

INSURANCE AGENTS & BROKERS OF PENNSYLVANIA, INC.

BYLAWS¹²

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Insurance Agents & Brokers of Pennsylvania, Inc. – By-Laws

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Insurance Agents & Brokers of Pennsylvania, Inc.

BYLAWS

ARTICLE I - ORGANIZATION

Section 1.1 Name.

The name of this Association shall be the Insurance Agents & Brokers of Pennsylvania, Inc. (hereinafter referred to as "Association").

Section 1.2. Mission.

The Association is an organization dedicated to effectively preserve and advocate the American Agency System as a value added distribution method, and to the development and availability of programs, products and services that partner with our members and customers in sustaining and advancing their operations.

Section 1.3. Objectives.

The objectives of the Association are to:

- 1.3.1. Develop and maintain a membership base;
- 1.3.2. Maintain Association organizational strength and infrastructure to implement its strategic plan;
- 1.3.3. Provide programs, products and services needed by members and customers;
- 1.3.4. Provide and/or exchange information among and between our members and customers;
- 1.3.5. Promote the value of the member to insurers and the public;
- 1.3.6. Advocate the member interest before the government and legal system, our companies and the public;
- 1.3.7. Make available educational and professional development opportunities for members and customers;
- 1.3.8. Assist members to adapt and compete in the marketplace; and

- 1.3.9 Engage in other objectives as may be approved by the Board of Directors to fulfill the Mission of the Association.

ARTICLE II - MEMBERSHIP

Section 2.1. Primary Membership.

Primary membership shall be on an agency basis to proprietorships, partnerships or corporations engaged in the American Agency System, representing and licensed or appointed by one or more companies subscribing to the American Agency System. The first principal or producer designated on the application shall be subscribed as the Primary Member with vote.

Section 2.2. Associate Membership.

The Board of Directors may create Associate Membership categories and subcategories for those not otherwise eligible for Active Membership and which have a direct financial interest in the Agency Distribution System. Such membership shall be without vote.

Section 2.3. Application for Membership.

Applications for membership shall be submitted to the Association for review and approval. If the application is properly and fully completed, in accordance with policy adopted by the Board of Directors, it shall be forwarded to the President who is authorized to approve applications and so notify the Board of Directors.

Section 2.4. Dues.

The annual dues for all membership categories shall be set by the Board of Directors and shall be due and payable annually on the first day of the Association fiscal year in accordance with policies and procedures adopted by the Board of Directors.

Section 2.5. Termination of Membership for Nonpayment.

Membership of any member thirty (30) days delinquent in the payment of dues may be terminated.

Section 2.6. Reinstatement of Membership.

Any member whose membership has been terminated for nonpayment in Section 2.5 may be reinstated prospectively if payment of dues is made no later than ninety (90) days from the due date.

Section 2.7. Expulsion of Members.

Members may be expelled by the Board of Directors for cause. For any cause other than nonpayment of dues, expulsion shall take place only after the member has been given notice of the complaint lodged and has been given reasonable opportunity for defense. Such member, if expelled, may appeal the decision of the Board of Directors to the annual meeting of the Association.

Section 2.8. Termination of Membership Rights.

Membership rights, including any right to vote or any title and interest in or to the Association or its property, shall cease on the termination of membership.

Section 2.9. Resignation.

A member may resign by filing a written resignation, signed by the Primary Member, with the Association. Such resignation shall not relieve the member of any dues or charges theretofore accrued and unpaid.

Section 2.10. Transfer of Membership.

Membership, and any right arising there from, is nontransferable.

ARTICLE III - MEMBERSHIP MEETINGS

Section 3.1. Annual Meeting.

The annual meeting of the membership of the Association shall be held within sixty (60) days of the end of the Administrative Year at a time and place designated by the Board of Directors. Notice of such meeting to the membership shall be given at least ten (10) days prior to the date of such meeting and shall include the agenda and any required documents or information.

Section 3.2. Special Meetings.

Special meetings of the membership may be called at any time by the Chairman, or by the Board of Directors, or by written request by at least ten (10) percent of the voting membership. Notice to membership shall be given at least ten (10) days prior to the date of such meetings.

Section 3.3. Quorum.

Those members present at any membership meeting of the Association shall constitute a quorum.

Section 3.4. Voting by Members.

The Primary Member shall have the right of vote for the member in the Association. If the member of the Association is a corporation and the Primary Member is unable to attend, any officer may vote therein. If the corporation wishes another person to vote therein, or if the member is a partnership or proprietorship and the member wishes another person to vote therein, then such member shall designate such other person in writing, signed by the Primary Member, in accordance with policies and procedures of the Association.

ARTICLE IV - GOVERNANCE

Section 4.1. Governance Generally.

- 4.1.1. The business and affairs of the Association shall be managed and governed by the Board of Directors, which may exercise all powers and perform all lawful acts required or permitted by law, the Articles of Incorporation, or these Bylaws.
- 4.1.2. The Board of Directors may adopt such rules and regulations as it sees fit in the execution of its duties and obligations.

Section 4.2. Number of Directors.

The number of members on the Board of Directors shall be no more than eleven (11) Elected Directors.

Section 4.3. Terms.

- 4.3.1. Elected Directors shall serve a term of three (3) Administrative Years and may stand for reelection.
- 4.3.2. Terms of Elected Directors shall be staggered so that an equal or as close to equal number of Elected Director terms expire each year.

Section 4.4. Nomination and Election.

- 4.4.1. The Governance Committee shall notify the Secretary in writing at least thirty (30) days prior to the date of the Annual Meeting of the names of the Elected Director candidates.
- 4.4.2.³ Other nominations for Elected Director may be made by petition, signed by at least five (5) percent of the members eligible to vote, and filed in writing with the Secretary not less than fifteen (15) days prior to the Annual Meeting.
- 4.4.3. Election of directors as a slate shall be at the Annual Meeting and shall be done by voice vote unless there are more nominees than vacancies to be filled, in which case election shall be conducted by secret ballot and elected by plurality.

Section 4.5. Qualifications.

In addition to qualifications or criteria adopted by the Board of Directors, candidates and Directors must remain associated with or employed by a Primary Member.

Section 4.6. Vacancy.

The Board of Directors shall fill any vacancy on the Board of Directors.

Section 4.7. Meetings.

- 4.7.1. Regular Meetings. The Board of Directors shall hold no less than four (4) meetings during each Administrative Year.
- 4.7.2. Special Meetings. Special meetings, which include emergency meetings, may be called by the Chairman at any time upon at least ten (10) days notice to the directors. Special meetings may be called by the Board of Directors provided a majority of directors provide written request, in which case the Chairman, or in his absence the Secretary, shall call a meeting within thirty (30) days, with at least ten (10) days notice to the directors.

³ Amended by Membership October 7, 2003 – To change the deadline for submitting additional elected director nominations by the members from not less than thirty (30) to not less than fifteen (15) day prior to the Annual Meeting.

Section 4.8. Waiver of Notice.

Whenever any written notice of any meeting is required under this Article or by law, waiver thereof in writing, whether before or after the time of meeting stated in the notice, shall be deemed as providing written notice; however, attendance at any meeting shall constitute waiver of notice except where the director attends for the express purpose of objecting, prior to the beginning of the meeting, to the transaction of the meeting due to improper notice.

Section 4.9. Quorum.

Fifty (50) percent of the Board of Directors shall constitute a quorum at any meeting of the Board of Directors.

Section 4.10. Meeting Forum.

Meetings of the Board of Directors may be conducted in person or by similar communications equipment by means of which all persons participating in the meeting can hear each other, or by any other means as permitted by law.

Section 4.11. Removal of Director.

The Board of Directors may remove an Elected Director or declare vacant the office of the Elected Director if the Elected Director is 1) declared incompetent by order of a court of proper jurisdiction, 2) convicted of a felony, 3) engaged in activity in direct conflict of interest to the Association, 4) absent without excuse from the Chairman for two (2) consecutive board of directors' meetings, or for any other proper cause as determined by the Board. An Elected Director's office may also be declared vacant if, within thirty (30) days after notice of selection of an Elected Director, said Elected Director does not accept office either in writing or by attending a meeting of the Board of Directors and fulfill the requirements of the office as established by Board policy and procedure. The members of the Association or a court of proper jurisdiction may remove Elected Directors in accordance with the law.

ARTICLE V - STANDING AND SPECIAL COMMITTEES AND TASK FORCES

Section 5.1. Public Affairs Committee.

The Public Affairs Committee shall be composed of at least three (3) but no more than ten (10) members as appointed by the Chairman. The Public Affairs Committee shall oversee legislative, regulatory and public advocacy affairs as defined and delegated to it by the Board of Directors.

Section 5.2. Governance Committee.

The Governance Committee shall consist of no more than two (2) Board members as appointed by the Chairman and shall serve two-year terms. If more than one Director is appointed, the initial terms shall be staggered so the term of each Director shall expire each year. The Committee shall be responsible to develop nominations for Vice Chairman, Board of Directors, and any National Director in accordance with these bylaws and any procedures adopted by the Board of Directors. The Committee shall also be responsible for oversight of any volunteer recruitment, volunteer development and volunteer performance as directed to it by the Board of Directors.

Section 5.3. Creation and Dissolution of Special Committees.

The Board of Directors may create and dissolve other committees as it deems necessary.

Section 5.4. Creation and Dissolution of Task Forces.

The Board of Directors or the Chairman may create and dissolve task forces as it deems necessary.

ARTICLE VI - OFFICERS

Section 6.1. Officer Positions.

The officer positions shall be the Chairman, Vice Chairman, President, Executive Vice President of Association Affairs, Executive Vice President of Operations, Secretary and Treasurer.

Section 6.2. Chairman.

The Chairman of the Board shall be the chief elected officer of the Association and shall make all required appointments of standing committees, board created committees, and board created or chairman created task forces. The Chairman shall not be eligible to succeed himself in office unless, as Vice Chairman, he has assumed the duties of Chair due to a vacancy in the office of Chairman in which case he may, at his sole discretion and otherwise remains qualified, serve an additional term.

Section 6.3.⁴ Vice Chairman.

The Vice Chairman for the next Administrative Year shall be elected from the Board of Directors at the last regular meeting of the Board of Directors of the current Administrative Year and shall hold office until a successor has been duly elected and qualified, unless otherwise removed. The Vice Chairman shall succeed automatically to the office of Chairman, if qualified, upon commencement of the next Administrative Year. The Vice Chairman shall assume the duties of Chairman in the event the Chairman is unable to perform the duties of office.

Section 6.4. Secretary and Treasurer.

The President shall appoint the positions of Secretary and Treasurer, such positions to be held separately or jointly.

Section 6.5. President.

The Board of Directors shall employ a salaried chief executive who shall have the title of President and Chief Executive Officer.

Section 6.6. Executive Vice President.

The President may employ one or more Executive Vice President positions.

Section 6.7.⁵ Nomination.

The Governance Committee shall submit the name of the candidate for the position of Vice Chairman to the Board of Directors as specified in Section 6.3 at least thirty (30) days prior to the last regular meeting of the Board of the Administrative Year. Additional nominations may be made by any Director in writing to the Governance Committee not less than 15 days prior to the last regularly scheduled Board of Directors Meeting of the current Administrative year. Such nominations shall be accompanied by written acceptance of the nomination. If no such nominations are made, the candidate shall be elected automatically.

⁴ Amended by IA&B Pennsylvania Board of Directors September 15, 2003 – To clarify that the Vice Chairman is elected by the Board and that the election occurs at the Board's last regular meeting of the Administrative Year.

⁵ Amended by the IA&B Pennsylvania Board of Directors September 15, 2003 – To change the timelines for submitting additional Vice Chair nominations to be in line with Section 6.3 of the bylaws.

Section 6.8. Duties.

The officers of the Association, as between themselves and the Association, are generally authorized to manage the corporate affairs of the Association in accordance with the Articles of Incorporation and their duties shall be such as their title by general usage indicates, unless otherwise specified by the Board of Directors or bylaws.

Section 6.9. Vacancies in Offices.

A vacancy in the office of Vice Chairman shall be filled by the Board of Directors, until the expiration of the term of such office.

ARTICLE VII - FINANCE AND ADMINISTRATION

Section 7.1. Fiscal Year.

The fiscal year shall begin April 1 and shall end March 31 of the following year.

Section 7.2. Administrative Year.

7.2.1. The Administrative Year shall begin September 1 and shall end August 31 of the following year.

7.2.2. The terms of the Chairman, Vice Chairman and Board of Directors shall coincide with the Administrative Year.

7.2.3. Notwithstanding any provision in the bylaws or law, the term of an Elected Director shall expire on August 31 of the third Administrative Year following such Elected Director's election to the Board of Directors.

Section 7.3. Review of Accounts.

A yearly review of the accounts of the Association shall be made by a certified public accountant in accordance with standards established by the American Institute of Certified Public Accountants. The review is to be submitted to the Board of Directors in a timely fashion. A written summary shall be made available to the membership.

Section 7.4. Distribution of Assets.

On dissolution of the Association, any funds remaining shall be transferred to one or more domestic or foreign corporations, societies or organizations engaged in

activities substantially similar to those of the Association, pursuant to a plan of distribution of assets adopted by the Board of Directors as provided by law.

ARTICLE VIII - LIABILITY

Section 8.1. Indemnification and Hold Harmless.

The Association shall have the power to indemnify any person authorized to act on behalf of the Association, including but not limited to its Board of Directors, Officers and Members, in accordance with the provisions of Subchapter D. Sections 5741 through 5750 of 15 Pa. C.S.A. of the Pennsylvania Non-Profit Corporation Law of 1988, as amended, however, nothing therein shall serve to limit the Association's discretion or expand the Association's obligation to indemnify pursuant to the procedure set forth in 15 Pa. C.S.A. § 5744.

Section 8.2. Liability of Members.

The members shall not be personally liable for the debts, liabilities, or obligations of the corporation.

ARTICLE IX - AMENDMENT

Section 9.1. Amendment by Members.

The By-laws may be amended or repealed by a majority of the voting Membership present at any Annual or Special Meeting of the Association. Written notice of such proposed changes shall be sent to the Active Membership at least ten (10) days before such meetings.

Section 9.2. Amendment by Board of Directors.

Notwithstanding Section 9.1, the Board of Directors may amend those sections of the bylaws not otherwise prohibited by law or these bylaws.

ARTICLE X - GENERAL PROVISIONS

Section 10.1. Policies and Procedures.

Matters pertaining to the operation of this Association which are not covered in the foregoing bylaws or the laws of the Commonwealth shall be governed by the Policy and Procedures adopted by the Board of Directors and the current edition of The Modern Rules of Order.

Section 10.2. Severability of Bylaws.

If any provisions of these Bylaws or the application thereof to any person or circumstance is held invalid, such invalidity shall not affect other provisions or applications of the Bylaws which can be given effect without the invalid provision or application, and to that end the provisions of these Bylaws are declared to be severable.

Section 10.3. Corporate Seal.

The Association may have a corporate seal, which shall have inscribed on it the name of the corporation, the year of organization, and such inscription as the Board of Directors may determine. The seal may be used by causing it or a facsimile of it to be impressed or affixed, or in any manner reproduced.

Section 10.4.⁶ National Director.

Any National Director shall be elected by the Board of Directors pursuant to procedures adopted by the Board for such elections that are in accordance with the by-laws of the relevant national association.

⁶ Amended by the IA&B Pennsylvania Board of Directors September 15, 2003 – To clarify that any National Director is elected by the Board of Directors pursuant to the relevant national association's procedures.