any advertisement, including without limitation in printed public media, radio, television or telecommunications, including electronic display, or as part of a general solicitation;
 - (q) other than as set forth herein or in the Confidential Offering Memorandum, the Subscriber (and each Disclosed Principal, if any) is not relying upon any other information, representation or warranty made by the Company and its affiliates, or any of the partners, directors, officers, members, employees, agents, stockholders, associates or affiliates of any of the foregoing, in determining to invest in the Company. The Subscriber (and each Disclosed Principal, if any) has consulted, to the extent deemed appropriate by the Subscriber, with the Subscriber's own advisers as to the financial, accounting, tax, legal, regulatory, investment and other related matters concerning an investment in the Shares and, on that basis, believes that an investment in the Shares is suitable and appropriate for the Subscriber (and each Disclosed Principal, if any); and
 - (r) none of the funds being used to purchase the Shares are, to the knowledge of the Subscriber (and each Disclosed Principal, if any) proceeds of crime for the purposes of the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* (Canada) (the "PCMLTFA") and the Subscriber acknowledges that the Company may in the future be required by law to disclose the name of the Subscriber (or the Disclosed Principal, if applicable) and other information relating to this Subscription Agreement and the Subscriber's subscription hereunder, on a confidential basis, pursuant to the PCMLTFA. To the best of the Subscriber's knowledge, (a) none of the Subscription Amount to be provided by the Subscriber (i) has been or will be derived from or related to any activity that is deemed criminal under the laws of Canada, the U.S. or any other jurisdiction, or (ii) are being tendered on behalf of a Person or any other entity who has not been identified to the Subscriber, and (b) it shall promptly notify the Company if the Subscriber discovers that any of such

representations ceases to be true, and to provide the Company with appropriate information in connection therewith.

5. **Subscriber's Acknowledgements**

The Subscriber acknowledges and agrees on its own behalf and, if applicable, on behalf of each Disclosed Principal with the Company that:

- (a) the Subscriber (and each Disclosed Principal, if any) is familiar with the aims and objectives of the Company and has been informed of the nature of its activities;
- (b) the Subscriber (and each Disclosed Principal, if any) has been informed of the proposed use of the proceeds from the Offering;
- (c) the Subscriber (and each Disclosed Principal, if any) is aware that any return on its investment in the Shares will depend on (i) the results of the Company's operations with respect to the Subscriber's business reinsured pursuant to the Reinsurance Programs (as that term is defined in the Confidential Offering Memorandum) and (ii) the results of the Company's operations generally (including with respect to other subscribers for Shares);
- (d) no Securities Regulator or any other securities commission, agency, governmental authority, regulatory body, stock exchange or similar authority in any jurisdiction has reviewed or passed on the merits of the Shares nor have any such agencies or authorities made any recommendations or endorsement with respect to the Shares;
- (e) the Subscriber (or Disclosed Principal, if applicable) is solely responsible (and the Company is not in any way responsible) for compliance with applicable resale restrictions, and the Subscriber is aware that it (or the Disclosed Principal, if applicable) may not be able to resell such securities except in accordance with the By-Laws, limited exemptions under Canadian Securities Laws and other applicable laws of the jurisdiction in which the Subscriber resides;
- (f) in addition to statutory resale restrictions imposed by Canadian Securities Laws and/or applicable laws of the jurisdiction in which the Subscriber resides, the Shares may not be sold, assigned, transferred, pledged, encumbered or otherwise disposed of except in accordance with terms, conditions and provisions of this Subscription Agreement and the By-Laws, which impose substantial restrictions on the transfer of the Shares, and without the written consent of the Company, in its sole discretion;
- (g) the Subscriber, and each Disclosed Principal, if applicable, has been advised that the Articles of Incorporation and By-Laws is available upon request after Closing;
- (h) the sale and delivery of the Shares is conditional upon such sale being exempt from the prospectus and registration requirements in connection with the distribution of the Shares under Canadian Securities Laws, or other applicable securities laws in a jurisdiction other than Canada or the U.S., or upon the issuance of such orders, consents or approvals as may be required to permit such sale without the requirement of filing a prospectus or similar document under Canadian Securities Laws or other applicable securities laws in a jurisdiction other than Canada or the U.S.;
- (i) the Company is relying on an exemption from the requirement to provide the Subscriber with a prospectus under Canadian Securities Laws and, as a consequence of acquiring the Shares pursuant to such exemption:
 - (i) certain protections, rights and remedies provided by Canadian Securities Laws, including statutory rights of rescission and certain statutory remedies that are available to investors who acquire securities offered by a prospectus will not be available to the Subscriber;
 - (ii) the common law may not provide investors with an adequate remedy in the event that they suffer investment losses in connection with securities acquired in a private placement;
 - (iii) the Subscriber may not receive information that would otherwise be required to be given under Canadian Securities Laws; and

- (iv) the Company is relieved from certain obligations that would otherwise apply under Canadian Securities Laws;
- (j) the documents referred to in sections 2(a) and 2(b) of this Subscription Agreement, when executed and delivered by the Subscriber, will form part of and will be incorporated into this Subscription Agreement with the same effect as if each constituted a representation, warranty or covenant, as applicable, of the Subscriber hereunder in favour of the Company and the Company, and the Subscriber and each Disclosed Principal, if any, consents to the filing of such documents as may be required to be filed with the Securities Regulators in connection with the transactions contemplated hereby;
- (k) the Subscriber is aware that the Shares have not been and will not be registered under the U.S. Securities Act or the securities laws of any state and that the Shares may not be offered or sold, directly or indirectly, in the U.S. without registration under the U.S. Securities Act or compliance with the requirements of an exemption from registration and it acknowledges that the Company has no present intention of filing a registration statement under the U.S. Securities Act in respect of the Shares;
- (l) the certificates evidencing the Shares will bear a legend regarding restrictions on transfer, as required pursuant to applicable Canadian Securities Laws;
- (m) the Company, its legal counsel, and any of the directors, officers, members, partners, employees, agents, stockholders, associates or affiliates of any of the foregoing, have not made any written or oral representations:
 - (i) that any Person will resell or repurchase the Shares other than in accordance with applicable securities laws and the By-Laws;
 - (ii) that any Person will refund the purchase price of the Shares other than in accordance with applicable securities laws and the By-Laws;
 - (iii) as to the future price or value of the Shares; or
 - (iv) that the Shares will be freely tradeable or exchangeable;
- (n) the Shares are being offered for sale on a “private placement” basis;
- (o) the Subscriber is solely responsible for obtaining such advice, including legal advice and tax advice, as it considers appropriate in connection with the execution, delivery and performance by it of this Subscription Agreement and the transactions contemplated hereunder;
- (p) the Subscriber hereby agrees to notify the Company immediately of any change in any representation, warranty, covenant or other Personal Information relating to the Subscriber (or the Disclosed Principal, if applicable) contained in this Subscription Agreement that takes place prior to Closing;
- (q) the Subscriber shall be subject to and bound by the terms, conditions and provisions of this Subscription Agreement, the Articles of Incorporation and By-Laws;
- (r) the Shares are subject to the terms, conditions and provisions of this Subscription Agreement, the Articles of Incorporation and the By-Laws;
- (s) this offer to subscribe is made for valuable consideration and may not be withdrawn, cancelled, terminated or revoked by the Subscriber without the consent of the Company, in its sole discretion;
- (t) there is no government or other insurance covering the Shares;
- (u) the Subscriber understands that the management and control of the Company vests in the Company and that, except as provided in *The Companies Act*, Cap. 308 of the laws of Barbados, the Articles of Incorporation and the By-Laws, the Subscriber will have no right to participate in the management of the Company;

- (v) legal counsel retained by the Company is acting as counsel to the Company and not as counsel to the Subscriber;
- (w) this Subscription Agreement and the schedules hereto require the Subscriber to provide certain Personal Information to the Company. Such information is being collected by the Company for the purposes of completing the Offering, which includes, without limitation, determining the Subscriber's eligibility to purchase the Shares under Canadian Securities Laws and other applicable securities laws, preparing and registering certificates representing the Shares to be issued to the Subscriber and completing filings required by any Securities Regulator. The Subscriber's Personal Information may be disclosed by the Company to: (a) any Securities Regulator, (b) the Canada Revenue Agency, and (c) any of the other parties involved in the Offering including legal counsel and may be included in record books in connection with the Offering. By executing this Subscription Agreement, the Subscriber is deemed to be consenting to the foregoing collection, use and disclosure of the Subscriber's Personal Information. The Subscriber also consents to the filing of copies or originals of any of the Subscriber's documents described in section 2 hereof as may be required to be filed with any Securities Regulator in connection with the transactions contemplated hereby. The Subscriber represents and warrants that it has the authority to provide the consents and acknowledgements set out in this paragraph on behalf of each Disclosed Principal, if applicable;
- (x) the Subscriber hereby acknowledges and consents to the collection, use, and disclosure of Personal Information by the British Columbia Securities Commission, including the publishing or otherwise making available to the public Personal Information including, for individuals, their name, number and type of securities purchased, the purchase price therefor, and their status as insiders or registrants, if applicable, and for non-individual Subscribers, the above information and their address, name and telephone number of their contact person and the exemption relied upon; and
- (y) The information provided by the Subscriber on the face page of this Subscription Agreement identifying the name, address and telephone number of the Subscriber, the number of Shares being purchased hereunder and the Subscription Amount, as well as the exemption that the Subscriber is relying on in purchasing the Shares, will be disclosed to the Ontario Securities Commission ("OSC"), and such information is being indirectly collected by the OSC under the authority granted to it under securities legislation. This information is being collected for the purposes of the administration and enforcement of the securities legislation of Ontario. Each Subscriber and Disclosed Principal, if applicable, hereby authorizes the indirect collection of such information by the OSC. In the event the Subscriber has any questions with respect to the indirect collection of such information by the OSC, the Subscriber should contact the OSC, Administrative Support Clerk, at (416) 593-3684 or by facsimile at (416) 593-8122 or in person or writing at Suite 1903, Box 55, 20 Queen Street West, Toronto, Ontario M5H 3S8.

6. **Reliance on Representations, Warranties, Covenants and Acknowledgements**

The Subscriber acknowledges and agrees that the foregoing representations, warranties, covenants and acknowledgements are made by it with the intention that they may be relied upon by the Company and its legal counsel in determining its eligibility or (if applicable) the eligibility of others on whose behalf it is contracting hereunder to purchase the Shares under applicable Canadian Securities Laws. The Subscriber further agrees that by accepting delivery of the Shares on the Closing Date, it shall be representing and warranting that the foregoing representations, warranties, covenants and acknowledgements are true and correct as at the Closing Date with the same force and effect as if they had been made by the Subscriber at the time of Closing and that they shall survive the purchase by the Subscriber of the Shares and still continue in full force and effect notwithstanding any subsequent disposition by the Subscriber of the Shares. The Company and its legal counsel shall be entitled to rely on the representations, warranties, covenants and acknowledgements of the undersigned contained in this paragraph, and the Subscriber shall indemnify and hold harmless the Company, its legal counsel and any of the directors, officers, members, partners, employees, agents, stockholders, associates or affiliates of any of the foregoing for any loss, costs or damages any of them may suffer as a result of any misrepresentation of the undersigned.

7. **Representations and Warranties of the Company**

The Company hereby represents and warrants to and with the Subscriber that (which representations, warranties and covenants shall survive the Closing):

- (a) the Company is a validly existing company under the laws of Barbados, and has all requisite power and authority to carry on its business and to own, lease and operate its properties and assets, and has all required corporate power and authority to create, issue and sell the Shares, to enter into this Subscription Agreement and to carry out its obligations under this Subscription Agreement;
- (b) this Subscription Agreement constitutes a legal, valid and binding obligation of the Company;
- (c) the business of the Company shall be limited to the reinsurance of insurance risks as more fully described in the Confidential Offering Memorandum;
- (d) no other subscriber will be issued Shares of the same class as the Shares subscribed for under this Subscription Agreement;
- (e) the Company is not a party to, bound or affected by, or subject to, any contract, agreement, mortgage, lease, statute, regulation, judgment, decree or law which would be violated, contravened, breached by or under which default would occur or under which any payment or repayment would be accelerated as a result of the execution and delivery of this Subscription Agreement or the issuance and sale of the Shares as provided for in this Subscription Agreement.
- (f) the Company has conducted and is conducting its business in compliance with all applicable laws, rules, regulations, by-laws, ordinances and governmental authorizations or orders, and the Company is duly licensed, registered or qualified and duly possesses all licences, registrations, qualifications, permits and approvals required in those jurisdictions in which it carries on its business to enable the business to be carried on as now conducted; and
- (g) there are no outstanding claims, actions, suits, litigation, administrative proceedings, arbitrations, investigations or proceedings including any appeals and applications for review involving the Company or its business or, to the knowledge of the Company, pending, proposed or threatened against or relating to the Company or its business. There is not presently outstanding against the Company any judgment, decree, injunction, rule or order of any court or governmental body.

8. **Power of Attorney**

The Subscriber on its own behalf and, if applicable, on behalf of those for whom it is contracting hereunder, hereby irrevocably constitutes and appoints any officer of the Corporation as its true and lawful attorney and, in connection therewith, authorizes such officer:

- (a) to complete or correct any minor errors or omissions in any form or document, including this Subscription Agreement, provided by the Subscriber;
- (b) to amend such time periods described in this Subscription Agreement as may be necessary to give effect to the transactions contemplated by this Subscription Agreement, acting reasonably; and
- (c) to negotiate, settle, execute and complete the form of any certificates for the Shares to be delivered and any agreements to be entered into, executed, delivered, filed or certified in connection with the Offering.

The power of attorney granted herein is irrevocable, is a power coupled with an interest, shall survive the death or disability of the Subscriber, and shall survive the transfer or assignment by the Subscriber of the whole (but only in respect of matters relating to the Subscriber's status as a shareholder in the Company during the time the Subscriber was a shareholder) or any part of the interest of the Subscriber in the Company, extends to the heirs, executors, administrators, other legal representatives and successors, transferees and assigns of the Subscriber, and is a continuing power of attorney and shall survive the subsequent legal incapacity of the Subscriber and may be exercised by the Company on behalf of the Subscriber in executing any instrument by facsimile or electronic signature or by executing such instrument with a single signature as attorney and agent for the Subscriber. The Subscriber agrees to be bound by any representations or actions made or taken by the Company pursuant to such power of attorney. In accordance with applicable laws, the Subscriber declares that these powers of attorney may be exercised during any legal incapacity or mental infirmity on its part.

9. **Survival**

The representations, warranties, covenants and acknowledgments of the Subscriber contained in this Subscription Agreement shall survive the Closing and, notwithstanding the Closing, shall continue in full force and effect for the benefit of the Company notwithstanding any transfer or disposition by the Subscriber of the Shares.

10. **Indemnity**

The Subscriber understands that the information provided by the Subscriber pursuant to this Subscription Agreement will be relied upon by the Company for the purpose of determining the eligibility of the Subscriber to purchase Shares in the Company. The Subscriber agrees to indemnify and hold harmless the Company and each director of the Company from and against any and all loss, damage or liability due to or arising out of a breach of any representation, warranty or agreement of the Subscriber contained in this Subscription Agreement or in any other document provided by the Subscriber to the Company in connection with the Subscriber's subscription for the Shares. This indemnity shall survive the closing of the purchase of Shares contemplated herein and the resale of such Shares thereafter.

11. **Notice**

Any notice, direction or other instrument required or permitted to be given to any party hereto shall be in writing and shall be sufficiently given if delivered personally, or transmitted electronically or by facsimile tested prior to transmission to such party as follows:

- (a) in the case of the Company:

Orena, St. Lawrence Main Road,
Christ Church, BB 15029, Barbados
Attention: Chris Evans
Email: Chrisevans@cge.bb

- (b) in the case of the Subscriber, at the contact information specified on the first page of this Subscription Agreement hereof.

12. **Assignment**

The terms and provisions of this Subscription Agreement shall be binding upon and enure to the benefit of the Subscriber and each Disclosed Principal, if any, the Company and their respective successors and assigns; provided that this Subscription Agreement shall not be assignable by any party without the prior written consent of the other parties. For greater certainty, this Subscription Agreement may only be transferred or assigned by the Subscriber subject to compliance with applicable laws (including, without limitation, applicable Canadian Securities Laws) and with the express prior written consent of the Company or the Company.

13. **Facsimile, Electronic and Counterpart Subscriptions**

The Company shall be entitled to rely on delivery by facsimile machine or electronic mail of an executed copy of this Subscription Agreement, including the completed schedules hereto, and acceptance by the Company of such facsimile or electronic copy shall be legally effective to create a valid and binding agreement between the Subscriber and the Company in accordance with the terms hereof. In addition, this Subscription Agreement may be executed in counterparts, each of which shall be deemed to be an original and all of which shall constitute one and the same Subscription Agreement.

14. **Governing Law**

This Subscription Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario without regard to conflict of laws principles. The Subscriber, each Disclosed Principal, if any, and the Company hereby irrevocably attorn to the jurisdiction of the courts of the Province of Ontario with respect to any matters arising out of this Subscription Agreement.

15. **Confidentiality**

All information included in this Subscription Agreement and any copy of the Confidential Offering Memorandum that the Subscriber receives or received relating to the Company or this Offering is strictly confidential and shall be treated

as such. Neither this Subscription Agreement nor the Confidential Offering Memorandum shall be reproduced and/or distributed. The obligations of the Subscriber pursuant to this Section 15 are in addition to and not in substitution for any other confidentiality agreement previously executed by the Subscriber with respect to the Confidential Offering Memorandum and the Offering.

16. **Entire Agreement and Headings**

This Subscription Agreement (including the schedules hereto) constitutes the entire agreement between the Subscriber and the Company relating to the subject matter hereof and there are no representations, warranties, covenants, understandings or other agreements relating to the subject matter hereof except as stated or referred to herein. This Subscription Agreement may be amended or modified in any respect by written instrument only. The headings contained herein are for convenience only and shall not affect the meanings or interpretation hereof.

17. **Time of Essence**

Time shall be of the essence of this Subscription Agreement.

18. **Effective Date**

The Subscription Agreement is intended to and shall take effect on the Closing Date, notwithstanding its actual date of execution or delivery by any of the parties.

19. **Costs**

All costs and expenses (including, without limitation, the fees and disbursements of legal counsel) incurred in connection with this Subscription Agreement and the transactions herein contemplated shall be paid and borne by the party incurring such costs and expenses.

20. **Language of Documents**

The parties hereto confirm their express wish that this Subscription Agreement and all documents and agreements directly or indirectly relating thereto be drawn up in the English language. Les parties reconnaissent leur volonté expresse que la présente entente de souscription ainsi que tous les documents et contrats s'y rattachant directement ou indirectement soient rédigés en anglais.

21. **Further Assurances**

Each of the parties hereto will from time to time execute and deliver all such further documents and instruments and do all acts and things as the other party may, either before or after closing of the transactions contemplated hereby, reasonably require to effectively carry out or better evidence or perfect the full intent and meaning of this Subscription Agreement.

ACCEPTANCE

The Company hereby accepts the above-mentioned offer in part to purchase Shares in the aggregate principal amount of \$_____ this ____ day of _____, 20____.

DS INSURANCE CORPORATION

Per: _____
Name:
Title:

SCHEDULE A

FORM OF ELIGIBILITY CERTIFICATE

TO: DS INSURANCE CORPORATION

The undersigned dealer (the “**Dealer**”) hereby represents that it is the owner of automobile or recreational product dealership(s) doing business as

(insert full name and address of dealership(s)) with respect to which Dealer Account# (to be designated by the Company)_____ is maintained.

The undersigned hereby designates _____ (insert full name of authorized purchaser of common shares) (the “**Certified Purchaser**”) to be eligible to purchase 100 common shares of a single class of common shares (the “**Offered Shares**”) in the capital stock of DS Insurance Corporation (the “**Company**”), which particular class shall be designated by the Company in its sole and absolute discretion. The purchase of Offered Shares shall be pursuant to the confidential amended and restated offering memorandum (the “**Offering Memorandum**”) dated April 1, 2017 delivered by the Company offering such Offered Shares by way of private placement (the “**Offering**”). All capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the Offering Memorandum, as the same may be amended from time to time, unless the context otherwise indicates. The Dealer, on its own behalf and on behalf of the Certified Purchaser, hereby represents and warrants to, and covenants with, the Company as follows and acknowledges that the Company is relying on such representations and warranties in connection with the transaction contemplated herein:

- (a) the Certified Purchaser is a Dealer or an Associate of the Dealer (within the meaning of the Offering Memorandum);
- (b) the Dealer confirms on its own behalf, and on behalf of the Certified Purchaser, that it:
 - (i) has such knowledge in financial and business affairs as to be capable of evaluating the merits and risks of the investment in the Offered Shares;
 - (ii) is capable of assessing the merits and risks (including the potential loss of the entire investment) of the proposed investment in the Offered Shares;
 - (iii) is aware of the characteristics of the Offered Shares and understands the risks relating to an investment therein; and
 - (iv) is able to bear the economic risk of loss of its investment in the Offered Shares;

- (c) any investment advice received by the Dealer or the Certified Purchaser is from a person who is not an insider of or in a special relationship with the Company, but who is registered to advise under applicable securities laws or exempted from the requirement to be so registered to advise.

Dated: _____

Signed: _____

Witness (If Dealer is an Individual)

Print the name of Certified Purchaser

Print Name of Witness

If Certified Purchaser is a Company,
print name and title of Authorized Signing Officer

SCHEDULE B
RISK ACKNOWLEDGMENT FORM

W A R N I N G

Risk Acknowledgement

- I acknowledge that this is a risky investment.
- I am investing entirely at my own risk.
- No securities regulatory authority or regulator has evaluated or endorsed the merits of these securities or the disclosure in the offering memorandum.
- The person selling me these securities is not registered with a securities regulatory authority or regulator and has no duty to tell me whether this investment is suitable for me.
- I will not be able to sell these securities except in very limited circumstances. I may never be able to sell these securities.
- The securities are redeemable, but I may only be able to redeem them in limited circumstances.
- I could lose all the money I invest.

I am investing \$_____ [total consideration] in total; this includes any amount I am obliged to pay in future. If applicable, DS Insurance Corporation will pay \$ _____ [amount of fee or commission] of this to _____ [name of person selling the securities] as a fee or commission.

I acknowledge that this is a risky investment and that I could lose all the money I invest.

Date

Signature of Purchaser

Print name of Purchaser

Sign 2 copies of this document. Keep one copy for your records.

You have 2 business days to cancel your purchase

To do so, send a notice to DS Insurance Corporation stating that you want to cancel your purchase. You must send the notice before midnight on the 2nd business day after you sign the agreement to purchase the securities. You can send the notice by fax or email or deliver it in person to DS Insurance Corporation at its business address. Keep a copy of the notice for your records.

Issuer Name: DS Insurance Corporation

Address: Orena, St. Lawrence Main Road, Christ Church, BB 15029, Barbados

Tel: 246-418-9768

Fax: 246-418-0246

E-mail: Chrisevans@cge.bb

You are buying Exempt Market Securities

They are called *exempt market securities* because two parts of securities law do not apply to them. If an issuer wants to sell *exempt market securities* to you:

- the issuer does not have to give you a prospectus (a document that describes the investment in detail and gives you some legal protections), and
- the securities do not have to be sold by an investment dealer registered with a securities regulatory authority or regulator.

There are restrictions on your ability to resell *exempt market securities*. *Exempt market securities* are more risky than other securities.

You will receive an offering memorandum Read the offering memorandum carefully because it has important information about the issuer and its securities. Keep the offering memorandum because you have rights based on it. Talk to a lawyer for details about these rights.

You will not receive advice

You will not get professional advice about whether the investment is suitable for you. But you can still seek that advice from a registered adviser or registered dealer. In Alberta, Manitoba, Northwest Territories, Nunavut, Prince Edward Island, Québec, Saskatchewan and Yukon to qualify as an eligible investor, you may be required to obtain that advice.

The securities you are buying are not listed

The securities you are buying are not listed on any stock exchange, and they may never be listed. You may never be able to sell these securities.

The issuer of your securities is a non-reporting issuer

A *non-reporting issuer* does not have to publish financial information or notify the public of changes in its business. You may not receive ongoing information about this issuer.

For more information on the exempt market, call your local securities regulatory authority or regulator.

Alberta
Alberta Securities Commission
Tel: (403) 297-6454
Website: <http://www.albertasecurities.com>

British Columbia
British Columbia Securities Commission
Tel: (604) 899-6500
Website: <http://www.bsc.bc.ca>

Manitoba
Manitoba Securities Commission
Tel: (204) 945-2548
Website: <http://www.msc.gov.mb.ca>

New Brunswick
Financial and Consumer Services Commission (New Brunswick)
Tel: (506) 658-3060
Website: <http://www.nbsc-cvmnb.ca>

Newfoundland and Labrador
Securities NL, Financial Services Regulation Division,
Department of Government Services
Newfoundland and Labrador
Tel: (709) 729-4189
Website: <http://www.gs.gov.nl.ca/>

Northwest Territories
Superintendent of Securities
Department of Justice
Government of the Northwest Territories
Tel: (867) 920-3318
Website:
<http://www.justice.gov.nt.ca/SecuritiesRegistry/>

Nova Scotia
Nova Scotia Securities Commission
Tel: (902) 424-7768
Website: <http://www.gov.ns.ca/nssc/>

Ontario
Ontario Securities Commission
Tel: 416-593-8314
Website: <http://www.osc.gov.on.ca>

Québec
Autorité des marchés financiers
Tel: (418) 525-0337
Website: <http://www.lautorite.qc.ca/en/index.html>

Yukon
Superintendent of Securities - Government of Yukon
Tel: (867) 667-5314
Website: <http://www.gov.yk.ca>

Nunavut
Superintendent of Securities, Legal Registries
Division, Department of Justice, Government of
Nunavut
Tel: (867) 975-6190
Website:
http://nunavutlegalregistries.ca/sr_index_en.shtml

Prince Edward Island
Office of the Attorney General
Tel: (902) 368-4569
Website: <http://www.gov.pe.ca>

Saskatchewan
Financial and Consumer Affairs Authority,
Saskatchewan
Tel: (306) 787-5879
Website: <http://www.sfsc.gov.sk.ca>

Exhibit 1 to Schedule “B”

Classification of Investors Under the Offering Memorandum Exemption

Instructions: This Exhibit 1 must be completed together with the Risk Acknowledgement Form and Exhibit 2 by individuals purchasing securities under the exemption (the offering memorandum exemption) in subsection 2.9(2.1) of National Instrument 45-106 Prospectus Exemptions (NI 45-106).

How you qualify to buy securities under the offering memorandum exemption
Initial the statement under A, B, C or D containing the criteria that applies to you. (You may initial more than one statement.) If you initial a statement under B or C, you are not required to complete A.

A. You are an eligible investor because:		Your initials
ELIGIBLE INVESTOR	Your net income before taxes was more than \$75,000 in each of the 2 most recent calendar years, and you expect it to be more than \$75,000 in this calendar year. (You can find your net income before taxes on your personal income tax return.)	
	Your net income before taxes combined with your spouse's was more than \$125,000 in each of the 2 most recent calendar years, and you expect your combined net income to be more than \$125,000 in this calendar year. (You can find your net income before taxes on your personal income tax return.)	
	Either alone or with your spouse, you have net assets worth more than \$400,000. (Your net assets are your total assets, including real estate, minus your total debt including any mortgage on your property.)	

B. You are an eligible investor, as a person described in section 2.3 [<i>Accredited investor</i>] of NI 45- 106 or, as applicable in Ontario, subsection 7.3(3) of the <i>Securities Act</i> (Ontario), because:		Your initials
ACCREDITED	Your net income before taxes was more than \$200,000 in each of the 2 most recent calendar years, and you expect it to be more than \$200,000 in this calendar year. (You can find your net income before taxes on your personal income tax return.)	
	Your net income before taxes combined with your spouse's was more than \$300,000 in each of the 2 most recent calendar years, and you expect your combined net income before taxes to be more than \$300,000 in the current calendar year.	
	Either alone or with your spouse, you own more than \$1 million in cash and securities, after subtracting any debt related to the cash and securities.	
	Either alone or with your spouse, you have net assets worth more than \$5 million. (Your net assets are your total assets (including real estate) minus your total debt.)	

C. You are an eligible investor, as a person described in section 2.5 [Family, friends and business associates] of NI 45-106, because:		Your initials
FAMILY, FRIENDS AND BUSINESS ASSOCIATES	You are: 1) [check all applicable boxes] <input type="checkbox"/> a director of the issuer or an affiliate of the issuer <input type="checkbox"/> an executive officer of the issuer or an affiliate of the issuer <input type="checkbox"/> a control person of the issuer or an affiliate of the issuer <input type="checkbox"/> a founder of the issuer OR 2) [check all applicable boxes] <input type="checkbox"/> a person of which a majority of the voting securities are beneficially owned by, or a majority of the directors are, (i) individuals listed in (1) above and/or (ii) family members, close personal friends or close business associates of individuals listed in (1) above <input type="checkbox"/> a trust or estate of which all of the beneficiaries or a majority of the trustees or executors are (i) individuals listed in (1) above and/or (ii) family members, close personal friends or close business associates of individuals listed in (1) above	
	You are a family member of _____ [Instruction: Insert the name of the person who is your relative either directly or through his or her spouse], who holds the following position at the issuer or an affiliate of the issuer: _____	
	You are the _____ of that person or that person's spouse. [Instruction: To qualify for this investment, you must be (a) the spouse of the person listed above or (b) the parent, grandparent, brother, sister, child or grandchild of that person or that person's spouse.]	
	You are a close personal friend of _____ [Instruction: Insert the name of your close personal friend], who holds the following position at the issuer or an affiliate of the issuer: _____ You have known that person for _____ years.	
	You are a close business associate of _____ [Instruction: Insert the name of your close business associate], who holds the following position at the issuer or an affiliate of the issuer: _____ You have known that person for _____ years.	

D. You are not an eligible investor.		Your initials
NOT AN ELIGIBLE INVESTOR	You acknowledge that you are not an eligible investor.	

Exhibit 2 to Schedule “B”

Investment Limits for Investors Under the Offering Memorandum Exemption

Instructions: This Exhibit 2 must be completed together with the Risk Acknowledgement Form and Exhibit 1 by individuals purchasing securities under the exemption (the offering memorandum exemption) in subsection 2.9(2.1) of National Instrument 45-106 Prospectus Exemptions (NI 45-106).

SECTION 1 TO BE COMPLETED BY THE PURCHASER
1. Investment limits you are subject to when purchasing securities under the offering memorandum exemption
<p>You may be subject to annual investment limits that apply to all securities acquired under the offering memorandum exemption in a 12- month period, depending on the criteria under which you qualify as identified in Exhibit 1. Initial the statement that applies to you.</p>

A. You are an eligible investor.		Your initials
ELIGIBLE INVESTOR	<p>As an eligible investor that is an individual, you cannot invest more than \$30,000 in all offering memorandum exemption investments made in the previous 12 months, unless you have received advice from a portfolio manager, investment dealer or exempt market dealer, as identified in section 2 of this appendix, that your investment is suitable.</p> <p>Initial one of the following statements:</p>	
	<p>You confirm that, after taking into account your investment of \$_____ today in this issuer, you have not exceeded your investment limit of \$30,000 in all offering memorandum exemption investments made in the previous 12 months.</p>	
	<p>You confirm that you received advice from a portfolio manager, investment dealer or exempt market dealer, as identified in section 2 of this appendix that the following investment is suitable.</p> <p>You confirm that, after taking into account your investment of \$_____ today in this issuer, you have not exceeded your investment limit in all offering memorandum exemption investments made in the previous 12 months of \$100,000.</p>	

B. You are an eligible investor, as a person described in section 2.3 [<i>Accredited investor</i>] of NI 45- 106 or, as applicable in Ontario, subsection 7.3(3) of the <i>Securities Act</i> (Ontario).		Your initials
ACCREDITED INVESTOR	<p>You acknowledge that, by qualifying as an eligible investor as a person described in section 2.3 [<i>Accredited investor</i>], you are not subject to investment limits.</p>	

C. You are an eligible investor, as a person described in section 2.5 [<i>Family, friends and business associates</i>] of NI 45-106.		Your initials
FAMILY, FRIENDS AND BUSINESS ASSOCIATES	<p>You acknowledge that, by qualifying as an eligible investor as a person described in section 2.5 [<i>Family, friends and business associates</i>], you are not subject to investment limits.</p>	

D. You are not an eligible investor.		Your initials
NOT AN ELIGIBLE INVESTOR	<p>You acknowledge that you cannot invest more than \$10,000 in all offering memorandum exemption investments made in the previous 12 months.</p> <p>You confirm that, after taking into account your investment of \$_____today in this issuer, you have not exceeded your investment limit of \$10,000 in all offering memorandum exemption investments made in the previous 12 months.</p>	

SECTION 2 TO BE COMPLETED BY THE REGISTRANT	
2. Registrant information	
[Instruction: this section must only be completed if an investor has received advice from a portfolio manager, investment dealer or exempt market dealer concerning his or her investment.]	
First and last name of registrant (please print):	
Registered as: [Instruction: indicate whether registered as a dealing representative or advising representative]	
Telephone:	Email:
Name of firm: [Instruction: indicate whether registered as an exempt market dealer, investment dealer or portfolio manager.]	
Date:	