

THE NEW YORK ALLIANCE AGAINST INSURANCE FRAUD

BY-LAWS

Article I

Name

The name of this organization shall be The New York Alliance Against Insurance Fraud, Inc., a Not-For-Profit Corporation organized and incorporated in the State of New York.

Article II

Definitions

As used in these By-laws

"Board" means the Board of Directors of the Corporation.

"By-laws" means the By-laws of The New York Alliance Against Insurance Fraud as set forth in this document.

"The Code" means the Internal Revenue Code of 1986 as it now exists or may hereafter be amended.

"Corporation" means The New York Alliance Against Insurance Fraud, Inc.

"Ex-officio Member" means the designated representative set forth in these By-laws for the Coalition Against Insurance Fraud, New York Insurance Association and the National Insurance Crime Bureau.

"Insurer" means a company or a group of affiliated companies licensed to issue insurance policies in the State of New York or any self-insurer as that term is defined under New York State law.

"Member in good standing" means any Insurer Member that is recorded in the Corporations books and records as having paid in full all assessments levied upon it pursuant to Article XI, Section 3 of these By-laws and/or late fees levied on such assessments as of the date said list is furnished to the New York State Department of Financial Services Insurance Frauds Bureau.

"Noninsurer" means any organization not qualifying as an insurer member whose principal organization activity is providing insurance related services or furthering the public interest in improving law enforcement through the detection, deterrence and investigation of insurance fraud or combating insurance fraud.

Article III

Offices and Registered Agent

Section 1. Offices. The Organization shall continuously maintain in the State of New York its registered and principal offices at such place or places as may be designated by the Board. The Corporation may establish additional offices which shall be located at such place(s), within or without the State of New York, as may be designated by the Board.

Section 2. Agent. The Corporation shall continuously maintain within the State of New York a registered agent, upon whom process may be served, which shall be designated by the Board.

Section 3. Changes of Office or Registered Agent. Any change in the registered office or registered agent of the Corporation in the State of New York shall be accomplished in compliance with the provisions of the New York State Not-For-Profit Corporation Law, as amended from time to time.

Article IV
Purposes and Tax Status

Section 1. Purpose. The Corporation is organized to undertake public education and awareness to combat all forms of insurance fraud, which unfairly imposes billions of dollars in cost on society.

Section 2. Federal Tax Status. The Corporation shall not perform any activities not permitted to be performed by an organization exempt from federal income tax under Section 501(c)(6) of the Code.

Article V
Membership

Section 1. Classes of members. The corporation shall have three classes of members. The designation of such classes and the qualifications and rights of the membership of such classes shall be as follows:

(1) Insurer Members, (2) Noninsurer Members, (3) Ex-officio Members and (4) the New York State Department of Financial Services Insurance Frauds Bureau as provided herein.

Section 2. Insurer Members. An insurer may become a member of the Corporation by (a) submitting to the Corporation an application provided by the Corporation signed by the insurer's authorized representative stating that it will, as a member of the Corporation, abide by these By-laws, (b) paying the assessment or assessments levied pursuant to Article XI, Section 3 of these By-laws, (c) complying with such other conditions as the Board may specify pursuant to Section 6 of this Article, and (d) being duly admitted to the Corporation as provided for herein.

Section 3. Noninsurer Members. A noninsurer may become a member of the Corporation by (a) submitting to the Corporation an application provided by the Corporation signed by the noninsurer's authorized representative stating that it will, as a member of the Corporation, abide by these By-laws, (b) paying the assessment or assessments levied pursuant to Article XI, Section 3 of these By-laws, (c) complying with such other conditions as the Board may specify pursuant to Section 6 of this Article and (d) being duly admitted to the Corporation as provided for herein.

Section 4. Ex-officio Members may become members of the Corporation in such capacity by (a) invitation by the Corporation, (b) completing and submitting an application provided by the Corporation signed by the ex-officio member's authorized representative stating that it will, as a member of the Corporation, abide by these By-laws, (c) complying with such other conditions as the Board may specify pursuant to Section 6 of this Article and (d) being duly admitted to the Corporation as provided for herein. Upon becoming a member, the Executive Director of the Coalition Against Insurance Fraud, Inc., the President of the New York Insurance Association, Inc., and the New York Director of the National Insurance Crime Bureau, provided such New York Director of the National Insurance Crime Bureau is a permanent resident of the State of New York, shall serve on the Corporation's board on an ex-officio basis. The Ex-officio members of the Corporation shall serve on the Corporation's Board at the pleasure of the Board.

Section 5. New York State Department of Financial Services. The director of the Insurance Frauds Bureau within the New York State Department of Financial Services or his or her designee may become a Member of the Corporation.

Section 6. Admission of members. Any company, organization or person which meets the qualifications

stated in this Article may apply to this Corporation for membership by presentation of a statement of its qualification and submission of the application provided by the Corporation. All applications for membership shall be approved as follows: a) The Secretary shall send written notice to each Director that the application for membership has been received; and b) unless one or more Director(s) notify the Secretary within ten days after the mailing of the notice by the Secretary, that the Director(s) wish to have the application for membership considered at a regular or special meeting of the Board of Directors, the application for membership shall be deemed approved effective the eleventh day after the mailing of the notice by the Secretary; and c) If one or more Director(s) notify the Secretary within ten days after the mailing of the notice by the Secretary that the Director(s) wish to have the application for membership considered at a regular or special meeting of the Board of Directors, the application for membership shall not be approved unless the Board of Directors approves the application for membership.

Section 7. Powers and Duties of Insurer Members. Each Insurer Member shall pay the assessment or assessments levied pursuant to Article XI, Section 3 of these By-laws. Each Insurer Member shall be entitled to one vote on each matter submitted to a vote of the members in accordance with these by-laws.

Section 8. Powers and Duties of Noninsurer members. Each Noninsurer Member shall pay the assessment or assessments levied pursuant to Article XI, Section 3 of these By-laws. A Noninsurer Member is not entitled to vote at any meeting of the Corporation, may not serve on the Board of Directors of the Corporation and may not serve as an officer of the Corporation.

Section 9. Powers and duties of the Ex-officio Members. Each Ex-officio member is entitled to one vote at any meeting of the Corporation, may serve on the Board of Directors of the Corporation but may not serve as an Officer of the Corporation.

Section 10. Conditions of Membership. The conditions of obtaining and retaining membership and the rights and obligations pertaining thereto, other than or in addition to those stated herein, shall be determined by the Board.

Section 11. Regulatory Compliance Notification. As requested from time to time, the Corporation may disclose a list of its members to the New York State Department of Financial Services Insurance Frauds Bureau for the purpose of assisting the Insurance Frauds Bureau in determining compliance with the New York State Department of Financial Services' Regulation 95. In disclosing such a list for regulatory compliance purposes the Corporation shall report only the identities of members in good standing.

Section 12. Termination of Membership. A member's membership in the Corporation shall continue until (a) it fails to meet any condition of membership; (b) it resigns, pursuant to Section 11 of this Article; (c) it is removed from membership by a vote of two-thirds of the Directors present at a meeting of the Board, at which there is a quorum; or (d) if any member fails to pay the assessment or assessments levied upon it pursuant to Article XI Section 3 of these By-laws and is in default.

Section 13. Resignation of Membership. A member may resign from the Corporation by giving at least ten (10) days' written notice to the President, but such resignation shall not relieve the member so resigning of the obligation to pay any assessments or other charges theretofore accrued and unpaid, nor shall such resignation relieve the member so resigning of the obligation to pay any assessment or charge for the ensuing fiscal year pursuant to Article XI, Section 3 of these By-laws unless the resignation is given at least ninety (90) days prior to the ensuing fiscal year.

Article VI

Board of Directors

Section 1. Board of Directors. The Board shall consist of no fewer than nine (9) Directors and no more than nineteen (19) Directors and shall consist of three (3) nearly equal classes. No class shall consist of fewer than three (3) directors. Except for as otherwise provided herein with respect to the Coalition Against Insurance Fraud, Inc., each Director must be an employee of an Insurer Member.

Section 2. Initial Board. The initial Board shall be those individuals named in the Certificate of Incorporation. At the organizational meeting of the Board, the Initial Board will, among other functions, elect members to membership, appoint a nominating committee, in accordance with these by-laws, who will prepare and submit to the voting members a slate of candidates for election of the Board of Directors who will replace the Initial Board.

Section 3. Election and Term of Office of Directors. Except as provided herein for Directors initially classified, Directors shall be elected annually by the Members to a three-year term. Pursuant to N-PCL 704, and for the purpose of staggering terms of office, the directors shall be divided into three classes. The terms of the Directors initially classified shall be as follows: The term of the first class of directors shall expire at the next annual meeting of members, the term of the second class shall expire at the second succeeding annual meeting and the term of the third class shall expire at the third succeeding annual meeting. Thereafter, directors elected to replace those whose terms have expired at each such annual meeting shall be elected or appointed at such meeting to hold office for a full term in accordance with such classification. In the event the number of directors is changed by action of the Board, a) any increases or decreases in directorships shall be so apportioned among the classes as to make all classes as nearly equal in number as possible and b) if any increase in directorships are filled by the board, there shall be no classification of the additional directors until the next annual meeting of the members. The Board of Directors may, at its discretion, add or remove board seats and fix the terms subject to the minimums and maximums noted in this article. And, such seats may be filled at any meeting of the members in accordance with the procedures outlined in this Article. No decrease in number of board of director seats shall shorten the term of any incumbent director.

Pursuant to Article X, the Nominating Committee shall propose to the membership at the annual meeting a slate of candidates, chosen from among the nominees submitted by the voting members, to fill the terms of the class of Directors expiring at the next annual meeting.

As long as a director remains qualified pursuant to Section 1 of this article, said Director shall continue to serve on the Board until the expiration of his or her term, he or she dies, resigns, or until such Director is removed by the board in accordance with these bylaws. The Board of Directors shall fill any vacancies on the Board of Directors caused by the death, resignation or removal of a Director at its next stated or special meeting. The person so chosen shall hold the position for the duration of the term of the Director.

Section 4. Removal of Directors. Subject to the restrictions placed by Section 706 (c) of the Not-For-Profit Corporation Law, any or all of the directors may be removed for cause by vote of the members, or by vote of the directors provided there is a quorum present at the meeting of directors at which such action is taken. Any and all of the directors may be removed without cause by vote of the members. Any member of the Board who fails to attend, either in person or telephonically, three consecutive Board meetings, without a valid reason, shall be deemed to have resigned from the Board. This provision, however, may be waived by the Board for good cause shown.

Section 5. Powers. The Board shall have the general supervision of and responsibility for the affairs of the Corporation, shall determine all questions of policy, shall determine the appropriate means for procuring the services required by the Corporation, shall fix the compensation of all employees and contractors and, in addition to any specific powers conferred by these By-laws, shall have general power to take such action as it deems appropriate to carry out the purposes of the Corporation. The Board may employ individuals or contract with another organization to procure any of the services necessary to carry out the mission of the corporation.

Section 6. Meetings. The Board shall meet at least semiannually at such time and place, within the State of New York, as the Board shall determine. In the discretion of the Board, such additional meetings as may be deemed necessary may be called. A meeting shall be held in the first quarter of the fiscal year and shall be designated as the annual meeting. A special meeting shall be held at the request of the Executive Committee or one-third of the Directors.

Section 7. Quorum. A quorum for the transaction of business shall consist of a majority of the Directors then in office. Any one or more members of the Board of Directors, or of any committee thereof, may participate in a meeting of such Board or committee by means of a conference telephone or similar equipment which allows all persons participating in the meeting to hear each other at the same time. Participation by such means shall constitute presence in person at such a meeting.

Section 8. Notice of Meeting. Notice stating the place, date and hour of the meeting shall be sent or given to each Director at his or her office address by letter at least ten (10) days prior to the meeting or by telephone, telecopy, electronic mail or telegram at least five (5) days prior to the meeting. If such notice is given by mail, it shall be deemed delivered when deposited in the United States mail properly addressed and with postage prepaid thereon. If given by electronic mail it shall be deemed delivered when sent. If such notice is given by telegram, it shall be deemed delivered when the content of the telegram is delivered to the telegraph company. Notwithstanding the foregoing, a Director may waive notice of any regular or special meeting by written statement filed with the Board, or by oral statement at any such meeting. Attendance at a meeting also shall constitute a waiver of notice, except where a Director states that he or she is attending for the purpose of objecting to the conduct of business on the ground that the meeting was not lawfully called or convened.

Section 9. Voting. Except as otherwise provided herein, action may be taken by a majority vote of the Board present and voting at a meeting where a quorum exists. Each Director shall have one vote.

Section 10. Action Without a Meeting. Any action required or permitted to be taken at any meeting of the Board may be taken without a meeting, if the matter agreed upon is either communicated orally or sent in writing to all Directors and all Directors then in office consent to such action in writing, setting forth the action taken. Such consent in writing shall have the same force and effect as a unanimous vote and may be described as such in any document executed by the Corporation.

Article VII

Meeting of Members

Section 1. Annual Meeting. An annual meeting of the members shall be held in conjunction with the Annual Meeting of the Board, as fixed herein under Article VI, for the purpose of electing directors and for the transaction of such other business as may come before the meeting. In addition, at such meeting, the Chairperson shall review the activities of the Corporation during the preceding year and contemplated activities of the Corporation for the next year. All members of the Corporation shall be afforded an opportunity to make suggestions for future activities of the Corporation. If the day fixed for the annual meeting shall be a legal holiday in the State of New York, such meeting shall be held on the next succeeding business day. If the election of directors shall not be held on the day designated herein for any annual meeting, or at any adjournment thereof, the board of directors shall cause the election to be held at a special meeting of the members as soon thereafter as may be convenient.

Section 2. Special Meetings. Special meetings of the members may be called by the president, board of directors, or not less than one-tenth of the members having voting rights.

Section 3. Place of Meeting. The board of directors may designate any place, either within or without the State of New York, as the place of meeting for any annual meeting or for any special meeting called by the

board of directors. If no designation is made or if a special meeting be otherwise called, the place of the meeting shall be the principal office of the corporation in the State of New York; but if all of the members shall meet at any time and place, either within or without the State of New York, and consent to holding of a meeting, such meeting shall be valid without call or notice, and at such meeting any corporate actions may be taken.

Section 4. Notice of Meetings. Written or printed notice stating the place, day, and hour of any meeting of members shall be delivered, either personally or by first class mail, to each member entitled to vote at such meeting not less than ten days nor more than fifty days before the date of such meeting, by or at the direction of the president, or the secretary, or the officers or persons calling the meeting. In case of a special meeting or when required by statute or by these by-laws, the purpose or purposes for which the meeting is called shall be stated in the notice. If mailed, the notice of a meeting shall be deemed to be delivered when deposited in the United States mail addressed to the member at his or her address as it appears on the records of the corporation, with postage thereon prepaid. Any notice required herein may be made by telephone, teletype, electronic mail or telegram not less than five (5) days prior to the meeting nor more than fifty days before the date of such meeting.

Section 5. Informal Action by Members. Any action required by law to be taken at a meeting of the members, or any action that may be taken at a meeting of members, may be taken without a meeting if a consent in writing, setting forth the action to be taken, shall be signed by all the members entitled to vote with respect to the subject matter thereof.

Section 6. Quorum. The members holding ten per cent (10%) of the votes that may be cast at any meeting shall constitute a quorum at such meeting. If a quorum is not present at any meeting of members, a majority of the members present may adjourn the meeting from time to time without further notice.

Section 7. Proxies. At any meeting of members, a member entitled to vote may vote by proxy executed in writing by the member or by his duly authorized attorney in fact. No proxy shall be valid after eleven [11] months from the date of its execution, unless otherwise provided in the proxy.

Section 8. Voting by Mail. Where directors or officers are to be elected by members, such election may be conducted by mail in such manner as the board of directors shall determine.

Article VIII **Officers**

Section 1. Officers. At the organizational meeting of the Board and at each Annual Meeting, the Board shall elect a Chairperson, a Vice Chairperson, a Secretary and a Treasurer, shall appoint a President and may from time to time appoint such other officers as it may deem necessary and fix their duties.

Section 2. Terms of Officers. Each of the officers elected by the Board shall serve for the term of one (1) calendar year or until his or her successor is elected, except that the terms of officers elected at the organizational meeting of the Board shall expire on December 31, 2000, or when their successors are elected. The Board shall fill any vacancy in any office caused by the death, resignation or removal of an elected officer at its next stated or special meeting. The person so chosen shall hold office until the next annual meeting of the Corporation.

Section 3. Election of Chairperson and Vice Chairperson. At the Board's organizational meeting and, thereafter, at each Annual Meeting or at such other time as there shall be a vacancy, the Board shall elect a Chairperson and Vice Chairperson from among the Directors.

Section 4. Vice Chairperson. The Vice Chairperson shall perform the duties of the Chairperson in the absence of the Chairperson or if the Chairperson is unable to perform his or her duties of office. Either the

Chairperson or Vice Chairperson of the Board shall preside at all meetings of the Board and shall perform such other duties as may be required by the Board.

Section 5. Secretary. The Secretary, working in conjunction with the President, shall perform the duties which customarily appertain to this office and such other duties as may be assigned from time to time by the Board. The Secretary shall keep accurate minutes of all proceedings of the Board, the Executive Committee, the Finance Committee, and the Public Outreach Committee and shall perform the same duties for other committees when required. The Secretary shall give notice of all annual and other meetings of the Board. The Secretary shall have charge of such books and papers as the Board may place in the Secretary's care, and shall make such reports to the Board as may be required.

Section 6. Treasurer. The Treasurer, working in conjunction with the President, shall receive and disburse all monies of the Corporation and shall deposit the funds in the name of the Corporation in such bank or banks as may be designated by the Board. The Treasurer shall keep full and accurate records and accounts of the books belonging to the Corporation of receipts and disbursements in showing the financial condition of the Corporation, and shall make a complete and accurate report at the end of each fiscal year. The Treasurer shall render to the Board, upon its request, such statements and reports as may be required at any time. The books and accounts shall be open at all times during business hours for inspection by any Director or by any auditor appointed by the Board. Such funds shall be disbursed in such manner as may be determined by resolution of the Board. If required by the Board, the Treasurer shall, before receiving any funds, furnish to the Corporation a bond with a surety company as surety in such form and amount as the Board, from time to time, shall determine. The Corporation shall pay the premium on such bond.

Article IX

President

Section 1. Duties. The chief administrative officer of the Corporation shall be the President appointed by the Board to serve at its pleasure. In addition to such duties and responsibilities as may be given him or her by the Board, the President shall implement the policies and decisions of the Board and supervise the work of the staff.

Section 2. Board Participation. The President shall attend and participate in meetings of the Board and Executive Committee, unless asked by the Chairperson to be absent, but shall not be entitled to vote.

Article X

Committees

Section 1. Executive Committee. There shall be an Executive Committee appointed annually by the Board consisting of the Chairperson of the Board, the Vice Chairperson, the Secretary, Treasurer of the Corporation and five other Directors of the Board. The President shall serve as an ex-officio member of the Executive Committee. The Executive Committee shall have power between meetings of the Board to carry out such instructions as the Board may give it. The Executive Committee shall report its actions to the Board at the next meeting of the Board. The Chair of the Corporation shall appoint all Committee Chairs annually.

Section 2. Finance Committee. There shall be a Finance Committee appointed by the Board consisting of at least three (3) Directors. The Finance Committee shall recommend a yearly budget for the Corporation and shall recommend the manner of assessing insurer members to meet the projected financial needs of the Corporation. The Finance Committee also shall have such other powers as may be given it by the Board.

Section 3. Public Outreach Committee. There shall be a Public Outreach Committee appointed by the Board which shall recommend specific communications, advertising and awareness projects for the

Corporation to undertake. The Public Outreach Committee also shall serve as liaison to the New York State Department of Financial Services to coordinate and plan for satisfying state requirements mandating insurers to sponsor public awareness programs.

Section 4. Nominating Committee. There shall be a nominating committee appointed by the Board. The Committee shall consist of at least five (5) individuals, of which not more than two shall be Directors. The Nominating Committee shall propose to the members at the annual meeting a slate of candidates to fill the terms of the Directors whose terms expire at such annual meeting. The Nominating Committee shall annually survey the members to solicit their interest in serving as a Director.

Section 5. Other Committees. The Chair of the Corporation shall have the power to appoint, or to authorize the appointment of such other standing, special and advisory committees as may be deemed necessary, and to determine their duties and powers. Such committees, when so authorized or appointed, shall hold office until their successors are appointed or until the special purpose is accomplished. Members of such committees need not be Directors or representatives of members of the Corporation.

Section 6. Action Without a Meeting. Any action required or permitted to be taken at any meeting of a committee may be taken without a meeting if the text of the resolution or matter to be agreed upon is sent to all members of the committee and all such members consent to such action in writing, setting forth the action taken. Such consent in writing shall have the same force and effect as a unanimous vote and may be described as such in any document executed by the Corporation.

Section 7. Substitute Committee Members. If a committee member is unable to attend any meeting of any committee, such committee member may appoint a substitute upon written notice received by the Chair of the committee or such other committee member designated by the committee's members to receive such notice prior to the meeting. Such substitute committee members shall enjoy all the voting rights and privileges of other committee members and shall be counted in determining meeting quorums.

Section 8. Quorum. A majority of any committee shall constitute a quorum. Committee members may participate in a meeting by means of a conference telephone or similar equipment which allows all persons participating in the meeting to hear each other at the same time. Participation by such means shall constitute presence in person at such meeting.

Section 9. Votes. A committee may take action by a majority vote of those present so long as a quorum is present. No Corporation member may have more than one voting representative on any committee.

Article XI Finances

Section 1. Fiscal Year. The fiscal year of the Corporation shall commence on January 1st and end on December 31st of each year.

Section 2. Budget. Annually, prior to the beginning of each fiscal year after the first fiscal year, the Finance Committee and President shall prepare a budget of expenditures for the ensuing year which shall be approved by the Board. The approved budget shall be a basis for determining assessments levied by the Corporation for each member. Allocations of funds in the budget may be changed by the Board. Any unexpected balance not appropriated at the end of each fiscal year shall be credited to the reserve funds of the Corporation.

Section 3. Assessments. All members of the Corporation except the New York State Insurance Frauds Bureau and Ex-officio members shall be subject to assessments. (a) Every member, except as otherwise indicated in these Bylaws, shall pay an annual assessment as determined by the Board. Assessments shall

be set by resolution of the Board of Directors and shall be uniformly applied to all members in a membership class except that the Directors may establish a different assessment rate within a membership class for members which possess an Internal Revenue Service letter determining that the member has tax exempt status under Section 501(c) of the Internal Revenue Code. Assessments fixed by the Board shall be due and owing within 30 days of the date specified in the Notice of Assessment. In the event a member fails to pay its assessment within said period, that member shall be deemed in default and subject to removal pursuant to Article V. (b) Additional assessments of insurer members may be fixed by the Board upon recommendation from at least two-thirds of the members of the Finance Committee.

An Insurer Member that fails to timely pay its assessment shall be deemed a member not in good standing and will not be included in any list furnished to the New York State Department of Financial Services Insurance Frauds Bureaus pursuant to these By-laws until such time that it becomes a "member in good standing" as that term is defined in Article II of these Bylaws. Such a member not in good standing shall enjoy all other rights and privileges provided herein, except the right to vote.

Section 4. Audit. The Board shall require the books and accounts of the Corporation to be audited by a certified public accountant as soon as practical after the close of each fiscal year. A copy of the report of such audit shall be mailed to each Director.

Article XII

Distribution of Assets on Dissolution

Should the Corporation for any reason be dissolved, the assets of the Corporation remaining after satisfaction of all the Corporation's obligations outstanding as of the date of or in connection with dissolution shall be distributed by the Board to, and only to, the Corporation's insurer and association members that are in good standing at the time of dissolution, in proportion to the total amount of assessments or other financial contributions, if any, that each such member has paid to the Corporation during the corporation's existence, provided that in no event may such an insurer member receive in such distribution a sum greater than the total of all assessments and other financial contributions paid by such insurer member to the Corporation during its membership in the Corporation. In the event that the amount to be distributed exceeds the aggregate amounts distributed to the insurer members, any excess amount shall be paid to such Corporations exempt from federal income tax under Sections 501(c)(3) or (4) of the Code as the Board may direct.

Article XIII

Indemnification

Section 1. Any person made or threatened to be made a party to any action, suit, or proceeding, because such person served on the Board or a committee or was an officer of the Corporation shall be indemnified against all judgments, fines, amounts paid in settlement, reasonable costs and expenses, including attorneys' fees and other liabilities that may be incurred as a result of such action, suit or proceeding, or threatened action, suit or proceeding, if such person acted in good faith for a purpose which he or she reasonably believed to be in the best interests of the Corporation and, with respect to any criminal action or proceeding, in addition, had no reasonable cause to believe that his or her conduct was unlawful. Such indemnification shall be provided whether or not such person is holding office at the time of such suit and whether or not any such liability is incurred prior to the adoption of this Article. Such indemnification shall not be exclusive of other rights such person may have. Such indemnification shall pass to the successor, heirs, executors or administrators of such person. The termination of any such civil or criminal action or proceeding by judgment, settlement, conviction, or upon a plea of nolo contendere, or its equivalent, shall not in itself create a presumption that any such person did not act in good faith for a

purpose which he or she reasonably believed to be in the best interests of the Corporation, or that he or she had reasonable cause to believe that his or her conduct was unlawful. If any such action, suit or proceeding is compromised, it must be with the approval of the Board. Such indemnification as is herein provided shall be assessed against the members (including former members of the Corporation) which were members of the Corporation at the time of the act or omission giving rise to the actual or threatened action, suit or proceeding. Such assessment shall be apportioned in the same proportion that the then assessable premiums of each such member, paid for membership in the Corporation, bore to the total assessable premiums of all members at that time. Such indemnification shall be considered an assessment in excess of the authorized budget and shall be levied and collected as provided in Article XI, Section 3 of these By-laws.

Section 2. In each instance in which a question of indemnification arises, entitlement thereto, pursuant to the conditions set forth in Section 1 of this Article, shall be determined by the Board acting by a quorum consisting of directors who are not parties to such action, suit, or proceeding; provided, however, that an person who has been wholly successful, on the merits or otherwise, in the defense of a civil or criminal action or proceeding of the character described in Section 1 of this Article shall be entitled to indemnification as authorized in such section. If a quorum is not obtainable with due diligence, entitlement to indemnification shall be determined by the Board upon the opinion in writing of independent legal counsel that indemnification is proper in the circumstances because the applicable standard of conduct has been met by such person, or by the members upon a finding that such person has met the applicable standard of conduct. Nothing herein shall be deemed to bind an person who the Board has determined not to be entitled to indemnification, or to preclude such person from asserting the right to such indemnification by appeal from the determination of the Board or by legal proceedings.

Section 3. The Board, in its discretion, shall have the power, on behalf of the Corporation to indemnify any person, other than a Director, officer or member of a committee made a party to any suit or proceeding by reason of the fact that he or she, or his or her testator or intestate, is or was an employee of the Corporation.

Section 4. Any Director or officer of the Corporation made or threatened to be made a party to any action, suit or proceeding, because such person was serving at the request of the Corporation as a director, officer, employee or agent of another Corporation, partnership, joint venture, trust or other enterprise, may be indemnified against judgments, fines, amounts paid in settlement, reasonable costs and expenses, including attorneys' fees and other liabilities that may be incurred as a result of such action, suit or proceeding, or threatened action, suit or proceeding, if such person acted in good faith for a purpose which he or she reasonably believed to be in the best interests of the Corporation and with respect to any criminal action or proceeding, in addition, had no reasonable cause to believe that his or her conduct was unlawful. Such indemnification shall be within the sole discretion of the Board.

Section 5. As used in this Article XIII, the term "person" shall have the ordinary meaning prescribed by law. If the person to be indemnified is a voting member of the Corporation and there are more than three (3) of such members named in a civil action or criminal proceeding, the indemnification provisions set forth herein shall not apply to any voting members, except as follows: The Board of Directors may authorize counsel representing an officer(s) and director(s) in such an action to file a motion to dismiss on behalf of any such voting member(s). In such event, the indemnification shall be limited to paying the attendant legal fees associated with making a motion to dismiss the action against said voting member(s). There shall be no indemnification for a non-voting member.

Article XIV Amendments

Section 1. Power of Members to Amend By-laws. The by-laws of this Corporation may be amended, repealed, or added to, or new by-laws may be adopted by a two-thirds vote of the members entitled to vote

at a meeting duly called for that purpose in accordance with these by-laws. Any notice of meeting called for the purpose of amending or repealing these by-laws shall contain a copy of the proposed amendment or a statement of the substance thereof.

Adopted 12/6/01