

**BY-LAWS OF  
PROFESSIONAL INSURANCE EXCHANGE MUTUAL, INC.  
A MUTUAL INSURANCE CORPORATION**

The Incorporators of Professional Insurance Exchange Mutual, Inc., a mutual insurance corporation, hereinafter referred to as "PIE", after filing the Articles of Incorporation, adopted and approved the following By-Laws to govern the operation of PIE.

**ARTICLE I.**

**NAME, LOCATION AND PURPOSE**

Section 1. Name. The name of this organization is Professional Insurance Exchange Mutual, Inc., and shall be referred to herein as "PIE", which is organized as a mutual insurance corporation under the laws of the State of Utah.

Section 2. Principal Office. The principal office for the transaction of the business of PIE shall be located at 445 East 4500 South Suite 130, Salt Lake City, Utah.

Section 3. Other Offices. Branch or subordinate offices may at any time be established by the Board of Directors at any place or places within the State of Utah.

Section 4. Purpose. PIE is organized as a mutual insurance company, pursuant to the provisions of Chapter 5, Title 31A (2013), Utah Code Annotated, for the purpose of insuring its members and others against loss, liability or damage arising out of, or incurred in connection with the performance of professional services. In 1985, Chapter 5, Title 31A, Utah Code Annotated was repealed and amended to require that reciprocal insurers become mutual insurers. PIE is now being reorganized from an unincorporated reciprocal insurer to an incorporated mutual insurance company subject to Utah Code Annotated Title 31A-5 pursuant to UCA 31A-5-108(1) effective July 1, 1986. PIE shall have all of the powers now or hereafter enumerated in

the corporation laws of the State of Utah together with and except as limited by the laws of the State of Utah governing insurers. In addition and not, by way of limitation or qualifications, PIE shall have the power to obtain the services of agents, brokers, salesmen, and adjusters; and to do all things necessary or convenient or usually incident to such power and pursuits, to the same extent as a natural person could or might do.

## **ARTICLE II.**

### **MUTUAL INSURER**

Section 1. Mutual Insurer. PIE is a mutual insurer owned by its policyholder/members ("Members"). PIE's existence as a mutual insurer is a continuation of its existence as an unincorporated reciprocal insurer.

Section 2. Members. PIE shall be owned by and operated in the interests of its members. The rights of the members of PIE immediately before its conversion to an incorporated mutual insurer have not been altered by such conversion and remain unimpaired. Accordingly, a member of PIE shall be determined on the same basis as a member of PIE, as an unincorporated reciprocal insurer, immediately before its conversion to an incorporated mutual insurer.

Section 3. Limited Liability. The policies of insurance issued by PIE shall not be assessable. A member shall not be personally liable for the acts, omissions, obligations, liabilities, or indebtedness of PIE. However, members may be assessed as provided hereinafter.

### **ARTICLE III.**

#### **MEMBERSHIP**

Section 1. Eligibility.

(A) Residents of the State of Utah who are licensed to practice dentistry in Utah and who practice within the borders of the State of Utah are eligible for membership in PIE. The corporation shall be entitled, by providing therefore in its By-Laws, to divide its membership into classes as provided and limited by the Utah Insurance Code and/or the laws relating to mutual corporations in the State of Utah. In the absence of a By-Law providing for such division into classes, the membership shall be of the same class. Nothing contained in this section shall limit the power and authority of the Board of Directors of PIE to afford insurance coverage to agents and employees of eligible members and to associations, partnerships and corporations in which members practice nor shall this section limit the power and authority of the Board of Directors to select from those eligible for membership or insurance coverage any person, partnership, association or corporation deemed a desirable risk.

(B) The corporation's existence as a mutual insurer is a continuation of its existence as an unincorporated reciprocal insurer. The rights of the members of PIE immediately before its conversion to a mutual insurer have not been altered by such conversion and remain unimpaired. Accordingly, a member of the mutual corporation shall be determined on the same basis as a member of PIE immediately before its conversion to a mutual insurer.

Section 2. Term of Membership. Membership shall begin on the effective date stated in the policy of insurance issued to a member, and shall end upon the cancellation or the termination of the same, provided, however, that a member whose insurance has been cancelled or terminated may be reinstated by the Board of Directors or officers, as set forth in these By-

Laws, upon such conditions and upon the payment of such additional fee(s) as may from time to time be required.

Section 3. Voting.

(A) Each member shall be entitled to one vote for each director to be elected at a meeting of the members and one vote upon each other matter submitted to a vote at such meeting, regardless of the class of insurance held by such member. Fractional voting shall not be permitted. No cumulative voting for directors shall be permitted.

(B) If a quorum exists, the affirmative vote of a majority of the members voting, in person or by proxy, at a meeting of the members shall decide any question, other than the election of directors, unless the vote of a greater number shall be required by applicable law, the Articles of Incorporation or these By-Laws. If a quorum exists, directors are elected by a plurality of the votes cast by the members unless otherwise provided in the Articles of Incorporation.

(C) The affirmative vote of at least two-thirds of the members shall be required to voluntarily dissolve PIE as set forth herein. An agreement for PIE to merge with another insurer or sell all or substantially all of its assets shall not be considered a voluntary dissolution of PIE, and the voting requirements for such a transaction shall be governed by subsection (B) of this section.

(D) Any action required or permitted by law to be taken at a meeting of the members may be taken without a meeting if the action is taken by all the members entitled to vote on the action. The action must be evidenced by one or more written consents describing the action taken, signed by all the members entitled to vote on the action and delivered to the corporation for inclusion in the minutes or filing with the corporate records. Action taken under this Section

is effective when the last member signs the consent, unless the consent specifies an earlier or later effective date.

Section 4. Proxies.

(A) A member may vote by proxy. A member may appoint a proxy by signing an appointment form either personally or by the member's attorney-in-fact. An appointment of a proxy shall be effective when received by the Secretary or other officer or agent of the corporation authorized to tabulate votes. An appointment is valid for eleven (11) months unless a longer period is expressly provided in the appointment form. An appointment is revocable by the member unless the appointment form conspicuously states that it is irrevocable and the appointment is coupled with an interest that has not been extinguished.

(B) The death or incapacity of a member appointing a proxy shall not affect the right of the corporation to accept the proxy's authority unless notice of the death or incapacity is received by the Secretary or other officer or agent of the corporation authorized to tabulate votes before the proxy exercises the proxy's authority under the appointment.

Section 5. PIE's Acceptance of Votes.

(A) If the name signed on a vote, consent, waiver or proxy appointment corresponds to the name of a member, the corporation, if acting in good faith, is entitled to accept the vote, consent, waiver or proxy appointment and give it effect as the act of the member.

(B) If the name signed on a vote, consent, waiver or proxy appointment does not correspond to the name of a member, the corporation if acting in good faith, is nevertheless entitled to accept the vote, consent, waiver or proxy appointment and give it effect as the act of the member if:

(i) The name signed purports to be that of an administrator, executor, guardian, or conservator representing the member and, if PIE requests, evidence of fiduciary status acceptable to the corporation has been presented with respect to the vote, consent, waiver, or proxy appointment;

(ii) The name signed purports to be that of a receiver or trustee in bankruptcy of the member and, if PIE requests, evidence of this status acceptable to the corporation has been presented with respect to the vote, consent, waiver or proxy appointment; or

(iii) The name signed purposes to be that of a pledge, beneficial owner, or attorney-in-fact of the member and, if PIE requests, evidence acceptable to the corporation of the signatory's authority to sign for the member has been presented with respect to the vote, consent, waiver or proxy appointment.

(C) PIE is entitled to reject a vote, consent, waiver or proxy appointment if the Secretary or other officer or agent authorized to tabulate votes, acting in good faith, has reasonable basis for doubt about the validity of the signature on it or about the signatory's authority to sign for the member.

(D) PIE and the Secretary or other officer or agent who accepts or rejects a vote, consent, waiver or proxy appointment in good faith and in accordance with the standards set forth in this Section are not liable in damages to the member for the consequences of the acceptance or rejection.

(E) PIE action based on the acceptance or rejection of a vote, consent, waiver or proxy appointment under this Section is valid unless a court of competent jurisdiction determines otherwise.

Section 6. Communications with Other Members.

(A) A member has the right to communicate in accordance with this Section with other members regarding any matter related to PIE's business and affairs, except for improper communications as set forth herein below.

(B) If a member desires to communicate with other members, the following procedures shall be followed:

(i) The member shall give PIE a written request to communicate with other members. If the proposed communication is in connection with a meeting of the members, the request shall be given not less than sixty (60) days prior to the meeting and shall comply with the notice requirements set forth herein above.

(ii) PIE shall reply to the written request to communicate with other members not more than thirty (30) days after receiving the written request. PIE's reply shall provide either that (a) PIE will mail the proposed communication, in which case the reply will specify the number of PIE's members and the estimated reasonable cost to PIE of mailing the proposed communication to the members, or (b) the corporation has determined not to mail the proposed communication to the members because it is an improper communication described hereinafter.

(iii) If PIE agrees to mail the proposed communication, then, after receiving payment of the estimated cost of mailing and making sufficient copies of the communication to complete the mailing (in the form previously reviewed and approved by PIE), PIE shall mail the communication to all members of record, by a class of mail specified by the requesting member either: (a) within fourteen (14) days; (b) within seven

(7) days if the communication is in connection with a meeting of the members; or (c) on a later date specified by the requesting member.

(iv) If PIE refuses to mail the proposed communication, it shall return the requesting member's materials together with a written statement of the specific reasons for the corporation's refusal.

Section 7. No Inspection Rights or Dissenters' Rights.

(A) The identity of the members of PIE is proprietary information belonging solely to PIE, the disclosure of which is likely to damage PIE. PIE shall safeguard and maintain the confidentiality of the identity of its members. No member shall have the right to inspect or copy a list of the members of PIE, otherwise obtain the identity of any other member of PIE or obtain any other data from which such information could reasonably be extracted without the prior consent of the Board of Directors.

(B) No member shall have the right to exercise dissenters' rights.

Section 8. Termination of Membership.

(A) A member shall continue to be a member only during the period that the member is the owner of a valid and existing policy of insurance issued by PIE. Coverage under an extended reporting endorsement issued by PIE shall not be considered a policy of insurance. The membership of a member shall terminate automatically, effective as of the date of termination (including, without limitation, any retroactive termination or violation of such policy in accordance with its terms) or cancellation of all policies of insurance issued by PIE that are owned by the member.



(B) The termination of membership of a member shall not relieve the member of any liabilities or obligations inuring to the benefit of PIE, including without limitation, any liability for the payment of premiums.

Section 9. Assessment of Members. The Board of Directors shall have the right to assess each member of PIE annually up to but not more than two-thousand five-hundred dollars (\$2,500.00) per calendar or business year.

#### **ARTICLE IV.**

#### **MEETINGS OF MEMBERS**

Section 1. Annual Meetings. The annual meeting of members of PIE shall be held at such time and place as the Board of Directors shall determine. Notice of the date, time or place of the annual meeting shall be mailed to all members at least thirty (30) days prior to the meeting or as otherwise set forth in the By-Laws.

Section 2. Special Meetings. Special meetings of the members of PIE may be called by the Chairman of the Board of Directors and shall be called by the Chairman upon the written request of one-third of the total number of the Board of Directors or upon the request of not fewer than twenty (20) members of PIE. Notice of such a special meeting, stating the time, place and purpose thereof, shall be mailed to each member at the post office address, as the same shall appear on records of PIE, at least ten (10) days prior to the date of the meeting and business not stated in such notice shall not be transacted at such special meeting.

Section 3. Quorum. Members who are in attendance in person or by proxy shall constitute a quorum for the transaction of business at any meeting of members of PIE. A majority vote of the members present and voting in person or by proxy shall govern any proceeding noted herein, in the By-Laws or by law requiring a different vote.

Section 4. Place of Meetings. Meetings of the members shall be held at the principal business office of PIE or at such other place designated by the Board of Directors.

Section 5. Effective date of Notice of Meetings. Written notice stating the date, time and place of any annual or special meeting of the members, and in the case of a special meeting the purpose or purposes for which the meeting is called, shall be delivered to each member entitled to vote at the meeting at the member's address shown in PIE's current record of members, with postage thereon prepaid. Notice shall be deemed to be effective at the earlier of the following dates: (i) when received; or (ii) when deposited in the United States mail, addressed to the member, at the member's address shown in the corporation's current record of members, with postage thereon prepaid. Any member may request notice by electronic mail, which mail shall be deemed received upon successful transmission.

Section 6. Waiver of Notice. A member may, at any time, waive any notice required by law, the Articles of Incorporation or these By-Laws. The waiver must be in writing, be signed by the member entitled to the notice and be delivered to the corporation for inclusion in the minutes or filing with the corporate records. The waiver shall be equivalent to the giving of such notice, whether before or after the time required for such notice to be given. A member's attendance at a meeting waives objection to lack of notice or defective notice of the meeting, unless the member at the beginning of the meeting objects to holding the meeting or transacting business at the meeting. The member's attendance also waives objection to consideration of a particular matter at the meeting that is not with the purpose or purposes described in the meeting notice, unless the member objects to considering the matter when it is presented.

Section 7. Advance Notice of Member Proposals. At any annual meeting or special meeting of the members, proposals by the members shall be considered if advance notice has

been timely given as provided in this Section, and such proposals are otherwise proper for consideration under applicable law, the Articles of Incorporation, and these By-Laws. Notice of any proposal to be presented by any member shall be given in writing to the Secretary of PIE not less than sixty (60) days prior to the meeting and shall include: (i) the text of the proposal to be presented; (ii) a brief written statement of the reasons why such member favors the proposal to be presented; (iii) such member's name and address; and (iv) any material interest of such member in the proposal. The Board of Directors or the person presiding at the meeting shall determine whether notice under this Section has been not been properly or timely given and shall direct that the proposals not be considered if such notice (or any other information required to be submitted under this Section) has not been given.

Section 8. Record Date.

(A) For purposes of determining members entitled to notice of or to vote at any meeting of the members or any adjournment thereof, or members entitled to receive payment of any distribution, or in order to make a determination of the members of any other proper purpose, the Board of Directors shall fix, in advance, a date as the record date for any such determination of the members, such date in any case to be not more than seventy (70) days prior to the date on which the particular action, requiring such determination of the members, it to be taken. If no record date is fixed for the determination of the members entitled to notice of or to vote at a meeting of the members, or members entitled to receive payment of any distribution, the date on which notice of the meeting is mailed or the date on which the resolution of the Board of Directors declaring such distribution is adopted, as the case may be, shall be the record date for such determination of the members.

(B) A determination of the members entitled to notice of or to vote at a meeting of the members is effective for any adjournment of the meeting unless the Board of Directors fixes a new record date, which it must do if the meeting is adjourned to a date more than one hundred twenty (120) days after the date fixed for the original meeting.

(C) If a court orders a meeting adjourned to a date more than one hundred twenty (120) days after the date fixed for the original meeting, it may provide that the original record date continue in effect or it may fix a new record date.

## **ARTICLE V.**

### **BOARD OF DIRECTORS**

Section 1. Duties. All corporate powers shall be exercised by or under the authority of the Board of Directors, and the business and affairs of the corporation shall be managed under the direction of the Board of Directors.

Section 2. Number and Eligibility. The Board of Directors shall consist of nine (9) members. At least six (6) of such members of the Board of Directors shall be members of PIE.

Section 3. Election. The Board of Directors shall be elected at the first meeting of the members of PIE and at each annual meeting thereafter by a majority vote of the members represented at said meeting in person or by proxy. Members may nominate candidates for election to the Board of Directors by submitting nominations in writing to the Secretary, except in the case of the first election, wherein the names of nominees shall be provided to the Incorporators. After the election of the first members of the Board of Directors, said nominations shall be provided to the Secretary any time within thirty (30) days prior to the date of election.

Section 4. Term and Vacancies. Members of the Board of Directors shall be divided into three classes, each class to be as nearly equal in number as possible, the term of office of members of the Board of Directors of the first class to expire at the first annual meeting of members of PIE after their election, that of the second class to expire at the second annual meeting after their election, and that of the third class to expire at the third annual meeting after their election. At each annual meeting after such classification the number of members of the Board of Directors equal to the number of the class whose term expires at the time of such meeting shall be elected to hold office until the third succeeding annual meeting. The term of office shall thus be three years. Members of the Board of Directors shall hold office until their successors shall have been elected and qualified. Vacancies in the Board of Directors shall be filled for the unexpired term by persons elected by a majority vote of the remaining members of the Board of Directors or as otherwise set forth in the By-Laws.

Section 5. Chairman. Annually, the Board of Directors shall appoint a director to serve as Chairman of the Board. The Chairman shall (i) preside at the meetings of the Board of Directors and the members and (ii) serve on and act as the chairperson of the Executive Committee. The Chairman shall perform any other duties and responsibilities assigned by the Board of Directors.

Section 6. Powers. The Board of Directors shall act as the governing body of PIE as set forth in Title 16-16a, Utah Revised Nonprofit Corporation Act (the "Act") and Title 31A-5, Domestic Stock and Mutual Insurance Corporations of the Utah Code Annotated, together with the direction and terms set forth in these By-Laws of PIE. These powers shall include but not be limited to supervising the finances of PIE, supervising its operations to such extent as necessary to ensure that the Officers at all times comply with these By-Laws, and shall supervise any audits

of the accounts and records of PIE. The Board of Directors shall have the power as set forth in these By-Laws to determine the compensation to be paid to the Officers, accept contributions and issue receipts for such contributions. The Board of Directors shall also have the power to take all action necessary or desirable for the proper transaction and conduct of the business and affairs of PIE not inconsistent with the terms set forth in these By-Laws. The Board of Directors shall have the power to appoint executive committees of three or more members of the Board of Directors. Any such executive committee shall also have the powers set forth in these By-Laws.

Section 7. Compensation. Members of the Board of Directors may receive such salary or compensation for serving as such as is set in these By-Laws and ratified by a majority vote of members of PIE at the annual meeting. This compensation shall be provided to cover expenses and time incurred by the members of the Board of Directors to attend meetings and perform other duties dictated by these By-Laws.

Section 8. Director Liability. No director of PIE shall be personally liable to PIE or its members for monetary damages for conduct as a director; provided that this Section shall not eliminate the liability of a director for any act or omission for which such elimination of liability is not permitted under the Act or the Utah Insurance Code. No amendment to the Act or the Utah Insurance Code that further limits the acts or omissions for which elimination of liability is permitted shall affect the liability of a director for any act or omission that occurs prior to the effective date of such amendment.

Section 9. Indemnification. PIE shall indemnify to the fullest extent not prohibited by law any current or former director or officer of PIE who is made or threatened to be made a party to an action, suit or proceeding, whether civil, criminal, administrative, investigative or other (including an action, suit or proceeding by or in the right of PIE), by reason of the fact that

such person is or was a director, officer, employee or agent of the corporation or a fiduciary within the meaning of the Employee Retirement Income Security Act of 1974 with respect to any employee benefit plan of the corporation, or serves or served at the request of the corporation as a director, officer, employee or agent, or as a fiduciary of an employee benefit plan, of another corporation, partnership, joint venture, trust or other enterprise. PIE shall pay for or reimburse the reasonable expenses incurred by any such current or former director or officer in any such action, suit or proceeding in advance of the final disposition of the action, suit or proceeding if the person sets forth in writing (i) the person's good faith belief that the person is entitled to indemnification under this Section, and (ii) the person's agreement to repay all advances if it is ultimately determined that the person is not entitled to indemnification; such advances shall be made without regard to the person's ability to repay such advances and without regard to the person's ultimate entitlement to indemnification under this Section or otherwise. No amendment to this Section that limits PIE's obligation to indemnify any person shall have any effect on such obligation for any act or omission that occurs prior to the later of the effective date of the amendment or the date notice of the amendment is given to the person. The indemnification and entitlement to advancement of expenses provided by this Article shall not be deemed exclusive of any other provisions for indemnification or advancement of expenses for directors, officers, employees, agents, and fiduciaries that may be included in any statute, by-law, agreement, general or specific action of the Board of Directors, vote of the members, insurance policy or other document or arrangement, shall continue as to a person who has ceased to be a director or officer, shall inure to the benefit of the heirs, executors, and administrators of such person, and shall extend to all claims for indemnification or advancement of expenses made after the adoption of this Section and these By-Laws.

Section 10. Director Conflict of Interest. Each director shall comply with Utah law regarding director's duties, fiduciary duties, and conflict of interests.

(A) A transaction with the corporation in which a director has a direct or indirect interest shall be valid notwithstanding the director's interest in the transaction if:

(i) The material facts of the transaction and the director's interest are disclosed or known to the Board of Directors or a committee thereof and if it authorizes, approves, or ratifies the transaction by a vote or consent sufficient for the purpose without counting the votes or consents of directors with a direct or indirect interest in the transaction;

(ii) The material facts of the transaction and the director's interest are disclosed or known to the members entitled to vote and they authorize or ratify the transaction; or

(iii) The transaction is fair to PIE as determined by the Board of Directors.

(B) A conflict of interest transaction may be authorized, approved or ratified if it receives the affirmative vote of a majority of the directors serving on the Board of Directors (or on a committee of the Board of Directors) who have no direct or indirect interest in the transaction. If a majority of such directors vote to authorize, approve or ratify the transaction, a quorum is present for the purpose of taking action.

(C) A conflict of interest transaction may be authorized, approved or ratified by a majority of the members entitled to vote thereof.

(D) A director has an indirect interest in a transaction if:

(i) Another entity in which the director has a material financial interest or in which the director is a general partner is a partner to the transaction; or



(ii) Another entity of which the director is officer, director, trustee, managing member or member is a party to the transaction and the transaction is or should be considered by the Board of Directors of PIE.

Section 11. Removal. The members may remove one or more directors with or without cause at a meeting called expressly for that purpose.

Section 12. Resignation. Any director may resign by delivering written notice to the Board of Directors, the Chair or the corporation. Unless the notice specifies a later effective date, such resignation shall be effective on the earlier of: (i) on receipt; (ii) five (5) days after its deposit in the United States mails, if mailed postage prepared and correctly addressed; or (iii) on the date shown on the return receipt, if sent by registered or certified mail, return receipt requested, and the receipt is signed by the addressee. Once delivered, a notice of resignation is irrevocable unless revocation is permitted by the Board of Directors.

## ARTICLE VI.

### MEETINGS OF THE BOARD OF DIRECTORS

Section 1. Annual Meeting. The annual meeting of the Board of Directors shall be held immediately following the adjournment of the annual meeting of the members of PIE at a place designated by the Chairman of the Board of Directors.

Section 2. Regular Meetings. Regular meetings shall be held at least quarterly at the place and at such times as may be fixed by the Board of Directors. In the event that a schedule of regular meetings is adopted by the Board of Directors at a meeting thereof, no further notice of such meetings need be given to the members of the Board of Directors.

Section 3. Special Meetings. Special meetings of the Board of Directors may be called by the Chairman, and must be called by him upon the written request of a majority of the

total number of members of the Board of Directors. Notice of special meetings of the Board of Directors stating the time, place and purpose thereof shall be given to each member at least five (5) days prior thereto as set forth in the By-Laws. Notice of the date, time and place of any special meeting of the Board of Directors shall be given by a means calculated to provide actual notice to the members of the Board of Directors, which notice shall be effective at the earliest of the following dates: (i) when received; (ii) three (3) days after deposit in the United States mail, as evidenced by the postmark, if mailed postpaid and correctly addressed; or (iii) on the date shown on the return receipt, if sent by registered or certified mail, return receipt requested and the receipt is signed by or on behalf of the addressee. Notice by all other means shall be effective when received by or on behalf of the director. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the Board of Directors need be specified in the notice of such meeting.

Section 4. Quorum. A majority of the total number of members of the Board of Directors shall constitute a quorum, but a lesser number may adjourn to another time. A majority vote of the members of the Board of Directors present and voting at any meeting shall govern any proceeding not herein, in the By-Laws or by law requiring a different vote.

Section 5. Action Without Meeting. Any action required or permitted to be taken by the Board of Directors under these By-Laws may be taken without a meeting if all of the members of the Board of Directors shall individually or collectively consent in writing or via electronic communication to such action. Such written or electronic consent or consents shall be filed with the minutes of the proceedings of the Board of Directors. Such action by written or electronic consent shall have the same force and effect as the unanimous vote of such members of the Board of Directors.

Section 6. Waiver of Notice. The transactions of any meeting of the Board of Directors, however called and noticed or wherever held, shall be as valid as though notice had been properly given, if a quorum be present, and if, either before or after the meeting, each of the members of the Board of Directors not present signs a written waiver of notice, or a consent to holding such meeting, or an approval of the minutes thereof. All such waivers, consents or approvals shall be filed with the minutes of the meeting.

Section 7. Manner of Acting.

(A) The act of the majority of the directors present at a meeting at which a quorum is present shall be the act of the Board of Directors, unless a different number is provided by law, the Articles of Incorporation or these By-Laws.

(B) Directors may participate in a regular or special meeting by, or conduct the meeting through, use of any means of communication by which all directors participating may simultaneously hear each other during the meeting. Participation by a director in a meeting by this means shall constitute presence in person at the meeting.

(C) Any action that is required or permitted to be taken by the directors at a meeting may be taken without a meeting if a consent in writing setting forth the action so taken shall be signed by all of the directors entitled to vote on the matter. The action shall be effective on the date when the last signature is placed on the consent or at such earlier or later date as is set forth therein. Such consent, which shall have the same effect as a unanimous vote of the directors, shall be filed with the minutes of the corporation.

(D) Attendance at meetings of the Board of Directors is limited to persons who are directors, provided however that persons who are not directors may attend meetings of the Board of Directors upon invitation by the Chairman, the President or the Board of Directors.

Section 8. Other Constituencies. When evaluating any proposal from a person or entity to merge or consolidate the corporation with another entity or to purchase or otherwise acquire all or substantially all of the assets of the corporation, the Board of Directors may, in determining what is in the best interests of PIE, the Board of Directors may, in determining what is in the best interests of PIE, give due consideration to the social, legal and economic effects on employees, agents, customers, policyholders, and suppliers of PIE and its affiliates and on the communities and geographical areas in which PIE and its affiliates operate, in the economy of the state and nation, the long term interests as well as short term interests of the corporation and its members, including the possibility that these interests may be best served by the continued independence of PIE, and other relevant factors.

Section 9. Presumption of Assent. A director who is present at a meeting of the Board of Directors or a committee of the Board of Directors when corporate action is taken is deemed to have assented to the action taken (i) unless the director's dissent or abstention to the action is entered in the minutes of the meeting, (ii) unless a written dissent to the action is filed with the person acting as the presiding officer of the meeting before the adjournment thereof or forwarded by registered or certified mail to the Secretary immediately after the adjournment of the meeting, or (iii) unless the director objects at the beginning of the meeting, or promptly upon the director's arrival, to holding the meeting or transacting business at the meeting. The right to dissent shall not apply to a director who voted in favor of the action.

## **ARTICLE VII.**

### **COMMITTEES OF THE BOARD OF DIRECTORS**

Section 1. Appointment of Committees; Authority of Board of Directors. The Board of Directors shall have the power to establish committees. The Board of Directors shall have the

power at any time to appoint members of a committee, increase or decrease the number of members of a committee, to fill vacancies on a committee, to change any member of a committee or to change the functions or terminate the existence of a committee.

Section 2. Executive Committee. The members of the Executive Committee shall be the Chairman of the Board and any other directors appointed by the Board of Directors in accordance with this article. During the interval between meetings of the Board of Directors, and subject to such limitations as may be imposed by resolution of the Board of Directors, the Executive Committee shall have and may exercise all the authority of the Board of Directors in the management of the corporation provided that the Executive Committee shall not have the authority of the Board of Directors with respect to the following matters: authorizing distributions approving or proposing to the members actions that are required to be approved by the members by law, the Articles of Incorporation, or these By-Laws; filling vacancies on the Board of Directors or any committee thereof; amending the Articles of Incorporation; amending or repealing these By-Laws or adopting new By-Laws or approving a plan of merger.

Section 3. Investment Committee. The members of the Investment Committee shall be the Chairman of the Board and any other directors appointed by the Board of Directors in accordance with this article. During the interval between meetings of the Board of Directors, and subject to such limitations as may be imposed by resolution of the Board of Directors, the Investment Committee shall have and may exercise all the authority of the Board of Directors in the management of the corporation's investments.

Section 4. Claims Committee. The members of the Claims Committee shall be the Chairman of the Board and any other directors appointed by the Board of Directors in accordance with this article. During the interval between meetings of the Board of Directors,

and subject to such limitations as may be imposed by resolution of the Board of Directors, the Claims Committee shall have and may exercise all the authority of the Board of Directors in the management of claims made against policies.

Section 5. Audit Committee. The members of the Audit Committee shall be the Chairman of the Board and any other directors appointed by the Board of Directors in accordance with this article. During the interval between meetings of the Board of Directors, and subject to such limitations as may be imposed by resolution of the Board of Directors, the Audit Committee shall have and may exercise all the authority of the Board of Directors in supervising the audits of the corporation's books and records.

Section 6. Other Committees. The Board of Directors, by resolution, from time to time may establish, define the duties and approve the appointment of the members of each of such other committees as it shall determine. The creation of a committee shall be approved by a majority of the directors serving on the Board of Directors when the action is taken unless a greater number is required by the Articles of Incorporation or these By-Laws.

Section 7. Procedures for Meetings of Committees.

(A) The Board of Directors shall appoint a chairperson from among the members of the committee and shall appoint a secretary who may, but need not, be a member of the committee. The chairperson shall preside at all meetings of the committee and the secretary of the committee shall keep a record of its acts and proceedings.

(B) Unless otherwise determined by the Board of Directors, the Chairman shall be a member of each committee. The Chair shall also be the chairperson of the Executive Committee.

(C) Regular meetings of the committee, of which no notice shall be necessary, shall be held on such days and at such places as shall be fixed by resolution adopted by the committee. Special meetings of the committee shall be called at the request of the President or any member of the committee and shall be held upon such notice as is required by these By-Laws for special meetings of the Board of Directors, provided that notice by word of mouth or telephone shall be sufficient if received by a member not later than the day immediately preceding the day of the meeting.

(D) Attendance of any member of the committee at a meeting shall constitute a waiver of notice of the meeting. A majority of the members of the committee shall be necessary to constitute a quorum for the transaction of any business, and the act of a majority of the members present at a meeting at which a quorum is present shall be the act of the committee. Members of the committee may participate in a meeting of a committee, or conduct a meeting through use of any means of communication by which all members participating may simultaneously hear each other during the meeting, and participation by a member in a meeting by this means shall constitute presence in person at the meeting.

(E) Any action which may be taken at a meeting of the committee may be taken without a meeting if a written consent setting forth the actions so taken shall be signed by all members of the committee. The action shall be effective on the date when the last signature is placed on the consent or at such earlier or later date as is set forth therein. The consent shall have the same effect as a unanimous vote of the members of the committee.

(F) By resolution of the Board of Directors, committee members may be paid reasonable compensation for services on committee and their expenses of attending committee meetings.

## ARTICLE VIII.

### OFFICERS

Section 1. Officers. The officers of PIE shall be a President, Vice President, Chief Executive Officer, Secretary, and Treasurer. However, it shall be permissible for PIE to have only three officers, limited to a President, Vice President, and Secretary. These offices shall be held by at least three (3) natural persons.

Section 2. Election. All officers shall be elected at the first meeting of the Board of Directors held after the annual meeting of the members of PIE upon the affirmative vote of the majority of the total number of its members. Any office becoming vacant may be filled for the unexpired term by the Board of Directors at any meeting. Officers may be members of the Board of Directors.

Section 3. President and Vice-President. The President shall preside at all meetings of the members of PIE and shall perform the usual duties incident to that office. The Vice-President shall preside in the absence or disability of the President. The Vice-President shall report to the President.

Section 4. Chief Executive Officer. The Chief Executive Officer shall supervise the actions of the Treasurer and/or act as Treasurer. The Chief Executive Officer shall be responsible for the financial stability of PIE. The Chief Executive Officer shall report to the President.

Section 5. Secretary. The Secretary shall keep accurate minutes of all meetings of the members of PIE and of all meetings of the Board of Directors or delegate this duty to another officer. The Secretary shall give notice of all meetings requiring notice and shall perform all other usual duties incident to this office. The Secretary may delegate the duty of giving notice of



all meetings. The Secretary shall be responsible to maintain the membership role, if any, including the recordation of all membership interests issued and to whom. The Secretary shall report to the President.

Section 6. Treasurer. The Treasurer shall be responsible for collecting all income and paying all expenses in connection with the operations of PIE. The Treasurer shall maintain all books in accordance with generally accepted accounting practices. The Treasurer shall report to the Chief Executive Officer and the President.

Section 7. Compensation. Officers of PIE shall receive such salary or compensation for serving as such as is set by the Board of Directors and ratified by a majority vote of members of PIE at the annual meeting.

Section 8. Resignation and Removal. An officer may resign at any time by delivering a written notice of resignation to the Chairman of the Board. A resignation is effective on receipt unless the notice specifies a later effective date. If the corporation accepts a specified later effective date, the Board of Directors may fill the pending vacancy before the effective date, but the successor may not take office until the effective date. Once delivered, a notice of resignation is irrevocable unless revocation is permitted by the Board of Directors. Any officer appointed by the Board of Directors may be removed at any time with or without cause. Appointment of an officer shall not of itself create contract rights. Removal or resignation of an officer shall not affect the contract rights, if any, of the corporation or the officer.

## **ARTICLE IX.**

### **CONTRACTS, LOANS, CHECKS, AND OTHER INSTRUMENTS**

Section 1. Contracts. Except as otherwise provided by law, the Board of Directors may authorize any officers or agents to execute and deliver any contract or instrument in the

name of and on behalf of the corporation, and such authority may be general or confined to specific instances.

Section 2. Loans. The corporation shall not borrow money, and no evidence of indebtedness shall be issued in its name unless authorized by the Board of Directors. Such authority may be general or confined to specific instances.

Section 3. Checks; Drafts. All checks, drafts or other orders for the payment of money and notes or other evidences of indebtedness issued in the name of the corporation shall be signed by such officers or agents of the corporation and in such manner as shall be determined by the Board of Directors.

Section 4. Deposits. All funds of the corporation not otherwise employed shall be deposited from time to time to the credit of the corporation in such banks, trust companies or other depositories as the Board of Directors may select or otherwise be invested as authorized by the Board of Directors through its Investment Committee.

## ARTICLE X.

### DISSOLUTION AND LIQUIDATION

Section 1. Voluntary Dissolution. PIE may be voluntary dissolved when authorized in the following manner:

(A) The Board of Directors shall adopt a resolution recommending that PIE be dissolved, and directing that the question of such dissolution be submitted to a vote at a meeting of members, which may be either an annual or a special meeting.

(B) Written notice shall be given to each member within the time and in the manner prescribed in these By-Laws for the giving of notice of meetings to members, which notice shall

state that the purpose or one of the purposes of such meeting is to consider the advisability of dissolving PIE.

(C) At such meeting a vote of members shall be taken on the resolution to dissolve PIE, which resolution shall be adopted only upon receiving the affirmative vote of at least two-thirds of the membership of PIE.

(D) Upon adoption of said resolution a plan for dissolution and liquidation of assets shall be presented to the Commissioner of Insurance of the State of Utah for approval and implementation.

Section 2. Liquidation. Upon the voluntary or involuntary dissolution of PIE, its assets remaining after discharge of its indebtedness and policy obligations after the return as required by law of any contributions to surplus and after the return of any unused premium, savings, or credits then standing on the members accounts, including principal amounts of subordinated loans, shall be distributed to all members and former living members who paid premiums for at least one year. The share paid to each current and former member shall be proportional to the number of full quarters a premium was paid less any expenses incurred to settle and/or defend claims for a particular member. The formula used to distribute shares shall be subject to approval by the Commissioner of Insurance of the State of Utah.

## **ARTICLE XII**

### **AMENDMENTS**

These By-Laws may be amended at any regular annual meeting of the members of PIE or at any special meeting of the members of PIE duly called for that purpose upon the affirmative vote of two-thirds of the members represented in person or by proxy. Proposed amendments shall be distributed to all members of record at least thirty (30) days prior to any meeting at

which such amendments are to be considered for approval. No new amendment shall be effective to impair the rights of any member or third party under a contract entered into with PIE in force at the time of the execution of such document.

I, the undersigned, Secretary of the Professional Insurance Exchange Mutual, Inc., organized and existing under the laws of the State of Utah, do hereby certify that the foregoing By-Laws, are duly adopted as the By-Laws of PIE on the 19 day of February, 2014.

IN WITNESS WHEREOF, I have hereunto subscribed my name this 21 day of Feb., 2014.

  
Secretary

