

PENNSYLVANIA  
COMPENSATION RATING BUREAU

BY-LAWS

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**BY-LAWS  
OF  
PENNSYLVANIA COMPENSATION RATING BUREAU  
A Pennsylvania Non-Profit Corporation**

**ARTICLE I  
NAME**

The name of the corporation is Pennsylvania Compensation Rating Bureau (the "Bureau").

**ARTICLE II  
DEFINITIONS**

"Pennsylvania Workers Compensation Insurance," unless otherwise indicated when used in these By-laws, shall include voluntary workers compensation insurance, occupational disease insurance and employers' liability insurance which is written in conjunction with workers compensation insurance in the same policy and shall exclude insurance on coal mining operations. When used in these By-laws, the terms workers', workers, and workmen's shall have the same meaning.

"Domestic," with reference to an insurance company, shall mean a company whose statutory home office as reported on Page 1 of the company's most recently filed Annual Statement Blank is located in the Commonwealth of Pennsylvania. The State Workers' Insurance Fund, unless otherwise noted, shall be deemed as a domestic insurance company and domestic company member for purposes of these By-laws.

"Non-domestic," with reference to an insurance company, shall mean a company whose statutory home office as reported on Page 1 of the company's most recently filed Annual Statement Blank is not located in the Commonwealth of Pennsylvania.

"Committee" shall mean any standing committee, special committee or task force created by the Governing Board pursuant to the authority granted in Article VII of these By-laws.

"Employer Organization Representative" shall mean an association or other entity having as its members Pennsylvania employers engaged in a broad spectrum of business activities within the Commonwealth, appointed to one or more Committees by the Governing Board.

"Subcommittee" shall mean a group comprised of certain members of a Committee having specific powers and duties assigned by the Governing Board or by a Committee with the approval of the Governing Board to assist the assigning body in fulfilling its designated duties.

"Insurance Holding Company System" shall mean any entity or group of entities as defined in the Pennsylvania Insurance Holding Company Act and any successor statutes or amendments thereto.

### **ARTICLE III PURPOSES**

**Section 1.** The Bureau shall be organized for and devote its assets to the following purposes:

(a) To qualify and operate as a domestic nonprofit corporation under the Pennsylvania Non-profit Corporation Law of 1972, as amended, and the Pennsylvania Non-profit Corporation Law of 1988, as amended, or the corresponding provisions of any successor statutes thereto; and

(b) To qualify and operate as an exempt organization under Section 501(c)(6) of the Internal Revenue Code of 1986 or the corresponding provisions of any successor statutes thereto; and

(c) To qualify and operate as a licensed rating organization pursuant to Pennsylvania's Insurance Company Law of 1921, as amended, and Workers' Compensation Act, or the corresponding provisions of any successor statutes or amendments thereto; and

(d) To perform such activities incidental to the business of workers compensation insurance as the Governing Board may authorize as are required by, permitted by or not contrary to law; and

(e) To do everything necessary or appropriate for the accomplishment of the purposes herein set forth.

### **ARTICLE IV MEMBERSHIP**

**Section 1.** Any insurer authorized to write Workers Compensation Insurance in Pennsylvania, including the State Workers' Insurance Fund, shall be entitled to membership in the Bureau. Every member shall conform to the laws of Pennsylvania and the United States of America, and to the provisions of these By-laws to the extent required by, permitted by, or not contrary to law. Membership in the Bureau shall not be construed in any way to interfere with the right or obligation of any insurer to file or charge rates independently of the Bureau or to file or charge rates different from any rate components filed by the Bureau. Neither membership in the Bureau nor acceptance of these By-laws constitutes an agreement with the Bureau and/or with other members to adhere to any rate component, rules or forms developed, issued or filed by the Bureau. Except to the extent required under Section 707 of the Workers'

Compensation Act, neither membership in the Bureau nor acceptance of these By-laws shall be construed as an agreement with the Bureau and/or with any other members or persons or requirement that any member, insurer or other person utilize some or all of the Bureau's services or adhere to any Bureau filing, rating plan, rating system or underwriting rule, or proscription preventing any member, insurer or other person from acting independently. Nothing in these By-laws, however, shall limit the ability of the Bureau to take appropriate action in compliance with the law with regard to insurance with respect to the Commonwealth of Pennsylvania as to liability under the United States Longshore and Harbor Workers' Compensation Act (44 Stat. 1424, 33 U.S.C. §901 et seq.) which is governed by Section 654 of the Insurance Company Law of 1921, as amended.

**Section 2.** Any member may withdraw from membership in the Bureau at any time, subject to the following provisions:

(a) the withdrawal shall not become effective until at least thirty (30) days after written notice of withdrawal is filed with the Bureau;

(b) until the effective date of withdrawal, the member shall have every right and be under every obligation established by these By-laws to the extent required by, permitted by or not contrary to law;

(c) such member shall have no rights whatever to any asset of the Bureau;

(d) after withdrawal, such member shall continue to report such statistics or data on such member's policies which became effective during its membership as the Bureau may require consistent with Article III of these By-laws, including statistics or data collected pursuant to the provisions of the uniform statistical plan or other rules filed by the Bureau and approved by the Insurance Commissioner; and

(e) such member shall not be relieved of its obligations hereunder, including without limitation, liability for fees, charges or assessments which were (i) incurred during its membership or (ii) related to policies in effect as of the effective date of the member's withdrawal.

**Section 3.** Any member which shall violate or fail to conform to the provisions of these By-laws or any rules of the Bureau filed with and approved by the Insurance Commissioner relating to recording or reporting of data, to the extent required by, permitted by or not contrary to law, may be subject to such penalties as the Governing Board may determine, including expulsion from membership, in accordance with the following procedures. Upon sworn complaint, the Governing Board shall cause to be investigated any such complaint against a member. Upon finding reasonable cause, the Governing Board may prefer charges against the member by sending notice to the member containing a copy of the charges against it and setting a date for a hearing thereon before the Governing Board not less than twenty (20) days from the date of the notice. The Governing Board, after hearing all facts relating to the

charges and the member's response thereto, may (i) by the affirmative vote of three-quarters of the members of the Governing Board eligible to vote thereon, expel the member effective upon a date not less than twenty (20) days from the date of such determination, or (ii) by the affirmative vote of a majority of the members of the Governing Board eligible to vote thereon, impose such lesser penalties or requirements as the Governing Board shall determine are appropriate. No member of the Governing Board may vote or participate in such capacity in a proceeding against that member or any other member of the same Insurance Holding Company System pursuant to this Article IV, Section 3. The member may obtain a review of the Governing Board's determination by filing an appeal with the Insurance Commissioner within thirty (30) days of the mailing date of the Governing Board's decision.

Members expelled from the Bureau are subject to the same provisions applicable to withdrawing members set forth in Article IV, Section 2(b) through (e). If an expelled member reapplies for Bureau membership, such application shall be subject to the Governing Board's review and approval, with right of appeal from any adverse decision to the Insurance Commissioner.

## **ARTICLE V FEES, CHARGES & ASSESSMENTS**

**Section 1.** Each member shall pay a membership fee of Two Thousand, Five Hundred Dollars (\$2,500) per year upon becoming a member of the Bureau. Each member shall pay a membership fee of Two Thousand, Five Hundred Dollars (\$2,500) beginning with the Year 2002 and as of the first day of January of each succeeding year. No member shall be entitled to any refund of any portion of its membership fee for any reason.

**Section 2.** Each member shall pay to the Bureau, as and when demanded, the charges levied against it for special services rendered to it or on account of it.

**Section 3.** Services which may be rendered to persons or organizations not members of the Bureau shall be subject to reasonable charges not in excess of the fair and usual compensation for the services.

**Section 4.** The Bureau shall not refuse to supply services for which it is licensed in Pennsylvania to any insurer authorized to do business in Pennsylvania and offering to pay the fair and usual compensation for such services. No provision of these By-laws shall be construed to require any member, insurer or other person to utilize some or all of the Bureau's services.

**Section 5.** Each member shall pay budget allocations, fees and charges as established by the Governing Board. In determining the amount of the annual fees and charges, the Board of Directors shall take into account the corporation's budgeted expenses for the year including any amounts budgeted for paying judgments against the corporation, settlements entered into by the corporation and the corporation's indemnification obligations arising under Article X. Except as provided above, the Governing Board is prohibited from

charging members, either directly or indirectly, for the purposes of satisfying any judgment, settlement or indemnification obligations of the corporation. Indemnification contingencies included in the annual budget shall not be construed as an indirect charge. Unless otherwise provided in these By-laws or by the Governing Board, budget allocations, fees and charges shall be paid by members according to their respective proportion of the total net direct written Pennsylvania Workers' Compensation Insurance premiums, as defined by the Governing Board, for the calendar year during which such expenses have been incurred. Assessments for each calendar year shall be adjusted on the following July 1 based on data received by the Bureau no later than the June 1 preceding the adjustment of assessment. Corrections to data received by the Bureau after June 1 will not change the prior or subsequent assessment(s) if BOTH of the following conditions are met:

(a) the correction changes premium for the company submitting the correction by less than two (2.0) percent, and

(b) the revised data would change the assessment for the company submitting the correction by less than One Hundred Dollars (\$100).

If either or both of the above conditions are NOT met, then the corrections shall be incorporated into the annual adjustment of assessment which uses data submitted through June 1 following the Bureau's receipt of the correction.

**Section 6.** The financial statements of the Bureau shall be examined each calendar year by a certified public accountant. The accountant shall conduct an audit in accordance with generally accepted auditing standards and render an opinion on the financial statements which shall be furnished to the Governing Board for review.

## **ARTICLE VI GOVERNING BOARD**

**Section 1.** The Governing Board shall consist of nine (9) Bureau members, the Pennsylvania Secretary of Labor and Industry and two (2) Employer Organization Representatives. One of the nine (9) Bureau members shall be the State Workers' Insurance Fund. Not more than seven (7) Bureau members of the Governing Board (excluding the Secretary of Labor and Industry) at any time shall be domestic company members. The eight (8) Bureau member seats other than the State Workers' Insurance Fund shall be divided into two classes of three seats and one class of two seats. Members of each class shall be elected for a term of three (3) years and until their successors are elected and qualified. Effective with the 1997 Annual Meeting one (1) Employer Organization Representative shall be elected to a three (3) year term and one (1) Employer Organization Representative shall be elected to a two (2) year term. Upon expiration of the term of any Employer Organization Representative position on the Governing Board a successor Employer Organization Representative shall be elected for a term of three (3) years.

**Section 2.** The State Workers' Insurance Fund and the Secretary of Labor and Industry shall not have the right to participate in the election of other members of the Governing Board.

**Section 3.** All Governing Board memberships other than the Secretary of Labor and Industry shall be in the name of the Bureau member or Employer Organization. Each Bureau or Employer Organization member of the Governing Board shall designate in writing two (2) knowledgeable individuals as its Governing Board representative and alternate representative respectively.

**Section 4.** At any given time, no more than one member of the same Insurance Holding Company System shall be a Governing Board member. No more than one Bureau member of the Governing Board, either through itself or through another member of the same Insurance Holding Company System, may succeed itself in any given year, unless a sufficient number of candidates has not been nominated to otherwise fill the vacancies occurring on the Governing Board.

**Section 5.** A vacancy on the Governing Board created for any reason shall be filled by vote of the remaining members of the Governing Board until the next Annual Meeting, at which time the then unexpired term of the replaced member shall be filled by election.

**Section 6.** The Governing Board shall have general charge and management of the affairs of the Bureau, including the power to adopt and amend the General Rules, and shall be responsible for carrying out the purposes thereof. It shall appoint a President, Secretary and Treasurer and such other officers and Committees and Subcommittees as set forth in Articles VII and VIII of these By-laws. Such Committees shall have the powers and duties assigned to them by the Governing Board. Such Subcommittees shall have the powers and duties assigned to them by the Governing Board or the Committee to which they belong as approved by the Governing Board.

**Section 7.** The members of the Governing Board shall elect annually a Chair and a Vice Chair from among their number. The Chair and Vice Chair of the Governing Board shall not be elected to the same office for successive terms. The Chair, or in the Chair's absence, the Vice Chair, or in the absence of both, a Chair pro-tem, elected by the members present, shall act as chair of meetings of the Governing Board.

**Section 8.** The President shall preside at meetings of all Committees and Subcommittees appointed or approved by the Governing Board, but shall not have the right to vote. Whenever the President does not preside at any Committee or Subcommittee meeting, an officer or employee of the Bureau designated by the President or, if the President fails to make such designation, an officer or employee of the Bureau chosen by the Committee or Subcommittee members at the meeting shall preside.

## **ARTICLE VII COMMITTEES**

**Section 1.** The Governing Board shall have the sole power to create and appoint members to any Committee and shall also have the exclusive power to create or approve Subcommittees. The Governing Board shall also determine the powers, duties, number of members, and qualifications of members of such bodies. Any Committee may propose for Governing Board approval any Subcommittee to assist the assigning body in fulfilling its designated duties.

**Section 2.** Unless otherwise provided in the General Rules or required by law, only Bureau members shall be eligible for appointment as a member of any Committee or Subcommittee.

**Section 3.** A vacancy on any Committee created for any reason shall be filled for the unexpired term of the replaced member by vote of the Governing Board.

**Section 4.** Unless otherwise provided by the Governing Board, or these By-laws, or the General Rules, or in a resolution creating a Committee, the Insurance Commissioner or an employee of the Insurance Department designated by the Insurance Commissioner shall be invited to attend meetings of all Committees appointed by the Governing Board, together with any of their Subcommittees.

**Section 5.** The individuals representing members on Committees and/or Subcommittees, except Employer Organization Representatives, shall be employees of the members.

**Section 6.** At any given time, no more than one member of the same Insurance Holding Company System shall be a member of the same Committee.

## **ARTICLE VIII OFFICERS**

**Section 1.** The officers of the Bureau shall be elected by the Governing Board from time to time and shall consist of a President, Secretary and a Treasurer. The Governing Board may also elect such Vice Presidents and other officers as it shall deem necessary, who shall hold their offices for such terms, have authority and perform their duties as may from time to time be prescribed by the Governing Board. Any two or more offices, except the offices of President and Secretary, may be held by the same person.

**Section 2.** The salaries of the officers of the Bureau shall be subject to approval by the Governing Board.

**Section 3.** The President shall be the executive officer of the Bureau under the general supervision of the Governing Board. The President shall be a member ex-officio of all

Committees but shall not have the right to vote. The President shall enforce these By-laws, preside at all meetings of the Bureau, and perform such other duties as may be required by the Governing Board.

**Section 4.** The President, the Treasurer or such other person as the Governing Board may designate, may sign and endorse in the name of, and on behalf of, the Bureau in the transaction of its business, but not otherwise, checks, drafts, notes and bills of exchange, subject to such countersignature and other requirements as the Governing Board may determine.

**Section 5.** To the extent required, permitted by, or not contrary to law, the President shall file with the Insurance Commissioner of Pennsylvania, (i) workers' compensation filings that are limited to the provision for claim payment; (ii) each workers' compensation policy form to be used by its members; (iii) the uniform classification system; (iv) the uniform experience rating plan and related rules; (v) the uniform statistical plan and related rules; (vi) such other information that the Commissioner requests relevant to the foregoing and is otherwise entitled to receive, and (vii) filings permitted under Section 654 of the Insurance Company Law of 1921, as amended, with regard to the United States Longshore and Harbor Workers' Compensation Act. To the extent required by, permitted by or not contrary to law, the President shall also file with the Insurance Commissioner the manual of rules reasonably related to the recording and reporting of data pursuant to the uniform statistical plan, the uniform experience rating plan and the uniform classification system.

**Section 6.** The Secretary shall attend all meetings of the Governing Board and keep accurate records thereof in one or more minute books kept for that purpose; shall give, or cause to be given, the required notice of all meetings of the Governing Board; shall maintain a record of all members by name and address; and shall perform such other duties as may be assigned to the Secretary by the Governing Board or the President.

**Section 7.** The Treasurer shall have custody of the Bureau's funds; shall keep full and accurate accounts of receipts and disbursements in books belonging to the Bureau; shall deposit all monies and other valuable effects in the name and to the credit of the Bureau in such depositories as shall be designated by the Governing Board; shall disburse the funds of the Bureau as may be ordered by the Governing Board, taking proper vouchers for all such disbursements; shall render to the President and members of the Governing Board, at the regular meetings of the Governing Board, or whenever they may be required, an account of all transactions as Treasurer and of the financial condition of the Bureau.

## **ARTICLE IX LIMITED LIABILITY OF MEMBERS OF THE GOVERNING BOARD, COMMITTEES AND SUBCOMMITTEES**

**Section 1.** The members of the Governing Board, Committees and Subcommittees (hereafter collectively referred to as "Committee Members" or in the singular as "Committee Member") shall stand in a fiduciary relation to the Bureau and shall perform their

duties as Committee Members, including their duties as members of any Committee upon which they may serve, in good faith, in a manner they reasonably believe to be in the best interest of the Bureau, and with such care, including reasonable inquiry, skill and diligence, as a person of ordinary prudence would use under similar circumstances. In performing his or her duties, a Committee Member shall be entitled to rely in good faith on information, opinions, reports or statements, including financial statements and other financial data, in each case prepared or presented by any of the following:

(a) One or more officers or employees of the Bureau whom the Committee Member reasonably believes to be reliable and competent in the matters presented; or

(b) Counsel, public accountants or other persons as to matters which the Committee Member reasonably believes to be within the professional or expert competence of such persons; or

(c) The Governing Board or a Committee, upon which the Committee Member does not serve, duly designated in accordance with law, as to matters within its designated authority, and which Committee the Committee Member reasonably believes to merit confidence; or

(d) A Subcommittee, upon which the Committee Member does not serve, duly designated in accordance with law, as to matters within its designated authority, and which Subcommittee the Committee Member reasonably believes to merit confidence.

**Section 2.** In discharging the duties of their respective positions, the Governing Board, Committees and Subcommittees and individual Committee Members may, in considering the best interests of the Bureau, consider the effects of any action upon employees of and suppliers to the Bureau. The consideration of these factors shall not constitute a violation of Section 1 hereof.

**Section 3.** Absent breach of fiduciary duty, lack of good faith or self dealing, actions taken as a Committee Member or any failure to take any action shall be presumed to be in the best interest of the Bureau.

**Section 4.** A Committee Member of the Bureau shall not be personally liable for monetary damages as such for any action taken, or any failure to take any action, unless:

(a) the Committee Member has breached or failed to perform the duties of his or her office under Sections 1 through 3 hereof; and

(b) the breach or failure to perform constitutes self-dealing, willful misconduct or recklessness.

**Section 5.** The provisions of Section 4 hereof shall not apply to:

(a) the responsibility or liability of a Committee Member pursuant to any criminal statutes; or

(b) the liability of a Committee Member for the payment of taxes pursuant to local, state or federal law.

## **ARTICLE X INDEMNIFICATION**

**Section 1.** Subject to all the provisions of this Article X, the Bureau shall indemnify any Committee Member, as defined herein in Article VII, or officer of the Bureau and may indemnify any other representative of the Bureau or person serving at the request of the Bureau as a representative of another corporation for profit or not for profit, partnership, joint venture, trust, employee benefit plan or other enterprise, who was or is a party to, or is threatened to be made a party to or who is called as a witness in connection with any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, including an action by or in the right of the Bureau, by reason of the fact that such person is or was a Committee Member, officer, employee or agent of the Bureau, against expenses, including attorneys' fees, judgments, fines and amounts paid in settlement actually and reasonably incurred by such person in connection with such action, suit or proceeding if such person acted in good faith and in a manner that person reasonably believed to be in, or not opposed to, the Bureau's best interests and, with respect to any criminal proceeding, had no reasonable cause to believe his or her conduct was unlawful. The termination of any action or proceeding by judgment, order, settlement or conviction or upon a plea of nolo contendere or its equivalent shall not of itself create a presumption that the person did not act in good faith and in a manner that he or she reasonably believed to be in, or not opposed to, the best interests of the corporation and, with respect to any criminal proceeding, had reasonable cause to believe that his or her conduct was unlawful. The determination of entitlement to indemnification shall be made in accordance with the Pennsylvania Non-profit Corporation Law of 1988, as amended, or the corresponding provisions of any successor statutes thereto.

**Section 2.** The indemnification and advancement of expenses provided by, or granted pursuant to, this Article X shall not be deemed exclusive of any other rights to which those seeking indemnification or advancement of expenses may be entitled under any By-law, agreement, contract, vote of disinterested members of the Governing Board, or pursuant to the direction of any court of competent jurisdiction. It is the policy of the Bureau that indemnification of, and advancement of expenses to, officers of the Bureau or Committee Members shall be made to the fullest extent permitted by law.

**Section 3.** The Bureau shall pay expenses incurred by any Committee Member or officer of the Bureau and may pay expenses incurred by any other representative of the Bureau or person serving at the request of the Bureau, in defending a civil or criminal

action, suit or proceeding upon receipt of an undertaking by or on behalf of such person to repay such amount if it shall ultimately be determined that such person is not entitled to be indemnified by the Bureau. The Bureau shall indemnify against expenses reasonably incurred by any Committee Member or officer or representative of the Bureau as described in Section 1 above if that person has been successful on the merits or otherwise in defense of any proceeding referred to in Section 1 above.

**Section 4.** The indemnification and advancement of expenses provided by, or granted pursuant to, this Article X shall, unless otherwise provided when authorized or ratified, continue as to any former Committee Member, or former officer, or former representative of the Bureau as described in Section 1 above, their respective successors, heirs, executors and administrators.

**Section 5.** The Bureau shall have the authority to create a fund of any nature, which may, but need not be, under the control of a trustee, or otherwise secure or insure in any manner, its indemnification obligations, whether arising under these By-laws or otherwise. The provisions of this Article X shall not be deemed to preclude the indemnification of, or advancement of expenses to, any person who is not specified in Section 1 of this Article X but whom the Bureau has the power or obligation to indemnify, or to advance expenses for, under the provisions of any applicable law or otherwise. The authority granted by this Section 5 shall be exercised by the Governing Board of the Bureau.

**Section 6.** As soon as practicable after receipt by any person specified in Section 1 of this Article X of notice of the commencement of any action, suit or proceeding, such person shall, if a claim with respect thereto may be made against the Bureau under this Article X of the By-laws, notify the Bureau in writing of the commencement or threat thereof. With respect to any such action as to which such person notifies the Bureau, the Bureau may participate therein at its own expense and, except as otherwise provided below, to the extent that it desires the Bureau jointly with any other indemnifying party similarly notified shall be entitled to assume the defense with counsel selected by the Bureau to the reasonable satisfaction of such person. After notice from the Bureau to such person of its election to assume the defense, the Bureau shall not be liable to such person under Article X of these By-laws for any legal or other expenses subsequently incurred by such person in connection with the defense of the matter other than otherwise provided below. Such person shall have the right to employ his or her own counsel in such action, but the fees and expenses of such counsel incurred after notice from the Bureau of its assumption of the defense of such action shall be at the expense of such person and shall not be subject to a claim for indemnification under Article X of these By-laws unless: (i) the employment of counsel by such person shall have been expressly authorized in writing by the Governing Board; (ii) such person shall have reasonably concluded and expressly notified the Bureau in writing that there may be a conflict of interest between the Bureau and such person in the conduct of the defense of such proceeding; or (iii) the Bureau shall not in fact have employed counsel to assume the defense of such action.

**Section 7.** The burden of proving that indemnification is not appropriate under the provisions of Article X of these By-laws shall be on the Bureau. Expenses reasonably

incurred by a person in connection with successfully establishing the right to indemnification or advancement of expenses, in whole or in part, shall also be indemnified by the Bureau.

**Section 8.** All rights to indemnification and to recover shall be subject to the following additional provisions:

(a) The person claiming indemnification shall cooperate fully with the Bureau, Governing Board and its representatives.

(b) Prior to making or accepting any offer of settlement of a claim, any person claiming indemnification shall first obtain the express agreement and written consent of the Governing Board.

(c) Rights to indemnification are not transferable and cannot be assigned or conveyed in any manner whatsoever.

**Section 9.** Indemnification obligations arising hereunder shall not be apportioned among members, and budget allocations, fees and charges shall not be levied against a member, except as provided in Article V, for purposes of indemnifying any Committee Member, officer, employee or agent of the corporation.

## **ARTICLE XI BUREAU EXAMINATIONS AND INFORMATIONAL FILINGS WITH THE INSURANCE COMMISSIONER**

**Section 1.** The Bureau shall be subject to visitation, supervision and examination by the Insurance Commissioner as may be required pursuant to the laws of the Commonwealth of Pennsylvania and any amendments thereto.

**Section 2.** The Bureau shall file with the Insurance Commissioner of Pennsylvania a copy of its By-laws, General Rules and all amendments thereto, under which the Bureau operates, together with such further information concerning the Bureau and its operations as may be legally required by the Insurance Commissioner.

**Section 3.** The Bureau shall file with the Insurance Commissioner of Pennsylvania a list of its members and shall duly notify the Insurance Commissioner of any change in Bureau membership.

## **ARTICLE XII MEETINGS, VOTING, QUORUMS**

**Section 1.** Unless otherwise determined by the Governing Board, the Annual Meeting of the Bureau shall be held during the month of April of each year, at such time and

place as may be specified in the notice of the meeting. In case the Annual Meeting for any year shall not be duly called or held, the Governing Board shall cause a special meeting to be held as soon thereafter as may be practicable, in lieu of and for the purpose of such Annual Meeting, and all proceedings at such special meeting shall have the same force and effect as if taken at the regular Annual Meeting.

In case of the President's absence or inability to act, the Chair of the Governing Board shall preside at meetings of the Bureau.

**Section 2.** Special meetings of the Bureau may be called at any time by the President, at such place and time as may be specified in the notice of the meeting. Special meetings shall be called by the President upon the written request of four (4) members of the Governing Board or fifteen (15) members of the Bureau.

**Section 3.** Meetings of the Governing Board may be called at any time by the President. Meetings of the Governing Board shall be called by the President upon the written request of four (4) or more members of the Governing Board. The Governing Board may also hold meetings by teleconference at which the members that are participating are able to hear and to speak to other participating members.

**Section 4.** Notice of all annual and special meetings of the Bureau and notice of all meetings of the Governing Board shall be given or caused to be given by the Secretary to each Bureau member or Governing Board member, as the case may be, and to the Insurance Commissioner. In case of the Secretary's absence or inability to act, notice shall be given by such other Bureau employee as the Governing Board or President shall appoint. Except as provided in Article XIII, notices of all meetings of the membership shall specify the place, day, hour (and for special meetings the purpose) of such meetings and shall be given not less than ten (10) nor more than sixty (60) days prior to the date of the meeting. Notice of all meetings of the Governing Board, Committees or Subcommittees shall specify the place, day, hour and purpose of such meeting and shall be given at least five (5) calendar days before the date fixed for such meeting. Any notice required under these By-laws shall be deemed to be delivered, if mailed, when deposited in the United States mail addressed to the latest address of the member appearing on the records of the Bureau, with first class postage paid thereon. Notice may also be delivered by hand or transmitted by facsimile or via electronic mail (e-mail). If notice is given by facsimile, such notice shall be deemed delivered when confirmation of transmission is received; if such notice is given by e-mail transmission, such notice will be deemed delivered when delivery receipt is received, if available, or if no failure transmission message is forthcoming. The aforementioned written notice provisions are not applicable to instances in which the meeting called by the President is an emergency or in which the exigencies of time and the issues require immediate action by the Governing Board.

**Section 5.** Minutes of all annual and special meetings of the Bureau membership shall be sent to all members of record. Minutes of all Governing Board meetings shall be sent to the members of the Governing Board, and minutes of all Committee and Subcommittee meetings shall be sent to those members appointed to serve on such Committee or Subcommittee.

**Section 6.** Unless otherwise provided in these Bylaws, the General Rules, or in the resolution creating a Committee or Subcommittee, all meetings of the Governing Board or any Committee or Subcommittee shall be open to the Insurance Commissioner or designated employee of the Pennsylvania Insurance Department and, other than executive sessions or meetings by teleconference, shall be open to any members to attend. Only Governing Board members or Committee or Subcommittee members, as the case may be, shall be entitled to vote at such meetings. Upon the vote of a majority of all Governing Board members or Committee or Subcommittee members as the case may be, present and voting, persons who are not Governing Board members or Committee or Subcommittee members may be excluded from a meeting.

**Section 7.** At all meetings of the Bureau, fifteen (15) members shall constitute a quorum.

**Section 8.** At any meeting of the Governing Board or any Bureau Committee or Subcommittee, a majority of the members elected or appointed to the Board or to such a Committee or Subcommittee shall constitute a quorum.

**Section 9.** Except as provided in Section 14 of this Article, each member of the Bureau shall be entitled to one vote at annual or special meetings of the Bureau.

**Section 10.** Except as provided in Article XIII, at meetings of the Bureau all resolutions shall be deemed adopted when assented to by a majority of the votes cast.

**Section 11.** Except as provided in Article XIII, Section 2, at meetings of the Governing Board or any Committee or Subcommittee where votes may be taken, all resolutions shall be deemed adopted when assented to by a majority of the votes cast. Action by the Governing Board and Committees or Subcommittees may also be taken (a) without a meeting by a consent in writing, setting forth the action taken and signed by all of the Governing Board, Committee or Subcommittee members as a unanimous action, or (b) by the affirmative vote of a majority of the Governing Board, Committee or Subcommittee members expressed during a meeting by teleconference. The results of (b) above shall be memorialized in writing by Bureau staff and promptly sent to all members of the Governing Board, Committee or Subcommittee.

**Section 12.** In the event of a tie vote in the Governing Board, the matter fails of adoption. In the event of a tie vote in any Committee established by the Governing Board, the matter shall be referred to the Governing Board.

**Section 13.** Voting by proxy shall not be permitted.

**Section 14.** For the purposes of this Article, the General Rules, and for the purposes of determining quorums and voting under any other Article of these By-laws, all members of an Insurance Holding Company System shall be considered one member and shall therefore be entitled to only one vote and to be counted only once.

**ARTICLE XIII  
AMENDMENTS AND FUNDAMENTAL CHANGES**

**Section 1.** Except as provided in Section 2 of Article XIII, any and all provisions of these By-laws and any amendments hereto shall be subject to amendment, alteration, repeal or re-enactment at any Annual Meeting of the Bureau, or at any special meeting called for such purpose, by the affirmative vote of two-thirds of the members present and voting at such meeting in accordance with the provisions of Article XII hereof.

**Section 2.** Any proposal to amend, alter, repeal or re-enact the Bureau's Articles of Incorporation or By-laws with respect to the Bureau's qualification and operation as a licensed rating organization in the Commonwealth of Pennsylvania, the merger or consolidation of the Bureau, the division of the Bureau, the voluntary dissolution and winding up of the Bureau, or the sale of a substantial portion of the Bureau's assets shall require the affirmative vote of (a) two-thirds of the entire Governing Board at a duly convened meeting of the Governing Board called for such purpose, and (b) two-thirds of all members of the Bureau at a duly convened Annual Meeting of the Bureau, or at any duly convened special meeting called for such purpose.

**Section 3.** Written notice of any meeting governed by Article XIII shall be given or caused to be given by the Secretary, not less than fifteen (15) days nor more than sixty (60) days prior to the date of the meeting, in which notice of the action proposed to be taken shall be fully set forth.

**Section 4.** Any proposal to amend, alter, repeal or re-enact the provisions of Article XIII, Section 1 and Article XIII, Section 2 shall require the affirmative vote of the members and/or the Governing Board, as the case may be, as are set forth in Article XIII, Section 1 and Article XIII, Section 2.

**ARTICLE XIV  
CONFORMITY WITH LAW**

The members, the Governing Board, any Committee or Subcommittee shall not act on, agree on, consider or discuss any matters prohibited by law. If any of the provisions of these By-laws or of any rule or procedure adopted by the Bureau are in conflict with the laws of the Commonwealth of Pennsylvania or those of the United States of America, such provisions shall be deemed to be modified or deleted to the extent necessary to bring these By-laws into conformity with said laws.