

**AMENDED AND RESTATED  
BYLAWS  
OF  
NEW HAMPSHIRE INDIVIDUAL HEALTH PLAN BENEFIT ASSOCIATION  
a New Hampshire Nonprofit Corporation**

Chapter 295 of the 2001 New Hampshire Session Laws, effective July 1, 2001, amended Chapter 404-G of the New Hampshire Revised Statutes Annotated ("RSA"). RSA 404-G originally became effective August 25, 1998. In order to implement the amendments to RSA 404-G made by 2001 N.H. Laws 295:4-14 and in accordance with N.H. Rev. Stat. Anno. ("RSA") 292:6, the Board of Directors (the "Board") of New Hampshire Individual Health Plan Benefit Association, a New Hampshire nonprofit corporation (the "Corporation"), at a duly authorized meeting of the Board held on October 4, 2001 in Omaha, Nebraska, with a quorum present, unanimously voted to amend and restate the Bylaws of the Corporation effective as of July 1, 2001. To address certain operational and corporate governance issues, the Corporation, at a duly authorized meeting of the Board held on May 25, 2005 in Concord, New Hampshire, with a quorum present, unanimously voted to further amend and restate the Bylaws of the Corporation as follows:

VOTED: To amend and restate the Bylaws of the Corporation as previously amended and restated, effective as of July 1, 2001, by striking said Amended and Restated Bylaws and replacing the same, effective as of July 1, 2005, with the following:

**ARTICLE I. GOVERNANCE AUTHORITIES**

**Section 1. Controlling Statutes.** The New Hampshire Individual Health Plan Benefit Association, a New Hampshire nonprofit corporation (the "Corporation"), has been created pursuant to the provisions of Chapter 404-G of the New Hampshire Revised Statutes Annotated ("RSA") and RSA Chapter 292.

**Section 2. Resolution of Conflicts.** If any conflict arises between one or more of the documents or statutes governing the affairs of the Corporation, such conflict shall be resolved by applying the provisions of the following documents or statutes, with any prior listed document or statute taking priority over any subsequently listed instrument:

- (a) RSA Chapter 404-G.
- (b) RSA Chapter 292 (the "N.H. Nonprofit Corporation Act").
- (c) The Corporation's Articles of Agreement ("Articles").
- (d) The Corporation's Bylaws.
- (e) The Corporation's Plans of Operation (defined below).

(f) A properly-adopted resolution, if any, of the Corporation's Board of Directors addressing the issue and remaining in effect at the time of the conflict.

(g) *The Modern Rules of Order.*

## ARTICLE II. OFFICES

**Section 1. Principal Office.** The principal office of the Corporation shall be located in New Hampshire at such address as shall be designated by the Board of Directors from time to time. The Corporation may have such other offices as the Board of Directors may designate or as the business of the Corporation may require from time to time.

## ARTICLE III. MEMBERS

**Section 1. Qualifications and Obligations of Membership.** Membership in the Corporation shall be limited to entities subject to assessment under RSA 404-G for the risk sharing mechanism plan of operation (the "Risk Sharing" Plan of Operation) originally mandated by the Order of the New Hampshire Insurance Commissioner (the "Commissioner") dated November 26, 1997, as such plan is amended from time to time, and for the plan of operation for the high risk pool (the "Pool") mandated by RSA 404-G:5-a through 5-f and approved by the Commissioner on January 10, 2002 (the "Pool Plan of Operation"). The Risk Sharing Plan of Operation and the Pool Plan of Operation are referred to hereinafter collectively as the "Plans of Operation." All members shall be required to participate financially in all endeavors of the Corporation, on terms specified by RSA 404-G and the Plans of Operation (but subject to the liability limitations of RSA 404-G, including, but not limited to RSA 404-G:3, III and 404-G:9).

**Section 2. Classes of Members.** Except with regard to election of directors, as more particularly specified in the Articles of Agreement, the Corporation shall have one class of members for voting. Each member shall be entitled to vote on each matter submitted to a vote of the members in accordance with Section 10 of Article IV of these Bylaws.

**Section 3. Reference to RSA 404-G.** All references herein to RSA 404-G or portions thereof shall be to that statute as it may be amended from time to time, unless the context clearly requires otherwise.

## ARTICLE IV. MEETINGS

**Section 1. Annual Meetings.** An annual meeting of the members shall be held during the first six months of each year, with the exact date, time and place of meeting to be established by the Board of Directors, for the purpose of electing directors, and for the transaction of such other business as may come before the meeting.

**Section 2. Special Meetings.** Special meetings of the members may be called by the Board of Directors or on the request of members entitled to cast not fewer than ten percent (10%) of all of the votes entitled to be cast by the members of the Corporation.

**Section 3. Place of Meetings.** The Board of Directors may designate any place, in the State of New Hampshire, as the place of meeting for any annual meeting or for any special meeting. If no designation is made, or if a special meeting is otherwise called, the place of meeting shall be the principal office of the Corporation in the State of New Hampshire.

**Section 4. Notice of Meeting of Members.** Notice of each meeting of members shall be given in writing by the Secretary or by or on behalf of the persons calling the meeting and shall state the place, date and time of the meeting and the purpose or purposes for which the meeting is called. Notice of a special meeting shall indicate that it is being issued by or at the direction of the person or persons calling the meeting. Notice of any meeting at which Directors are to be elected shall include the names of the nominees. Not less than ten (10) nor more than sixty (60) days before the date of each meeting of members, a copy of the notice of such meeting shall be given, personally or by first-class mail, to each member of record at the close of business on the business day preceding the date on which notice is given. If mailed, such notice shall be deemed given when deposited in the United States mail, with postage thereon prepaid, directed to the member at its address as it appears on the record of members, or, if it shall have filed with the Secretary of the Corporation a written request that notices to it be mailed at some other address, then directed to it at such other address.

When a meeting is adjourned to another time or place, it shall not be necessary to give any notice of the adjourned meeting if the time and place to which the meeting is adjourned are announced at the meeting at which the adjournment is taken, and at the adjourned meeting any business may be transacted that might have been transacted on the original date of the meeting. No meeting may be adjourned for more than forty-five (45) days. However, if after the adjournment the Board of Directors fixes a new record date for determining members entitled to vote at the adjourned meeting, a notice of the adjourned meeting shall be given to each member of record on the new record date entitled to notice under the preceding paragraphs of this Section.

**Section 5. Waiver of Notice.** Whenever any notice is required to be given to any member under the N.H. Nonprofit Corporation Act or under the provisions of the Articles or these Bylaws, a waiver thereof in writing signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice.

**Section 6. List or Record of Members at Meetings.** A list or record of members entitled to vote and the number of votes each member shall be entitled to cast, certified by the Secretary, shall be produced at any meeting of members upon the request therefor by any member who has given written notice to the Corporation that such request will be made at least ten (10) days prior to such meeting. Those eligible to vote shall be determined first with reference to a list of carriers licensed to write the lines of business subject to assessment as certified to the Corporation by the Commissioner. From those potential members, the Secretary shall determine eligibility to vote based upon the requirements of RSA 404-G:4, as implemented by Section 10 below of this Article IV. If the right to vote at any meeting is challenged, the person presiding thereat shall require such list or record of members to be produced as evidence of the right of the persons challenged to vote at such meeting, and all persons who appear from such list or record to be members entitled to vote thereat may vote the number of votes specified on such list or record at such meeting.

**Section 7. Officers of the Members' Meeting.** The presiding officer at members' meetings shall be the Chairperson of the Board of Directors or, in the absence of the Chairperson of the Board of Directors, the Vice Chairperson of the Board of Directors, or in the absence of both the Chairperson and Vice Chairperson of the Board of Directors, a Chairperson elected by the members present at the meeting. The Secretary of the Corporation or, in the absence of the Secretary, any person appointed by the presiding officer of the meeting, shall act as secretary of a members' meeting.

**Section 8. Quorum of Members.** A majority of the voting power (as provided in Section 10 of this Article IV) of members entitled to vote from each of the two classes of members (see Article V, Section 3), represented in person or by proxy, shall constitute a quorum at a meeting of members. Except where a greater vote is required by the Articles or these Bylaws or by applicable law and except for the election of Directors, if a quorum is present, the affirmative vote of a majority of the votes of members represented at the meeting, entitled to vote, and voting on any manner, shall be the act of the members. The members present at a duly called or held meeting at which a quorum is present may continue to transact business until adjournment notwithstanding the withdrawal of enough members to leave less than a quorum.

**Section 9. Proxies.** Every member entitled to vote at a meeting or to express consent or dissent without a meeting may authorize another person or persons to act for him by proxy. A member may authorize another person or persons to act for him by proxy by: (A) executing a written authorization signed by the member or his authorized officer, director, employee or agent (the signature may be affixed to the authorized written authorization by any reasonable means including, but not limited to, by facsimile signature); or (B) transmitting or authorizing the transmission of a telegram, cablegram, facsimile, email or other means of electronic transmission to the person who will be the holder of the proxy or to the firm soliciting the proxy or like agent authorized by the person who will be the holder of the proxy to receive the transmission. No proxy shall be valid after the expiration of eleven (11) months from the date thereof. Every proxy continues in full force and effect until it expires or is revoked by the person executing it prior to the vote pursuant thereto whichever occurs first. Every proxy shall be revocable at the pleasure of the member executing it. Any proxy properly created is not revoked and continues in full force and effect until another instrument or transmission revoking it or a properly created proxy bearing a later date is filed with or transmitted to the Secretary of the Corporation or another person or persons appointed by the Corporation to count the votes of members and determine the validity of proxies and ballots. The dates specified on the forms of proxy presumptively determine the order of execution, regardless of the postmark dates on the envelopes in which they are mailed. Unless prohibited by the express terms of the proxy, any holder of a proxy may designate a replacement agent to serve as holder of the proxy and to be entitled to act on behalf of the member under the terms of the original proxy. Such designation may be made at any time prior to the end of the meeting or the action by consent, and shall follow the above procedure for establishing a proxy.

**Section 10. Vote of Members.** Each member who provides coverage for at least 500 covered lives or at least 5% of the total covered lives in the market in which the member offers coverage shall be entitled to vote for members of the Board of Directors as provided in Article V below. Members qualified to vote for election of Directors are hereinafter referred to as either a "Qualified Group Writer" or a "Qualified Individual Writer." All members shall be entitled to vote on other matters. The number of votes each member shall be entitled to cast shall be equal to the

proportion of covered lives in the relevant market of each member for the reporting cycle in the third quarter of the year preceding the year of the vote. If a member is both a Qualified Group Writer and a Qualified Individual Writer, such member may vote its proportionate share of the "group" market in the election for "group" directors and may vote its proportionate share of the "individual" market in the election for "individual" directors.

**Section 11. Action by Members Without a Meeting.** Any action required or permitted to be taken at a meeting of the members of the Corporation may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the members entitled to vote with respect to the subject matter thereof. Such consent shall have the same effect as a unanimous vote of members, and may be stated as such in any articles or documents filed with the New Hampshire Secretary of State under the N.H. Nonprofit Corporation Act.

**Section 12. Inspection Rights.** The accounting books and records and minutes of proceedings of the members and the Board of Directors and committees of the Board of Directors shall be open to inspection upon the written demand to the Secretary of the Corporation by any member at any reasonable time, for a purpose reasonably related to such member's interests as a member, provided, however, that no member shall access any materials which are confidential under any provision of state or federal law or otherwise determined to be confidential by either (i) the Commissioner or (ii) vote of the Board of Directors. Such inspection by a member may be made in person or by agent or attorney, and the right of inspection includes the right to copy and make extracts.

**Section 13. Record Date.** Members of record on the business day preceding any meeting of members shall be entitled to vote at such meeting, but only Qualified Group Writers and Qualified Individual Writers may vote to elect Directors. Such record date shall also apply in the case of an adjournment of the meeting unless the Board of Directors fixes a new record date for the adjourned meeting.

## ARTICLE V. DIRECTORS

**Section 1. General Powers and Standard of Care.** This Corporation shall have powers to the full extent allowed by law. All corporate powers shall be exercised by or under authority of, and the business and affairs of the Corporation shall be managed under the direction of the Board of Directors, except as may be otherwise provided in the N.H. Nonprofit Corporation Act, the Articles or RSA 404-G. If any such provision is made in the Articles, the powers and duties, conferred or imposed upon the Board of Directors by the N.H. Nonprofit Corporation Act shall be exercised or performed to such extent and by such person or persons as shall be provided in the Articles.

From time to time the Board of Directors may propose such changes to the Plans of Operation as (i) the Board may determine to be helpful or necessary or (ii) as required by RSA 404-G. Any subsequent changes shall become effective only upon the Commissioner's approval, but such changes may include a retroactive effective date if such date is also approved by the Commissioner.

A Director shall perform such Director's duties as a Director, including such Director's duties as a member of any committee of the Board upon which such Director may serve, in good faith, in a manner such Director reasonably believes to be in the best interests of the Corporation, and with such care as an ordinarily prudent person in a like position would use under similar circumstances. In performing such Director's duties, a Director shall be entitled to rely on information, opinions, reports or statements, including financial statements and other financial data, in each case prepared or presented by:

- A. The Commissioner or the Commissioner's authorized representative;
- B. One (1) or more officers or employees of the Corporation or the Corporation's Executive Director or Administrator(s) whom the Director reasonably believes to be reliable and competent in the matters presented;
- C. Counsel, public accountants, actuaries or other persons as to matters which the Director reasonably believes to be within such person's professional or expert competence; or
- D. A committee of the Board upon which such Director does not serve, duly designated in accordance with a provision of these Bylaws, as to matters within its designated authority, which committee the Director reasonably believes to merit confidence, but such Director shall not be considered to be acting in good faith if such Director has knowledge concerning the matter in question that would cause such reliance to be unwarranted. A person who so performs such duties shall have no liability by reason of being or having been a Director of the Corporation. Nothing in this Section 1 shall limit the immunity from suit and/or liability afforded to a Director of the Corporation under RSA 404-G:9 and RSA 404-G:3, III.

**Section 2. Make up of Board of Directors.**

- A. As provided in the Articles and in RSA 404-G:4, the Board of Directors shall consist of nine (9) individuals with a possible increase in number to ten (10) or eleven (11), as provided in Section 4 below of this Article V.
- B. Four Directors shall be appointed by the Commissioner as follows:
  - (i) one Director representative of health care providers in New Hampshire;
  - (ii) one Director representative of consumers covered by the High Risk Pool;
  - (iii) one Director representative of brokers of health insurance, and
  - (iv) one Director representative of small employers in New Hampshire.

Directors appointed by the Commissioner shall serve until their resignation, replacement or the expiration of their term of appointment. The remaining five Directors shall be elected annually in the manner provided hereinafter in this Article.

C. The remaining Directors shall consist of five (5) elected individuals (hereinafter, sometimes referred to as an "Elected Director" or the "Elected Directors"). Three Elected Directors shall be elected by Qualified Group Writers (as defined in Section 10 of Article IV above). Two Elected Directors shall be elected by Qualified Individual Writers (as defined in Section 10 of Article IV above). Up to two (2) additional Directors may be elected or designated as provided in Section 4 below of this Article V.

D. The Commissioner shall at all times be a director *ex-officio*, without vote.

### **Section 3. Election of Elected Directors by Classes.**

A. Elected Directors shall be elected at the annual meeting of members by written ballots of members who are Qualified Group Writers and Qualified Individual Writers (each as defined in Article IV, Section 10 above). For purposes of the election of the Elected Directors, Qualified Group Writers and Qualified Individual Writers of the Corporation shall be divided into two classes, which shall vote as separate groups to elect the number of directors which each group is entitled to elect pursuant to the Corporation's Articles, namely: (i) Qualified Group Writers shall elect three Elected Directors; and (ii) Qualified Individual Writers shall elect two Elected Directors. However, further elections of Elected Directors may be held as required by Section 4 below of this Article V. Qualified Group Writers and Qualified Individual Writers may cast their votes for election of directors cumulatively. Candidates receiving the highest number of votes in their respective elections shall be elected as Elected Directors. An Elected Director may succeed himself or herself in office.

B. A member who is both a Qualified Group Writer and a Qualified Individual Writer may vote in each class of membership, that is, group Health Insurance ("group" class) and individual Health Insurance ("individual" class). Directors shall be individuals and shall represent the carrier with whom the Director is affiliated by employment or otherwise. Activities of business affiliates of a carrier represented by an individual Director shall be attributed to the Director for purposes of (i) Director classification (that is, which class, group or individual, or neither, is represented by the Director pursuant to Section 4 below of this Article V) and (ii) determining whether a Director remains qualified to serve under Section 4 below of this Article V. No member (including its business affiliates) may be represented by more than one Director.

### **Section 4. Term of Office of Elected Directors.**

A. The term of office of each Elected Director shall be one (1) year or until his or her successor is elected, except as the term of office may be adjusted by this Section 4 of Article V. The term of office of Elected Directors shall run from July 1 (following an annual election) through June 30 of the following year.

B. In accordance with RSA 404-G:4,V, if at any election to the Board, a Qualified Group Writer with an Elected Director representing it on the Board is also a Qualified Individual Writer, then these steps shall be taken:

(i) If such Director is also duly elected to represent a Qualified Individual Writer, then such Director shall serve as an "individual" carrier representative on the Board of such Qualified Individual Writer and shall not accept his or her "group" seat. The Qualified Group Carrier without representation on the Board with the next highest number of "group" votes shall then designate a replacement Director to represent it as a "group" representative. If necessary, the Board shall designate such replacement "group" representative Director.

(ii) If such Director is not also duly elected to represent a Qualified Individual Writer, and if the Board size is nine (9) or ten (10), such Director shall remain on the Board as neither a "group" nor "individual" representative. The Qualified Group Writer without representation on the Board with the next highest number of "group" votes shall then designate a replacement Director to represent it as a "group" Director. If necessary, the Board shall designate such replacement "group" representative Director.

(iii) If such Director is not also duly elected to represent a Qualified Individual Writer and the Board size has reached eleven (11) (due to operation of the foregoing provisions of this subparagraph B), then such Director shall no longer serve and must resign from the Board. The Qualified Group Writer without representation on the Board with the next highest number of "group" votes shall then designate a replacement Director to represent it as a "group" Director. If necessary, the Board shall designate such replacement "group" representative Director.

(iv) As specified in RSA 404-G:V(c), the provisions of this Paragraph B shall be applied to Directors who are elected "group" representatives in the order of number of votes received.

C. As specified in RSA 404-G:V(d), the term of any replacement Director selected pursuant to subparagraph B above of this Section 4 shall not survive the term of the original seat-holder.

**Section 5. Nomination Procedure.** Annually the Board of Directors shall establish a date upon which the notices of annual meeting will be mailed to members (the "Mailing Date"). At least ten (10) days prior to the Mailing Date, the Nominating Committee shall submit a list of candidates for the election of Elected Directors representing writers of group Health Insurance, and a list of candidates for the election of Elected Directors representing writers of individual Health Insurance. All candidates included on both lists are nominated. Other candidates may be nominated by petitions signed by members of the Corporation having twenty percent (20%) or more of the total voting power of the members of the Corporation in the same class as the class for which the nomination is made. Such petitions must be delivered to the Secretary at least ten (10) days prior to the Mailing Date.

**Section 6. Vacancies.** Any vacancy occurring on the Board of Directors of an Elected Director shall be filled by the Board of Directors by an individual nominated by the carrier represented by the departing director, provided that if the carrier no longer qualifies as a voting member, the Board of Directors may nominate and elect a representative of any member of the same class. Directors elected to fill a vacancy shall be elected for the unexpired term of their predecessor in office.

**Section 7. Removal of Directors.** Any Director may be removed from office for cause by a



vote of the Directors (exclusive of the affected Director), subject to approval of the Commissioner as to an appointed Director.

**Section 8. Election of Chairperson and Vice-Chairperson of Board, Secretary and Assistant Secretary, and Treasurer.** The Chairperson and Vice-Chairperson of the Board of Directors, Secretary, Assistant Secretary and Treasurer shall be elected annually by the vote of the Directors at the annual meeting of the Board of Directors.

**Section 9. Meetings.** A regular annual meeting of the Board of Directors shall be held at least once a year at such date, time and place as the Board of Directors shall determine for the purpose of organization, appointment of officers and the transaction of other business. The Board of Directors may provide by resolution the time and place for the holding of additional regular meetings of the Board. Special meetings of the Board of Directors may be called by or at the request of the Chairperson of the Board of Directors, the Vice-Chairperson of the Board in the absence of the Chairperson, or any two (2) Directors. The person or persons authorized to call special meetings of the Board may designate any place as the place for holding any special meeting of the Board called by them. Unless otherwise set by the Board of Directors, the annual meeting of the Board shall occur immediately following and at the same location as the Annual Meeting of Members.

**Section 10. Notice of Board Meetings.** Notice of the annual Board meeting shall be given to the Directors not more than thirty (30) days nor less than ten (10) days before the meeting. Notice of regular and special meetings shall be given to the Directors not less than six (6) days prior to the meeting if delivered by first class mail or not less than forty-eight (48) hours prior to the meeting if the notice is delivered personally or by telephone or electronic transmission (including facsimile or email). If mailed, such notice shall be deemed given when deposited in the United States mail, with postage thereon prepaid, directed to the Directors. If sent via facsimile or email, such notice shall be deemed given when transmitted to the most recent number or address listed in the contact information for the respective Director as kept in the business records of the Corporation. With respect to special meetings of the Board called by the Chairperson or Vice Chairperson and identified by him or her as involving exigent circumstances, notice of the meeting may be given not less than twenty-four (24) hours prior to the meeting if the notice is delivered personally or by telephone or electronic transmission (including facsimile or email).

**Section 11. Waivers of Notice.** The notice requirements contained in these Bylaws may be waived in writing by any Director, either before or after the meeting. The attendance of any Director at a meeting, without protesting prior to the conclusion of the meeting the lack of notice of such meeting, shall constitute a waiver of notice by him or her. All waivers shall be made part of the minutes of the meetings.

**Section 12. Quorum of Directors; Voting.** A quorum for any meeting of the Board of Directors shall be a simple majority of the total number of Directors then appointed or elected. Except where a greater vote is required by the Articles or Bylaws or by applicable law, if a quorum is present, the affirmative vote of a simple majority of the total number of Directors then appointed or elected shall be the act of the Board of Directors. A majority of the Directors then present, whether or not constituting a quorum, may adjourn any meeting to another time and place. Directors present at a duly called or held meeting of the Board at which a quorum is

present may continue to transact business until adjournment notwithstanding the withdrawal of enough members to leave less than a quorum.

**Section 13. Action in Lieu of a Meeting.** Any action required or permitted to be taken by the Board of Directors may be taken without a meeting, if all Directors of the Board shall individually or collectively consent in writing. Such written consent shall be made a part of the minutes of the Board of Directors for proceedings of the Board. Such action by written consent shall have the same force and effect as the unanimous vote of the Directors.

**Section 14. Meetings by Alternate Methods.** Any or all Directors may participate in a regular or special meeting by, or conduct the meeting through the use of, any means of communication by which all directors participating may simultaneously hear each other during the meeting. A Director participating in a meeting by this means is deemed to be present in person at the meeting.

**Section 15. Investments.** Except with respect to assets held for use or used directly in carrying out this Corporation's authorized non-profit activities, in investing, reinvesting, purchasing, acquiring, exchanging, selling and managing this Corporation's investments, the Board shall avoid speculation, looking instead to the permanent disposition of the funds, considering the probable income and the probable safety of this Corporation's capital, as well as the diversity and total return of its investments. The Board may adopt an investment policy or policies from time to time, and may seek guidance (although not binding) from the provisions of RSA 292-B, the New Hampshire Uniform Management of Institutional Funds Act.

**Section 16. Prohibited Transactions.**

A. Loans. This Corporation shall not make any loan of money or property to or guarantee the obligation of any Director or officer; provided, however, that this Corporation may advance money to a Director or officer of this Corporation or any subsidiary for expenses reasonably anticipated to be incurred in performance of the duties of such officer or Director so long as such individual would be entitled to be reimbursed for such expenses absent that advance.

B. Self-Dealing Transactions. Except as provided in Subsection C below, the Board shall not approve a self-dealing transaction. A self-dealing transaction is one to which the Corporation is a party and in which one or more of the Directors has a material financial interest or a transaction between this Corporation and one or more of the Directors or between this Corporation and any person in which one or more of its Directors has a material financial interest. Distributions of subsidies in accordance with the Plan of Operation shall not be considered a self dealing transaction.

C. Approval. The Board of Directors may approve a self-dealing transaction if the Board determines that the transaction is in the best interests of and is fair and reasonable to this Corporation and, after reasonable investigation under the circumstances, determines that this Corporation could not have obtained a more advantageous arrangement with reasonable effort under the circumstances. Such determinations must be made by the Board, in good faith, with knowledge of the material facts concerning the transaction and the Director's interest in the

transaction, and by a vote of the Directors then in office, without counting the vote of the interested Director or Directors.

**Section 17. Inspection Rights.** Every Director shall have the absolute right at any reasonable time to inspect and copy all books, records, and documents, and to inspect the physical properties of this Corporation. Such inspection by a Director may be made in person or by agent or attorney and the right of inspection includes the right to copy and make extracts.

**Section 18. Interested Persons Limits.** Not more than forty (40) percent of the persons serving on the Corporation's Board may be interested persons. For purposes of this section, "interested persons" means either:

A. Any person currently being compensated by the Corporation for services rendered to it within the previous twelve (12) months, whether as a full or part-time employee, independent contractor, or otherwise; or

B. Any brother, sister, ancestor, descendant, spouse (or cohabitant), brother-in-law, sister-in-law, son-in-law, daughter-in-law, mother-in-law or father-in-law of any such person.

**Section 19. Compensation.** No Director shall receive any compensation from the Corporation for serving on the Board. Directors shall be entitled to receive their actual and reasonable expenses in attending meetings of the Board of Directors and meetings of committees of the Board of Directors.

**Section 20. Board Participation via Personal Representative(s).** Individuals serving as members of the Board of Directors serve as representatives of carrier members of the Corporation or of their respective constituents. From time to time, it may be beneficial for alternative representatives, who may be independent advisors such as actuaries, accountants or attorneys, or other Directors, to attend and participate on behalf of the member. Also, quorum and voting requirements for Board action necessitate a high level of participation at each meeting that may be difficult to maintain due to other professional or personal commitments of the individuals involved. It is anticipated that the Commissioner generally will participate through a designated representative. Accordingly, any member of the Board of Directors may authorize another person or persons to act for that member on any agenda item or at any meeting. No writing is required for such designation. However, any individual so acting shall advise the presiding officer at the meeting concerning his or her representative capacity and that capacity shall be reflected in the minutes of the meeting. Any individual duly elected as a member of the Board of Directors may revoke any proxy or personal representative designation previously given at any time, by personally participating and voting, notwithstanding any purported language to the contrary in any proxy or designation. In the event of any conflict in designation, a written proxy shall supersede an oral designation and a later dated proxy shall supersede any earlier proxy. The provisions of Article IV, Section 9 shall govern written proxies.

## ARTICLE VI. COMMITTEES

**Section 1. Executive Committees.** An Executive Committee of the Board of Directors, consisting of all of the officers of the Corporation, is hereby established. The Executive Committee shall be a fixed committee of the Board and is empowered to: (i) assist in managing the Corporation's day-to-day affairs in between regular and special meetings of the Board of Directors; (ii) take all action on behalf of the Board with respect to matters expressly delegated by the Board to the Executive Committee, except as listed below; and (iii) to make recommendations to the Board regarding the management of the Corporation's affairs or any other matter to be addressed by the Board.

**Section 2. Standing Committees.** The following standing committees of the Board of Directors are hereby established: (1) Finance and Audit Committee, (2) Actuarial Committee, (3) Operations Committee, (4) Grievance Committee, (5) Marketing Committee, and (6) Nominating Committee (collectively, the "Standing Committees"). Each Standing Committee shall have the full power and authority of the Board of Directors, subject to such Standing Committee's charter adopted by the Board of Directors and amended from time to time, applicable law, and these Bylaws. Appointments to the Standing Committees shall be by majority vote of the Directors then in office.

**Section 3. Advisory Committees.** Advisory committees may be appointed from time to time by the Board of Directors. Each advisory committee shall be chaired by a Director and such advisory committee(s) may consist of Directors only or both Directors and non-Directors. Advisory committees have no legal authority to act for the Corporation, but shall report their findings and recommendations to the Board of Directors.

**Section 4. Restrictions on Committee Powers.** Notwithstanding anything to the contrary contained herein, no committee, regardless of the Board resolution, may:

- A. Fill vacancies on the Board of Directors or on any committee;
- B. Fix compensation of Directors for serving on the Board or any committee;
- C. Spend corporate funds to support a nominee for Director after there are more people nominated for Director than can be elected;
- D. Amend, alter or repeal the Bylaws,
- E. Elect, appoint or remove any member of any such committee or any Director or officer of the Corporation;
- F. Amend or repeal the articles, adopt a plan of merger or a plan of consolidation with another corporation;
- G. Authorize the sale, lease or exchange of all of the property and assets of the Corporation;
- H. Authorize the voluntary dissolution of the Corporation or revoke proceedings therefor;

- I. Adopt a plan for the distribution of the assets of the Corporation; or
- J. Amend, alter or repeal any resolution of the Board of Directors unless it provides by its terms that it may be amended, altered or repealed by a committee.

**Section 5. Meetings.** Except as otherwise provided in this Article VI or in the charter of any committee, meetings and actions of committees shall be governed by and held and taken in accordance with the provisions of Article V of these Bylaws concerning meetings of Directors, with such changes in the context of those Bylaws as are necessary to substitute the committee and its members for the Board of Directors and its members. Minutes shall be kept of each meeting of the Executive Committee, the Standing Committees, and any advisory committee. Such minutes or notes shall be filed with the corporate records. The Board of Directors will adopt a charter for each of the Executive Committee and each Standing Committee and may amend such charter from time to time, and the Board of Directors may otherwise adopt rules for the governance of any other committee, in each case which charters and rules shall be subject to applicable law and these Bylaws.

## ARTICLE VII. OFFICERS

**Section 1. Number, Title and Qualifications.** The officers of the Corporation shall be a Chairperson of the Board, Vice Chairperson, secretary, assistant secretary, a treasurer, and such other officers as may be elected in accordance with the provisions of this Article. The Chairperson of the Board and the Vice Chairperson shall be elected from the members of the Board of Directors. The secretary, assistant secretary and treasurer may, but are not required to be, members of the Board of Directors. The Board of Directors may elect more assistant secretaries or one or more assistant treasurers as it may be felt desirable. Any two or more offices may be held by the same person, provided that at all times the number of persons who serve as officers of the Corporation will not be less than five (5).

**Section 2. Election and Term of Office.** The officers of the Corporation shall be elected annually by the Board of Directors at the annual meeting of the Board of Directors. If the election of officers shall not be held at such meeting, such election shall be held as soon as possible.

**Section 3. Vacancies.** Vacancies may be filled or a new office created and filled at any meeting of the Board.

**Section 4. Removal.** Any officer elected or appointed by the Board of Directors may be removed by vote of the Directors of the Corporation whenever, in its judgment, the best interest of the Corporation would be served thereby.

**Section 5. Resignation.** Any officer may resign at any time by giving written notice to this Corporation. Any resignation shall take effect at the date of the receipt of that notice or at any later time specified by that notice and unless otherwise specified in that notice, the acceptance of the resignation shall not be necessary to make it effective. Any resignation is without prejudice to the rights, if any, of the Corporation under any contract to which the officer is a party.

**Section 6. Chairperson of the Board of Directors.** The Chairperson of the Board of Directors ("Chairperson") may sign with the secretary, or any other proper officer of the Corporation authorized by the Board of Directors, any deed, mortgage, bond, contract, or other instrument which the Board of Directors has authorized to be executed, except in cases where the signing and execution thereof shall be expressly delegated to some other officer or agent of the Corporation. In general, the Chairperson shall perform all duties incident to the office of Chairperson and such other duties which shall be prescribed by the Board of Directors from time to time.

**Section 7. Vice Chairperson.** In the absence of the Chairperson or in the event of the Chairperson's inability or refusal to act, the Vice Chairperson (or in the event there shall be more than one vice Chairperson, the Vice Chairperson in order of their election) shall perform the duties of the Chairperson, and when so acting shall have all the powers of and be subject to all the restrictions upon the Chairperson. Any vice Chairperson shall perform other duties as from time to time may be assigned by the Chairperson or by the Board of Directors.

**Section 8. Secretary; Assistant Secretary.** The secretary shall keep the permanent minutes of the meetings of the Board of Directors in one or more books provided for that purpose, see that all notices are duly given in accordance with the provisions of these Bylaws, or as required by law; be custodian of the corporate records and corporate seal, if any; keep a register of the name and post office address of each corporate member, and in general perform all duties incident to the office of secretary and such other duties as from time to time may be assigned by the Chairperson or the Board of Directors. The assistant secretary will assist the secretary and will act on his or her behalf during the absence or unavailability of the secretary.

**Section 9. Treasurer.** The treasurer shall have charge and custody of and be responsible for all funds and securities of the Corporation; the treasurer shall assure that the bookkeeper(s) receive and give receipts for money due and payable to the Corporation from any source whatsoever and deposit all monies in the name of the Corporation in such bank or other financial institution as shall be selected by the Board of Directors, and in general perform all the duties incident to the office of treasurer and such other duties as from time to time may be assigned by the Board of Directors. The treasurer and the Chairperson shall, with the appropriate standing committee, prepare an annual operating budget showing income and expenses to be presented to the Board for approval at the annual regular meeting of the Board of Directors.

**Section 10. Execution of Instruments.** Any and all instruments executed in the name of the Corporation, including, but not limited to, contracts, agreements, purchase orders, notes, deeds, deeds of trust, mortgages, leases, security agreements, checks and drafts issued, endorsements of checks and drafts received, certificates, applications and reports, shall be executed by one or more officers, employees or agents of the Corporation as authorized from time to time by the Board of Directors. Such authorization may be general or confined to specific instances. The respective

offices and duties thereof as established and defined in this Article VII and by resolution of the Board of Directors include, except as otherwise provided, the authority to execute instruments otherwise provided, the authority to execute instruments in the name of the Corporation when the execution of the instrument is incident to carrying out the duties of the offices.

## ARTICLE VIII. INDEMNIFICATION

**Section 1. General.** The Corporation shall indemnify and reimburse any individual person who was or is made a party or is threatened to be made a party to any action, suit or proceeding, whether civil, criminal or administrative, by reason of the fact that such party, or the person whose legal representative or successor such party is, was or is serving as a Director, officer, employee or agent of the Corporation, or, at its request, of another entity in which the Corporation has an interest, or was or is serving at the request of the Corporation as a fiduciary of any deferred compensation plan of the Corporation. Such indemnification and reimbursement shall include all expenses (including attorney's fees) actually incurred by such person in connection with the defense or reasonable settlement of any such action, suit or proceeding, or any appeal thereof, and such amount of any judgment, money decree, find, penalty or settlement for which such person may have become liable, as the Board of Directors deems reasonable and to the extent and under the circumstances permitted by the New Hampshire Business Corporation Act (RSA Chapter 293-A) if the Corporation were a business corporation. Such indemnification and reimbursement (unless ordered by a court) shall be made as authorized in a specific case upon a further determination that indemnification of the Director, officer, employee or agent is proper in the circumstances because such person

has met the applicable standards of conduct set forth in the New Hampshire Business Corporation Act.

**Section 2. Determination.** Such determination of reasonableness and propriety with respect to persons other than Directors shall be made by the Board of Directors by a majority vote, and with respect to Directors shall be made (1) by the Board of Directors by a majority vote of a quorum consisting of Directors who were not parties to such action suit or proceeding, or, (2) if such a quorum is not obtainable, or even if obtainable, if a quorum of disinterested Directors so directs, by independent legal counsel in a written opinion, or (3) by the members.

**Section 3. Right Not Exclusive.** The foregoing right of indemnification shall not be exclusive of other rights to which such person, or the legal representatives or successors of such person may be entitled as a matter of law.

**Section 4. Insurance.** The Corporation may purchase and maintain insurance on behalf of any person who is or was a Director, officer, employee or agent of the Corporation or was or is serving at the request of the Corporation as a fiduciary of any deferred compensation plan of the Corporation against any liability asserted against, and incurred by, such person in any such capacity, or arising out of such person's status as such, whether or not the Corporation would have the power to indemnify such person against such liability under the provisions of the New Hampshire Business Corporation Act. The obligation to indemnify and reimburse set forth

hereinabove, if applicable, shall be reduced by the amount of any such insurance proceeds paid to such person, or the representatives or successors of such person.

## ARTICLE IX. MISCELLANEOUS

**Section 1. Depositories.** All funds of the Corporation not otherwise employed shall be deposited from time to time to the credit of the Corporation in such banks, savings and loan associations, trust companies, or other depositories as the Board of Directors may designate.

**Section 2. Contracts.** The Board of Directors may authorize any officer(s) or agent(s) of the Corporation, to enter into any contract or execute and deliver any instrument in the name of and on behalf of the Corporation, and such authority may be general or confined to specific instances.

**Section 3. Checks, Drafts, Etc.** All checks, drafts, or orders for the payment of money, notes, or other evidence of indebtedness issued in the name of the Corporation shall be signed by such persons and in such manner as shall from time to time be determined by resolution of the Board of Directors. In the absence of such determination by the Board of Directors, such instrument shall be signed by the treasurer or an assistant treasurer.

**Section 4. Fiscal Year.** The fiscal year of the Corporation shall be determined by resolution of the Board of Directors.

**Section 5. Investment.** Any funds of the Corporation which are not needed currently for the activities of the Corporation may, at the discretion of the Board of Directors, be invested in such investments as are permitted by law.

**Section 6. Annual Audit and Report.** The financial books and records of the Corporation shall be audited annually by a certified public accountant. In lieu of such audit, upon approval of the Commissioner, the books and records shall be reviewed by one or more representatives of the Examination Division of the New Hampshire Insurance Department and their report shall serve as the audited financial statement of the Corporation. An annual report, including the annual audited financial statements, shall be provided annually to all Directors of the Corporation.

**Section 7. Books and Records.** The Corporation shall keep correct and complete books and records of accounts and shall also keep minutes of the proceedings of its members, Board of Directors, and committees having any of the authority of the Board of Directors, and shall keep a record giving the name and address of the members entitled to vote.

**Section 8. Dissolution.**

A. The Corporation may be dissolved upon vote of the Board of Directors and approval of the Commissioner.



B. In the event of dissolution of the Corporation, the Board of Directors shall, after payment of all liabilities of the Corporation, dispose of the assets of the Corporation, exclusively for the purposes of the Corporation in such manner or to such organizations organized and operating exclusively for charitable, educational, religious, or scientific purposes as shall at the time qualify as an exempt organization or organizations under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (or the corresponding provision of any future United States Internal Revenue Law) and which is organized for purposes substantially similar to that of the Corporation.

**Section 9. Political Activity.** The Corporation shall not, in any way, use corporate funds in the furtherance of, nor engage in, any political activity for or against any candidate for public office. However, this Bylaw shall not be construed to limit the right of any official or member of this Corporation to appear before any legislative committee, to testify as to matters involving the Corporation.

**Section 10. Gift.** The Board of Directors may accept, on behalf of the Corporation, any contribution, gift, bequest, or devise for the general purposes or for any special purposes of the Corporation.

**Section 11. Seal.** This Corporation may have a seal which shall be specified by resolution of the Board of Directors. The seal may be affixed to all corporate instruments, but failure to affix it shall not affect the validity of the instrument.

**Section 12. Conduct of Meetings.** Meetings of the members, the Board of Directors and any committees of the Corporation will be conducted according to *The Modern Rules of Order*.

#### ARTICLE X. AMENDMENTS

These Bylaws may be altered, amended, or repealed and a new set of Bylaws adopted by a vote of the Directors of the Corporation, with approval of any amendment by the Commissioner, and subject (to the extent consistent with RSA 404-G) to repeal or change by a two-thirds (2/3) majority vote of the members determined in accordance with Section 10 of Article IV of these Bylaws. At least ten (10) days prior written notice setting forth a proposed action and time and place of meeting shall be given to all Directors.

The foregoing Amended and Restated Bylaws have been approved:

NEW HAMPSHIRE INSURANCE DEPARTMENT

By: \_\_\_\_\_  
Roger A. Sevigny, Commissioner

Date: \_\_\_\_\_