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The purpose of these Bylaws is to provide for the operation of the Michigan Basic Property Insurance Association (hereinafter referred to as the Association).

Article I - Name

This organization of insurers shall be known as the Michigan Basic Property Insurance Association, an unincorporated non-profit association.

Article II - Program

Made a part hereof is the Michigan Basic Property Insurance Association Plan of Operation (hereinafter referred to as the Plan), as approved by the Commissioner of Insurance of the State of Michigan.

Article III - Object

The object of the Association shall be (1) the administration of the Plan in Michigan, and (2) the assumption and cession of reinsurance on behalf of all Members.

Article IV - Membership

1. Membership:

Every insurer who, by virtue of the provisions of Section 2920 of the Michigan Insurance Code, as amended, is required to be a member of the Association as a condition of its authority to continue to transact insurance in the State of Michigan, shall be a member of the Association and shall be referred to herein as a Member.

2. Termination of Membership:

Membership of any Member shall terminate when such Member is no longer authorized ~~to continue~~ to transact ~~b~~Basic ~~p~~Property ~~i~~Insurance and home insurance in the State of Michigan. Any Member whose membership in the Association is terminated shall, nevertheless, continue to be subject to these Bylaws with respect to the performance and completion of its obligations incurred prior to termination of its membership with regard to any assessments, losses, expenses, contracts or obligations under the Plan ~~of~~ these Bylaws.

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Article V - Offices

The principal office of the Association shall be in the City of Detroit, Michigan or such other place within the State of Michigan as the Board of Governors may determine.

Article VI – Meetings of Members

The annual meeting of the Members of the Association shall be held in the City of Detroit, Michigan or elsewhere in the State of Michigan at such place as is determined by the Board of Governors; such meeting shall be held at a date and time, as fixed by the Board of Governors, which is within sixty (60) days after the final annual determination of the Assessable Premiums for Members has been made by the Board. The annual meeting shall be held for the purpose of electing the Board of Governors and for the transaction of such other business as may come before the meeting.

Special meetings of the Members may be called by the Board of Governors, the Chairperson of the Board, or upon the written request to the Board of Governors of any ten Members ~~(no two or more of which are in in-~~ a group under common management, ownership or control).

Written notice of the time, place and purpose of a meeting of Members shall be given not less than twenty (20) days before the date of the meeting to each Member entitled to vote at the meeting. Such notices shall be mailed or e-mailed by the Manager to the last known mailing or e-mail address of the Member as it appears on the books of the Association. ~~No notice time and place to which such meeting is adjourned are announced at the meeting at which the adjournment is taken and at the adjourned meeting only such business is transacted as might have been transacted at the original meeting.~~

At any meeting of Members, a Member entitled to vote may vote through his authorized representative appearing in person or by proxy duly executed in writing and delivered to the Secretary twenty-four (24) hours prior to the meeting.

The presence in person or by proxy of Members transacting at least 51% of the total Aggregate Assessable Premiums written by Members during the preceding calendar year shall constitute a quorum at any meeting of the Members. A proposal submitted to a vote of the Members at a meeting shall be adopted if approved by a majority of the votes cast by Members eligible to vote thereon.

Article VII – Voting by Members

At any meeting at which the vote of the Members is or may be required on any proposal or in any vote of the Members which may be taken by mail or e-mail on any proposal, including the election of Board of Governors, each participating Member shall be allotted votes equal to the number of whole dollars of Aggregate Assessable Premiums written by it during the preceding calendar year.

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Article VIII – Mail Ballot of Members

Any matter, including the amendment of the Plan of Operation of the Bylaws, upon which the Members are required or permitted to vote, may be submitted to the Members and voted upon by them by mail or e-mail, provided such procedure is authorized by a majority of the members of the Board of Governors present and voting at any meeting of the Board. The Board shall fix a date for the counting of votes on proposals submitted to the Members by mail or e-mail, and such proposals shall be mailed or e-mailed to the Members for voting not less than twenty (20) days prior to the date fixed by the Board for the counting of the votes.

A proposal submitted to the Members for a vote by mail or e-mail shall be adopted if approved by a majority of the total number of votes which Members are entitled to cast as of the date the votes are counted.

Article IX – Board of Governors

1. Number, Selection:

The Association shall be administered by a Board consisting of eighteen (18) Governors selected in accordance with the procedure set forth in the Plan and Chapter 29 of the Michigan Insurance Code, as amended.

- a. Ten (10) Governors shall be Participating Members of the Association and shall be elected by the Participating Members. Of such ten Governors, at least four (4) shall be participating domestic members and shall be representative of all classifications of insurers to the degree reasonably possible.
- b. Two (2) Governors shall be representatives of insurance agents and shall be appointed by the Commissioner.
- c. Six (6) Governors shall be representatives of the general public and shall be persons who are not employed by, or otherwise affiliated with, insurers, insurance agents, brokers, producers or other entities of the insurance industry. Of such six (6) Governors, four (4) shall be appointed by the Commissioner and two (2) shall be elected by the Participating Mmembers of the Association.

2. Term:

Each Governor shall serve until the next annual meeting of the Members and until his successor is elected or designated or until his resignation.

3. Vacancy:

Any vacancy on the Board for a Governor representing or elected by Participating Members, shall be filled within fifteen (15) days by a vote of the remaining Governors representing those Members. Other vacancies shall be filled by the Commissioner.

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4. Powers

The Board of Governors shall have responsibility for the administration of the Plan and the management of the affairs of the Association and may, with the approval of the Commissioner, adopt and promulgate such rules as may be necessary to carry out the purpose of the Plan.

Article X – Meetings of the Board of Governors

A regular annual meeting of the Board of Governors shall be held without other notice than this Bylaw immediately following the annual meeting of the Members.

Special meetings of the Board of Governors may be called by or at the request of the Chairperson or by any five members of the Board of Governors.

Notice of any special meeting of the Board of Governors shall be sent or mailed at least ten (10) days in advance of the meeting. Such notice shall state the time, place and purpose of the meeting. Any Governor may waive notice of any meeting.

Each Governor shall have one (1) vote. Ten (10) members of the Board of Governors shall constitute a quorum for the transaction of business at any meeting, and the acts of a majority of the Governors present at a meeting at which a quorum is present shall be the acts of the Board.

A member of the Board of Governors may participate in any meeting of the Board by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other. Participation in a meeting pursuant to this section constitutes presence in person at the meeting.

Article XI – Alternates

As soon as practicable after election to the Board of Governors, and thereafter as he may elect, each member of the Board shall designate an alternate to serve in place of the designated representative at any meeting he or she is unable to attend. An alternate shall be counted for purposes of a quorum and shall have the right to vote at any meeting of the Board of Governors.

Article XII – ~~Mail or Telephone~~ Ballot by Board of Governors

Any matter may be proposed and voted upon by mail, e-mail or telephone by the Board of Governors. Any mail or e-mail proposal shall be mailed or e-mailed not less than ten (10) days prior to the final date fixed for the counting of the votes. Any matter voted on by mail, e-mail or telephone by the Board of Governors shall be carried, provided it receives the affirmative vote of a majority of the members of the Board and receives no negative vote.

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Article XIII – Officers

The Board of Governors shall elect a Chairperson and Vice Chairperson at its annual meeting, and shall appoint a Secretary, a Manager and such other officers as it shall deem desirable.

- a. The Chairperson shall preside at all meetings of the Board of Governors and of Members. The Chairperson may sign, with any other officer authorized by the Board of Governors, any deeds, mortgages, bonds, contracts or other instruments which the Board of Governors has authorized to be executed. The Chairperson shall discharge such other duties as may be incidental to the office or as shall be prescribed by the Board of Governors from time to time. The Chairperson serves as ex-officio member of all committees.
- b. In the absence of the Chairperson, the Vice Chairperson shall perform the duties of the Chairperson.
- c. The Secretary shall keep the minutes of the meetings of the Members and the Board of Governors; see that all notices are duly given in accordance with the provisions of the Bylaws; and discharge such other duties as may be incidental to the office or as shall be required by the Board of Governors.
- d. The Manager shall be responsible to the Board of Governors for the supervision of the affairs of the Association. The manager shall receive, disburse and properly care and account for all funds, prepare such reports as are necessary to disclose in detail the financial condition of the Association as required by the Board of Governors and shall have such authority and exercise such powers as may be conferred from time to time by the Board of Governors.

Article XIV - Committees

The Chairperson of the Board of Governors shall appoint standing committees and members of same, as follows:

1. Actuarial & Accounting Committee:

This Committee shall review, approve and make recommendations to the Board of Governors on the Association's rates, reserves, assessable premiums, and any technical or actuarial subjects.

2. Appeals Committee:

Thise Appeals Committee shall consider all claim appeals and render decisions thereon. The Appeals Committee shall consist of three Governors one of whom shall be a representative of the general public and two of whom shall be chosen from among the participating members and agents' representatives.

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3. Audit Committee:

This Committee shall review financial reporting and the disclosure process, and monitor choice of accounting principles. It will oversee financial, claims and underwriting audits and report results to the Board of Governors.

4. Executive Committee:

This Committee shall manage and direct business functions of the Association that arise and require action prior to a scheduled Board of Governors' meetings. This Committee shall oversee goals and initiatives of the Association and make recommendations to the Board of Governors. The Executive Committee shall consist of the current and past Chair, Vice Chair, and Personnel & Finance Committee Chair.

5. Investment Committee:

This Committee shall oversee the Association's investment objectives and review quarterly investment activity and portfolios and make recommendations to the Board of Governors.

6. Loss Committee:

This Committee shall make recommendations on all matters concerning the loss and claim function for Board of Governors' consideration. In addition, it will initiate audit or examination of the Association loss operations and report to the Board of Governors.

7. Operations Committee:

This Committee shall review all accounting, investment, finance, personnel, and operating procedures of the Association, and initiate action and make recommendations to the Board of Governors in those areas. The Operations Committee shall consist of the Chairs of the standing committees, one public member, and one agency representative.

8. Personnel & Finance Committee:

ThisThe Committee shall oversee the Association's financials, strategies, personnel policies, and employee benefits with recommendations to the Board of Governors.

9. Public Relations Committee:

This Committee shall institute and cause to be maintained, practices and procedures in the areas of Public Education, advertising and general publicity including news releases, and radio or television media. It will assume responsibility for meeting all requirements in this area set up by the Federal Insurance Administrator, the Michigan Insurance Bureau and the Board of Governors, and make such reports as are required to the Board of Governors.

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10. Underwriting Committee:

This Committee will make recommendations on all underwriting policy matters for the Board of Governors' consideration. In addition, it will initiate audit or examination of the Association underwriting facility and report to the Board of Governors.

The Chairperson may appoint such other standing committees or such temporary or special committee as may be deemed necessary for the transaction of business.

Each standing committee shall have a chairperson that is a Board of Governors Participating Member of the Association.

Each Governor shall have one (1) vote. If more than half of the committee members are present at a meeting, it shall constitute a quorum for the transaction of business during the meeting. The votes of a majority shall be deemed the acts of the committee.

A committee member may participate in any committee meeting by conference call or similar communications equipment by means which all persons participating in the committee meeting can hear each other. Participation in a meeting pursuant to this section constitutes a presence in person at the committee meeting.

A Governor that fails to annually attend three (3) consecutive committee meetings is subject to removal from a standing, temporary or special committee by a majority vote of the committee members at a meeting where a quorum is present. The Board of Governors Chairperson shall appoint a replacement committee member upon a vacancy.

The committee chairperson shall read the anti-trust statement at each meeting where a quorum is present.

Article XV - Audit

The Board of Governors shall appoint a properly qualified firm of independent public accountants to conduct an annual audit of the Association.

Article XVI – Checks, Deposits and Funds

All checks, drafts, or orders for the payment of money, notes or other evidences or indebtedness issued in the name of the Association shall be signed by such officer or officers and in such a manner as shall from time to time be determined by resolution of the Board of Governors.

Funds of the Association shall be deposited from time to time to the credit of the Association in such ~~banks~~financial institutions, trust companies or other depositories as the Board of Governors may select. The Board of Governors may authorize investment of funds.

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Article XVII - Indemnification

The Association shall indemnify those persons referred to in Section XIV of the Plan of Operation, (including governors, officers, employees and committee members of the Association and member insurers of the Association,) in the manner, and to the extent and subject to the provisions set forth in Section XIV of the Plan.

Article XVIII – ~~Books and~~ Records

The Association shall keep correct and complete ~~books and~~ records of accounts and shall keep minutes of the proceedings of all meetings and shall keep at the principal office a record giving names and addresses of all Members.

Article ~~XIV-XIX~~ – Fiscal Year

The fiscal year of the Association shall begin on the first day of January and end on the last day of December of each year.

Article XX - Amendments

These Bylaws may be amended, altered or replaced, in whole or in part, by vote of the Members with the approval of the Commissioner. The vote of the Members may be taken at any meeting or by mail/e-mail ballot, provided that the notice of the meeting or mail/e-mail ballot includes notice of the proposed amendment, alteration or appeal.

Article XXI – Effective Date

These Bylaws and any amendments thereto, are subject to approval by the Commissioner and shall become effective on the date established by the Commissioner.