

DELAWARE
COMPENSATION RATING BUREAU, INC.

BY-LAWS

ADOPTED DECEMBER 31, 1987
AMENDED JULY 26, 1990
AMENDED JANUARY 29, 1992
AMENDED JANUARY 25, 1995
AMENDED JANUARY 28, 1998
AMENDED JANUARY 29, 2003
AMENDED APRIL 27, 2005
AMENDED APRIL 26, 2006

TABLE OF CONTENTS

<u>ARTICLE</u>	<u>TITLE</u>	<u>PAGE</u>
I.	NAME	1
II.	DEFINITIONS	1
III.	PURPOSES	2
IV.	MEMBERSHIP	2
V.	FEE, CHARGES AND ASSESSMENTS	4
VI.	GOVERNING BOARD	5
VII.	COMMITTEES	6
VIII.	OFFICERS	7
IX.	INDEMNIFICATION	8
X.	BUREAU EXAMINATIONS AND INFORMATIONAL FILINGS WITH THE INSURANCE COMMISSIONER	13
XI.	MEETINGS, VOTING, QUORUMS	13
XII.	AMENDMENTS AND FUNDAMENTAL CHANGES	15
XIII.	CONFORMITY WITH LAW	16

**BY-LAWS
OF
DELAWARE COMPENSATION RATING BUREAU, INC.
A Delaware Non-Profit Corporation**

**ARTICLE I
NAME**

The name of the corporation is Delaware Compensation Rating Bureau, Inc. (the "Bureau").

**ARTICLE II
DEFINITIONS**

"Delaware 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. 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 State of Delaware.

"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 State of Delaware.

"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 Delaware employers engaged in a broad spectrum of business activities within the State, 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 two or more affiliated persons as defined in the Delaware Insurance Holding Companies Act and all 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 non-profit corporation under the Delaware General Corporation Law, 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 statute thereto; and

(c) To qualify and operate as a licensed rating or advisory organization, as the case may be, pursuant to all relevant Delaware laws and any amendments or successor statutes thereto, and in particular as the designated advisory organization pursuant to Title 19, Chapter 26 of the Delaware Code, titled Workmen's Compensation Rating, and any amendments or successor statutes 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 Delaware shall be entitled to membership in the Bureau. Every member shall conform to the laws of Delaware and the United States of America, and to the provisions of these By-laws to the extent required, 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 the law requires otherwise, 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.

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 AND ASSESSMENTS

Section 1. Each member shall pay a membership fee of Two Hundred and Fifty Dollars (\$250) per year upon becoming a member of the Bureau. Each member shall pay a membership fee of Two Hundred and Fifty Dollars (\$250) beginning with the Year 2003 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 service 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 Delaware to any insurer authorized to do business in Delaware 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 Delaware 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 final 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 six (6) Bureau members and one (1) Employer Organization Representative. Not more than four (4) Bureau members of the Governing Board at any time shall be domestic company members. The Governing Board shall be divided into two (2) classes of two (2) seats and one (1) class of three (3) seats. Members of each class shall be elected for a term of three (3) years and until their successors are elected and qualified.

Section 2. All Governing Board memberships 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 3. 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 4. 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 5. 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 6. 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 7. 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 present 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 salary of all 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 Delaware, (i) workmen's compensation rates and rating plans (other than those pursuant to 19 Del. Code §2618) that are limited to prospective loss costs; (ii) each workmen's compensation policy form to be used by its members; (iii) the uniform classification plan and rules; (iv) the uniform experience rating plan and rules; (v) the plan of operation, rates, rating plans, rules and policy forms for the residual market pursuant to 19 Del. Code §2618; and (vi) such other information that the Commissioner requests relevant to the foregoing and is otherwise entitled to receive. 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 INDEMNIFICATION

Section 1. Subject to Section 3 of this Article IX, 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 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, suit 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 which was reasonably believed to be in, or not opposed to, the best interests of the Bureau, and, with respect to any criminal action or proceeding, had reasonable cause to believe that his or her conduct was unlawful.

Section 2. Subject to Section 3 of this Article IX, the Bureau shall indemnify any person who was or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the Bureau to procure a judgment in its favor by reason of the fact that such person is or was a Committee Member, officer, employee, or agent of the Bureau, or is or was serving at the request of the Bureau as a director, officer, employee or agent of another corporation for profit or not for profit, partnership, joint venture, trust, employee benefit plan or other enterprise, against expenses (including attorneys' fees) actually and reasonably incurred in connection with the defense or settlement of such action or suit if such person acted in good faith and in a manner reasonably believed to be in, or not opposed to, the best interests of the Bureau; except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable to the Bureau unless and only to the extent that the Court of Chancery or the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which the Court of Chancery or such other court shall deem proper.

Section 3. Any indemnification under this Article IX (unless ordered by a court) shall be made by the Bureau only as authorized in the specific case upon a determination that indemnification of the Committee Member, officer, employee, or agent of the Bureau, or other person who is or was serving at the request of the Bureau as a director, officer, employee or agent of another corporation for profit or not for profit, partnership, joint venture, trust, employee benefit plan or other enterprise, is proper in the circumstances because such person has met the applicable standard of conduct set forth in Section 1 or Section 2 of this Article IX, as the case may be. Such determination shall be made (i) by the Governing Board by a majority vote of a quorum consisting of members of the Governing Board who are not parties to

such action, suit or proceeding or (ii) if such a quorum is not attainable, or, even if attainable, if a majority vote of a quorum of disinterested members of the Governing Board so directs, by independent legal counsel in a written opinion. To the extent, however, that a Committee Member, officer, employee or agent of the Bureau has been successful on the merits or otherwise in defense of any action, suit or proceeding described above, or in defense of any claim, issue or matter therein, such person shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred in connection therewith, without the necessity of authorization in the specific case.

Section 4. For purposes of any determination under Section 3 of this Article IX, a person shall be deemed to have acted in good faith and in a manner reasonably believed to be in, or not opposed to, the best interests of the Bureau, or, with respect to any criminal action or proceeding, to have had no reasonable cause to believe the conduct was unlawful, if such person's action is based on a good faith reliance upon the records or books of account of the Bureau or another enterprise (provided that such records or books of account have in each case been prepared by persons whom the person relying thereon reasonably believes to be professionally or expertly competent to prepare such records or books of account), or upon information supplied to the person by the officers of the Bureau or another enterprise in the course of their duties, or upon the advice of legal counsel for the Bureau or another enterprise or upon information or records given or reports made to the Bureau or another enterprise by an independent certified public accountant or by an appraiser or other expert selected with reasonable care by the Bureau or another enterprise. The term "another enterprise" as used in this Section 4 shall mean any other corporation for profit or not for profit, partnership, joint venture, trust, and employee benefit plan or other enterprise of which such person is or was serving at the request of the Bureau as a director, officer or employee. The provisions of this Section 4 shall not be deemed to be exclusive or to limit in any way the circumstances in which a person may be deemed to have met the applicable standard of conduct set forth in Section 1 or 2 of this Article IX, as the case may be.

Section 5. Notwithstanding any contrary determination in the specific case under Section 3 of this Article IX, and notwithstanding the absence of any determination thereunder, any Committee Member, officer, employee, or agent of the Bureau, or other person who is or was serving at the request of the Bureau as a director, officer, employee or agent of another corporation for profit or not for profit, partnership, joint venture, trust, employee benefit plan or other enterprise may apply to any court of competent jurisdiction in the State of Delaware for indemnification to the extent otherwise permissible under Sections 1 and 2 of this Article IX. The basis of such indemnification by a court shall be a determination by such court that indemnification of the Committee Member, officer, employee, or agent of the Bureau, or other person who is or was serving at the request of the Bureau as a director, officer, employee or agent of another corporation for profit or not for profit, partnership, joint venture, trust, employee benefit plan or other enterprise is proper in the circumstances because such person

has met the applicable standards of conduct set forth in Section 1 or 2 of this Article IX, as the case may be. Notice of any application for indemnification pursuant to this Section 5 shall be given to the Bureau promptly upon the filing of such application.

Section 6. Expenses incurred in defending or investigating a threatened or pending action, suit or proceeding may be paid by the Bureau in advance of the final disposition of such action, suit or proceeding as authorized by the Governing Board upon receipt of an undertaking by or on behalf of the Committee Member, officer, employee, or agent of the Bureau, or other person who is or was serving at the request of the Bureau as a director, officer, employee or agent of another corporation for profit or not for profit, partnership, joint venture, trust, employee benefit plan or other enterprise to repay such amount if it shall ultimately be determined that such person is not entitled to be indemnified by the Bureau as authorized in this Article IX.

Section 7. The indemnification and advancement of expenses provided by, or granted pursuant to, the other sections of this Article IX 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, the persons specified in Sections 1 and 2 of this Article IX shall be made to the fullest extent permitted by law. The provisions of this Article IX shall not be deemed to preclude the indemnification of, or advancement of expenses to, any person who is not specified in Section 1 or 2 of this Article IX but whom the Bureau has the power or obligation to indemnify, or to advance expenses for, under the provisions of the General Corporation Law of the State of Delaware or otherwise. The indemnification and advancement of expenses provided by, or granted pursuant to, this Article IX shall, unless otherwise provided when authorized or ratified, continue as to a person who has ceased to be a Committee Member, officer, employee, or agent of the Bureau or to serve at the request of the Bureau and shall inure to the benefit of the heirs, executors and administrators of such person.

Section 8. The Bureau may purchase and maintain insurance on behalf of any person who is or was a Committee Member, officer, employee, or agent of the Bureau, or is or was serving at the request of the Bureau as a director, officer or employee of another corporation for profit or not for profit, partnership, joint venture, trust, employee benefit plan or other enterprise against any liability asserted against such person and incurred by him or her in any such capacity, or arising out of his or her status as such, whether or not the Bureau would have the power or the obligation to indemnify him or her against such liability under the provisions of this Article IX.

Section 9. As soon as practicable after receipt by any person specified in Section 1 of this Article IX of the notice of commencement of any action, suit or proceedings specified in Section 1 of this Article IX, such a person shall, if a claim with respect thereto may

be made against the Bureau under this Article IX of the By-laws, notify the Bureau in writing of the commencement or threat thereof; however, the omission so to notify the Bureau shall not relieve the Bureau from any liability under this Article IX of the By-laws unless the Bureau shall have been prejudiced thereby or from any other liability which it may have to such person other than under this Article IX of the By-laws. With respect to any such action as to which such a person notifies the Bureau of the commencement or threat thereof and regarding which the Bureau has made the determination called for in Section 3 of this Article IX that indemnification is proper, 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 parties similarly notified, shall be entitled to assume the defense thereof, 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 thereof, the Bureau shall not be liable to such person under this Article IX of the By-laws for any legal or other expenses subsequently incurred by such a person in connection with the defense thereof other than otherwise provided below. Such a 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 therefore shall be at the expense of such a person unless: (i) the employment of counsel by such a person shall have been authorized by the Governing Board of the Bureau; (ii) such a person shall have reasonably concluded that there may be a conflict of interest between the Bureau and such a person in the conduct of the defense of such a proceeding; or (iii) the Bureau shall not, in fact, have employed counsel to assume the defense of such action. The Bureau shall not be entitled to assume the defense of any proceeding brought by or on behalf of the Bureau or as to which such person shall have reasonably concluded that there may be a conflict of interest.

Section 10. 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 11. 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 X

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 State of Delaware and any amendments thereto.

Section 2. The Bureau shall file with the Insurance Commissioner of Delaware 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 Delaware a list of its members and shall duly notify the Insurance Commissioner of any change in Bureau membership.

ARTICLE XI 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 three (3) 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 three (3) 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 XII, 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. Notices 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 or Subcommittee meetings shall be sent to those members appointed to serve on such Committee or Subcommittee.

Section 6. Unless otherwise provided in these By-laws, 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 Delaware Department of Insurance 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 XII, 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 XII, Section 2, at meetings of the Governing Board or any Committee or Subcommittee where voted 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 XII AMENDMENTS AND FUNDAMENTAL CHANGES

Section 1. Except as provided in Section 2 of Article XII, 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 XI 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 State of Delaware, 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 XII 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 XII, Section 1 and Article XII, 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 XII, Section 1 and Article XII, Section 2.

ARTICLE XIII CONFORMITY WITH LAW

The members, the Governing Board, any Committee or Subcommittee shall not act 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 State of Delaware or those of the United State 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.

I:/doc/misc/DEBy-laws2006.doc