

BY-LAWS

of

AMERICAN ASSOCIATION OF INSURANCE SERVICES

(A Delaware Corporation)

Adopted: August 24, 1984
Amended: June 3, 1987
Amended: October 28, 1987
Amended: October 26, 1988
Amended: October 19, 1992
Amended: October 10, 1994
Amended: February 12, 1998

BY-LAWS
of
American Association of Insurance Services

ARTICLE I
Name & Offices

1.1 **NAME.** The name of the corporation is the American Association of Insurance Services (the "Corporation").

1.2 **OFFICES.** The Corporation shall maintain in the State of Delaware a registered office and a registered agent at such office, and may have such other offices within or without the State as the affairs of the Corporation may require from time to time.

ARTICLE II
Members

2.1 **MEMBERS QUALIFICATIONS.** The members of the Corporation shall be

- (a) Individual Members: insurers writing a line of insurance for which the Corporation provides services and
- (b) Organizational Members: organizations comprised of insurers qualified to be members of the Corporation.

2.2 **APPLICATION.** A qualified insurer or organization may apply to the Corporation for membership at any time by having its authorized officer execute a written application in the form attached as Exhibit A hereto.

2.3 **ENROLLMENT.** Upon the Corporation's receipt of an executed application and an initial enrollment fee and upon its determination that the applicant satisfies the qualifications identified in 2.1, the Corporation shall enroll an applicant as a member.

2.4 **ANNUAL MEETING.** An annual meeting of the members shall be held on the second Monday in April or at a time to be fixed by the Board of Directors. The Board of Directors shall designate any place, within or without the State of Delaware as the place for any annual meeting. If no designation is made, the place of meeting shall be at the principal office of the Corporation within the State of Illinois. The annual meeting shall be for the purpose of electing directors and for the transaction of such other business as may come before the meeting.

2.5 **SPECIAL MEETINGS.** Special meetings of the members may be called by the Board of Directors or by the Chairman at any time or by the Chairman upon the written request of twenty-five percent of the members. The Chairman shall fix the time and place for any special meeting; provided, however, if a meeting is requested by members, the time shall not be more than thirty days from the date on which a sufficient number of requests for a meeting are received.

2.6 **NOTICE OF MEETINGS.** Written notice stating the place, date, and hour of any meeting of members shall be given in person or by mail or other means commonly used for business communications to each member not less than ten nor more than sixty days before the date of the meeting or in the case of a merger or consolidation of the corporation requiring members approval or a sale, lease or exchange of all or substantially all of the corporation's assets, not less than twenty nor more than sixty days before the date of the meeting. The notice shall state the nature of the questions which the Chairman believes will be placed before the meeting or, in the case of a special meeting, the purpose or purposes for which the meeting was called.

2.7 **REPRESENTATIVES.** Each member shall appoint a representative in its application for membership and may remove or substitute for such representative by providing the Corporation with written notice. Each member shall exercise all of its rights in meetings through its representative, and the vote of its representative in any meeting

shall be the vote of the member at such meeting. If the representative is not at the meeting, a member may be present by any one of its officers who appears in person at a meeting and announces that he has been authorized to represent the member.

2.8 QUORUM. Twenty-five percent of the members of the Corporation, represented in person or by proxy, shall constitute a quorum at any meeting of the members. If a quorum is not present at the place, day, and hour set for a special meeting called upon the request of the members, the meeting shall be dissolved. If a quorum is not present at an annual meeting or a special meeting called by the Chairman or the Board of Directors on their own motion, the Chairman shall fix a date, not less than three days in the future, for convening the annual or special meeting without further formal notice.

2.9 VOTING. Every member of the Corporation shall have one vote only on any resolution or in any election by members. A member shall be entitled to vote through the agency of its representative, one of its officers present in person at the meeting, or by proxy.

2.10 PROXIES. Each member entitled to vote at a meeting of members may authorize another person or persons to act for it by proxy executed in writing by that member or its duly authorized attorney-in-fact. Such proxy must be in the hands of the Chairman before the time the meeting is scheduled to convene. No proxy shall be valid for more than three years from its date, unless the proxy provides otherwise.

2.11 MANNER OF ACTING. The affirmative vote of a majority of such members represented in person or by proxy at a meeting at which a quorum is present shall be the act of the members, unless the vote of a greater number is required by statute, the certificate of incorporation, or these by-laws.

2.12 PROCEDURES AT MEETINGS. The order of business at any meeting of the members shall be determined by the Chairman. At any meeting, the Chairman may declare that a resolution has been passed or defeated and an entry to that effect in the minutes of the meeting shall be conclusive on the question of the passage or the defeat of the resolution, unless three members demand a roll call of the members on the resolution. The Chairman may adjourn a meeting from time to time and from place to place, but no business shall be transacted at any adjourned meeting other than the business for which the meeting was called.

2.13 INFORMAL ACTION WITHOUT A MEETING OF MEMBERS. (a) Unless otherwise provided in the certificate of incorporation, any action required to be taken at any annual or special meeting of members, or any action which may be taken at any annual or special meeting of members or class of members, may be taken without a meeting, without prior notice and without a vote, if a consent in writing, setting forth the action so taken, shall be signed by the members having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all members entitled to vote thereon were present and voted and shall be delivered to the corporation by delivery to its registered office in Delaware, its principal place of business, or to an officer or agent of the corporation having custody of the book in which proceedings of meetings of members are recorded. Delivery made to the corporation's registered office in Delaware shall be by hand or by certified or registered mail, return receipt requested.

(b) Every written consent shall bear the date of signature of each member who signs the consent and no written consent shall be effective to take the corporate action referred to therein unless, within sixty days of the earliest dated consent delivered in the manner required by this section to the corporation, written consents signed by a sufficient number of members to take such action are delivered to the corporation by delivery to its registered office in Delaware, its principal place of business, or an officer or agent of the corporation having custody of the book in which proceedings of meetings of members are recorded. Delivery made to the corporation's registered office in Delaware shall be by hand or by certified or registered mail, return receipt requested.

(c) Prompt notice of the taking of any corporate action without a meeting by less than unanimous written consent shall be given those members who have not consented thereto in writing and who, if the action had been taken at a meeting, would have been entitled to notice of the meeting if the record date for such meeting had been the date that written consents signed by a sufficient number of members to take the action were delivered to the corporation as described in paragraph (b) above.

2.14 WITHDRAWAL. A member may withdraw from membership by submitting a notice in writing to the Corporation, receipt of which is acknowledged by the Corporation, sixty days prior to the effective date of the withdrawal; provided, however, such withdrawing member shall be liable for such termination payments as may be determined by the Board of Directors and shall have no rights whatsoever to any assets of the Corporation.

2.15 TRANSFER OF MEMBERSHIP. Membership in the Corporation is not transferable or assignable.

ARTICLE III Board of Directors

3.1 GENERAL POWERS. Except as provided elsewhere in these by-laws, the business and affairs of the Corporation shall be governed and controlled by the Board of Directors.

3.2 NUMBER, QUALIFICATION, AND TERM. The number of directors shall be ten or as fixed by resolution of the Board of Directors and the person who is serving as President shall always be nominated to serve on the board. A minimum of seven directors must be authorized representatives of individual members or of organizational members or of insurers who subscribe for or purchase services from the Corporation. The Board of Directors may include up to two external directors. An external director is an authorized representative of an organization not involved in the business of writing any lines of insurance for which the corporation provides services nor involved as a supplier or vendor to the insurance industry. Each director shall be elected to a three-year term and shall serve until his successor is elected or until his earlier resignation or removal. External directors may not be re-elected to serve for more than one three-year term; other directors may only be re-elected to serve for two additional three-year terms. However, the term limitation does not apply to directors while serving as Board Officers. Upon completion of his term, the Chairman shall serve for one additional year.

3.3 REGULAR MEETINGS. A regular annual meeting of the Board of Directors shall be held, without other notice than these by-laws, immediately after the annual meeting of the members and at any place within or without this State. The Board of Directors may provide by resolution the time and place for the holding of additional regular meetings of the Board and of the Executive Committee, without other notice than such resolution.

3.4 SPECIAL MEETINGS. Special meetings of the Board of Directors may be called at any time and from time to time by or at the request of the Chairman or twenty-five percent of the directors. The Chairman shall fix the time and place for any meeting; provided, however, if a meeting is requested by directors, the time shall not be more than thirty days from the date on which the Chairman receives sufficient requests for such meeting.

3.5 NOTICE. Notice of any special meeting of the Board of Directors shall be given at least ten days previous thereto by written notice to each director at the address as shown by the records of the Corporation. Such notice may be given in person or by mail or other means commonly used in business communications.

3.6 QUORUM. Fifty percent of the number of directors fixed by or determined in accordance with these by-laws shall constitute a quorum for the transaction of business at any meeting of the Board of Directors, provided, that if a quorum is not present, a majority of those directors present may adjourn the meeting to another time without further notice. Directors that are financially interested in a matter to be considered by the board of directors may be counted in determining the presence of a quorum at a meeting of the board of directors or a committee thereof.

3.7 MANNER OF ACTING. The vote of a majority of the directors present at a meeting at which a quorum is present shall be the act of the Board of Directors, unless the act of a greater number is required by statute, the certificate of incorporation, or these by-laws.

3.8 CONSENT ACTION. Any action required or permitted to be taken at any meeting of the Board of Directors may be taken without a meeting if a written consent setting forth the action so taken, is signed by all the directors then holding office, and the written consent is filed with the minutes of proceedings of the Board of Directors.

3.9 TELEPHONE MEETINGS. Members of the Board of Directors may participate in a meeting of the

Board by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other, and such participation shall constitute presence in person at the meeting.

3.10 RESIGNATION. Directors may resign by providing written notice to the Corporation prior to the effective date of such resignation.

3.11 REMOVAL. Directors may be removed at any time, with or without cause upon the affirmative vote of two-thirds of the Directors.

3.12 VACANCIES. Any vacancy occurring in the Board of Directors due to the resignation, removal, disability, or death of a director may be filled by the Chairman subject to the approval of the Board of Directors. A director appointed to fill a vacancy shall be appointed for the unexpired term of his predecessor in office.

3.13 REIMBURSEMENT FOR EXPENSES. By resolution of the Board of Directors, the directors may be reimbursed for their expenses, if any, of attendance at each meeting of the Board.

3.14 DUTIES AND POWERS. The Board of Directors is under a duty to govern the affairs of the Corporation and, in addition to those powers expressed elsewhere in statutes or these by-laws, shall have all the powers necessary to fulfill that duty, including, but not limited to, the power to:

- (a) authorize Strategic and Operational Planning;
- (b) approve the annual budget;
- (c) authorize the contribution that the Corporation makes to the Employee Salary Savings Plan;
- (d) designate the jurisdiction in which the Corporation should become licensed or otherwise qualified to operate;
- (e) appoint officers of the Board of Directors and Corporate Officers;
- (f) delegate powers to others including, but not limited to, the Executive Committee or such other committees or officers as it deems appropriate;
- (g) authorize assessment rates and fees for members and others who subscribe for or purchase services;
- (h) call special meetings of the members;
- (i) authorize the appointment of an outside audit firm;
- (j) fix the place for the annual meetings of the members;
- (k) authorize extraordinary expenditures;
- (l) determine and resolve all questions arising with respect to the interpretation or administration of these by-laws.

3.15 LIMITATIONS. The powers and duties of the Board of Directors shall not extend to any matters relating to the pricing of insurance in any state or jurisdiction.

ARTICLE IV Officers

4.1 BOARD OFFICERS. The officers of the Board of Directors shall be a Chairman and a Vice-Chairman and such other officers as the Board of Directors may determine. ("Board Officers").

- (a) CHAIRMAN. The Chairman of the Board of Directors shall:
 - (1) preside at all meetings of the members of the Corporation, the Board of Directors, and the Executive Committee;
 - (2) call special meetings of the members, Board of Directors, or the Executive Committee at any time and upon the request for such meeting by the appropriate

number of members or directors, or as otherwise directed by these by-laws;

(3) fix the time and the place for any special meeting of the members, Board of Directors, or the Executive Committee;

(4) at a meeting of the members, have the authority to determine the order of business and determine that a resolution at a meeting of the members has been passed or defeated, unless such determination is challenged by three members;

(5) have the authority to adjourn a meeting of the members;

(6) when in attendance at a meeting of the Board of Directors, have the authority to change the order of business of the meeting and make final decisions on all questions of business unless challenged by the majority vote of those present and entitled to vote at the meeting;

(7) fill vacancies on the Board of Directors subject to the approval of the Board;

(8) notify a member of hearings to be held respecting complaints made against the member;

(9) appoint standing and ad hoc committees and chairpersons; and

(10) perform such other duties as may be incident to the office or as may be assigned by the Board of Directors.

(b) VICE -CHAIRMAN. In the absence of the Chairman, the Vice-Chairman shall preside at all meetings of the members of the Corporation, the Board of Directors, and the Executive Committee, and in the absence or inability of the Chairman to act, shall also exercise such other authority as is vested in the Chairman. The Vice-Chairman shall have such other authority and duties as the Board of Directors may determine.

4.2 CORPORATE OFFICERS. The officers of the Corporation shall be a President and a Secretary and such other officers as the Board of Directors in their discretion may determine ("Corporate Officers"). Any number of offices may be held by the same person.

(a) PRESIDENT. The President shall be the chief administrative officer and, subject only to the Board of Directors or Executive Committee, shall have general authority over and general management and control of the property, business, and affairs of the Corporation, and shall have the authority to sign on behalf of the Corporation certificates, reports, and instruments to be filed with the Delaware Secretary of State. The President shall have such other authority and duties as the Board of Directors may determine.

(b) SECRETARY. The Secretary shall keep records of the proceedings of the meetings of the members and directors in one or more books kept for that purpose, and perform all such other duties as may be assigned from time to time by the Board of Directors or the President.

4.3 QUALIFICATIONS, APPOINTMENT, AND TERM. Board Officers shall be elected from among members of the Board of Directors by a majority vote of the Board of Directors. Board Officers shall serve a two-year term or until such Board Officer's earlier death, resignation, or removal. Corporate Officers need not be members of the Board of Directors and shall be elected by a majority vote of the Board of Directors and shall serve a one-year term or until such Corporate Officer's earlier death, resignation or removal.

4.4 REMOVAL. Any Board Officer or Corporate Officer may be removed by the majority vote of the Board of Directors whenever in its judgment the best interest of the Corporation would be served thereby, but such removal shall be without prejudice to the contract rights, if any, of the person so removed.

4.5 RESIGNATION. Any Officer may resign by providing prior written notice to the Corporation.

4.6 VACANCIES. A vacancy in any Board Office or Corporate Office occurring because of death, resignation, removal or otherwise, may be filled by the Board of Directors.

ARTICLE V Executive Committee

5.1 COMPOSITION. The Board of Directors shall by resolution establish an Executive Committee. The Executive Committee shall be composed of the Chairman of the Board, the Vice-Chairman of the Board, and the President of the Corporation (provided such person is a member of the Board of Directors).

5.2 MEETINGS AND NOTICE. The Chairman of the Board may call meetings of the Executive Committee at such times and places deemed appropriate by giving three business days' prior written notice to all available members of the Executive Committee. Notice of the time or place of any meeting of the Executive Committee shall be waived by any person present at the beginning of said meeting or may be waived in writing by any member at any time.

5.3 MANNER OF ACTING. The Executive Committee shall act by the majority vote of the members of the Executive Committee.

5.4 CONSENT TO ACTION. Any action of the Executive Committee may be taken without a meeting if a written consent, setting forth the action so taken, is signed by all the members of the Executive Committee. Such written consent shall be filed with the minutes of the proceedings of the Executive Committee.

5.5 POWERS. During the interval between meetings of the Board of Directors of the Corporation, subject to the restrictions of Delaware General Corporation Law, the Executive Committee shall have and may exercise the powers of the Board of Directors of the Corporation in the management of the business and affairs of the Corporation.

ARTICLE VI Advisory Committees

6.1 ESTABLISHMENT. The Board of Directors may from time to time by resolution establish such advisory committees as it may deem necessary and shall set forth the purpose of each such committee and the rules and procedures under which such committee shall operate.

6.2 MEMBERSHIP AND TERM. The members of such advisory committees shall be those members of the Corporation or other persons appointed by the Board of Directors. In the event a member of the Corporation serves on any committee, it shall from time to time designate an individual and alternates who are qualified to serve as its duly authorized representative. The term of office for committee members shall be one year.

ARTICLE VII Appeals Procedure

Any person or member aggrieved by the application of any rule or procedure of the Corporation may make written application to the Corporation to appear before and be heard by the appropriate committee of the Corporation for relief from such rule or procedure.

ARTICLE VIII Indemnification

8.1 The Corporation shall indemnify any or all of the directors or officers of the Corporation to the full extent permitted by the Delaware General Corporation Law, and the Board of Directors may purchase and maintain insurance on behalf of any such person against any liability asserted or incurred by him in such capacity.

8.2 The Board of Directors may, by resolution, extend the indemnification and insurance provisions of Section 8.1 to any person who was or is a party to or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding by reason of the fact that such person is or was an employee or agent of the Corporation.

ARTICLE IX
Amendments

9.1 **AUTHORITY TO AMEND.** These By-Laws may be altered, amended, or repealed and new By-Laws adopted (i) by the Board of Directors to the extent provided in the certificate of incorporation or (ii) by the affirmative vote of at least fifty percent of the members.

9.2 **NOTICE.** No amendment may be voted on in an annual or special meeting of the members unless the substance of the proposed amendment and the reasons advanced for it are included in the notice of the meeting in which the amendment will be proposed. Members shall be notified in writing at least ten days prior to the meeting at which such proposed amendments are to be considered.

ARTICLE X
Contracts, Checks, Deposits, and Funds

10.1 **CONTRACTS.** The Board of Directors may authorize any officer or agent of the Corporation, in addition to those so authorized by these by-laws, to enter into any contract or execute or deliver any instrument in the name of or on behalf of the Corporation, and such authority may be general or confined to specific instances.

10.2 **CHECKS, DRAFTS, AND OTHER INSTRUMENTS.** All checks, drafts, or other orders for the payment of money, notes, or other evidences of indebtedness issued in the name of the Corporation, shall be signed by such officer or agent of the Corporation and in such manner as shall from time to time be determined by the Board of Directors. In the absence of such determination by the Board of Directors, such instruments shall be signed by two officers of the Corporation.

10.3 **DEPOSITS.** All funds of the Corporation not otherwise employed shall be deposited from time to time to the credit of the Corporation in such banks, trust companies, or other depositories as the Board of Directors may select.

ARTICLE XI
Dissolution

Upon the dissolution of the Corporation in accordance with the provisions of the law of the State of Delaware, any funds or assets remaining after assets have been returned or conveyed as required by law and the Corporation's expenses and liabilities have been satisfied, discharged, or adequately provided for, shall be distributed to the members in an equitable manner as may be determined by the Board of Directors.

ARTICLE XII
Miscellaneous

12.1 **BOOKS AND RECORDS.** The Corporation shall keep at the principal office of the Corporation books and records of account, minutes of the proceedings of its members, Board of Directors, Executive Committee and advisory committees, and a record giving the names and addresses of the members. All books and records of the Corporation may be inspected by any member or his agent or attorney at any reasonable time and for any proper purpose.

12.2 **FISCAL YEAR.** The fiscal year of the Corporation shall end on the 30th day of June.

12.3 **SEAL.** The seal of the Corporation shall be in such form as may from time to time be adopted by the Board of Directors.

12.4 WAIVER OF NOTICE. Whenever any notice is required to be given under the provisions of the Delaware General Corporation Law or under the provisions of the certificate of incorporation or these by-laws, a written waiver signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice. Attendance of a person at a meeting shall constitute a waiver of notice of such meeting, except when the person attends a meeting for the express purpose of objecting at the beginning of the meeting to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of any regular or special meeting of the members, directors, or committee need be specified in any written waiver of notice.

EXHIBIT A

The undersigned hereby applies for membership in the American Association of Insurance Services. The undersigned agrees to observe and abide by the Certificate of Incorporation and By-laws of the Corporation as duly adopted and amended from time to time.

Signed at _____ this _____ day of _____, 19 ____ .

Company or Organization

By: _____

Its: _____

Appointment of Voting Representative: _____
Name and Title

is appointed to be its representative and to cast its vote at all annual and special meetings of the members of the Corporation. This appointment shall be binding on the member until the Corporation is notified that the authorization has been withdrawn or that another person has been appointed.