



State of Wisconsin / OFFICE OF THE COMMISSIONER OF INSURANCE

Tony Evers, Governor
Mark V. Afable, Commissioner

Wisconsin.gov

August 14, 2019

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STEVEN STOEGER-MOORE
PRESIDENT
DISTRICTS MUTUAL INSURANCE
212 W PINEHURST TRAIL
DAKOTA DUNES
SD 57049

Re: By-laws amendment – Districts Mutual Insurance & Risk Management Services

Dear Mr. Stoeger-Moore:

This letter is in response to your letter dated August 14, which notified our office about the changes in the company's Bylaws. This notice was provided pursuant to s. 611.12 (4), Wis. Stat.

This office acknowledges receipt of your letter and a copy of the amended Bylaws. Please contact me if at (608)-266-0105 if you have any questions on this letter.

Sincerely,

Elena Vetrina
Insurance Examiner Supervisor
Bureau of Financial Analysis and Examination

Rec'd by
DM
8/24/19
DGA-m

BY-LAWS OF
DISTRICTS MUTUAL INSURANCE AND RISK MANAGEMENT SERVICES

ARTICLE I

Identification; Miscellaneous



Section 1.1. Name. The name of the not-for-profit Corporation is **Districts Mutual Insurance and Risk Management Services**.

Section 1.2. Offices. The principal and home office of the Corporation shall be in the City of Dakota Dunes, County of Union, State of South Dakota, at 212 West Pinehurst Trail, 57049. The Corporation may have other such offices, either within or without the State of Wisconsin as the Board of Directors or the officers may designate.

Section 1.3. Fiscal Year. The fiscal year of the Corporation shall begin on the first day of January in each year and end on the last day of December in the same year.

Section 1.4. Seal. The seal of the Corporation shall be circular in form and shall have inscribed thereon its name, the fact of its incorporation in Wisconsin and the words "Corporate Seal."

Section 1.5. Privileges and Immunities. The Corporation is a joint action effort of technical college district exercising their powers under Section 66.0301 of the Wisconsin Statutes, and related statutes, any officer, agent or employee of the Corporation or of any Member who performs duties or services on behalf of the Corporation shall be considered acting both for the Corporation and as the circumstances require for the technical college

district for whom that individual is an officer, agent or employee. It shall be the agreement and representation of each officer, director, agent or employee of the Corporation who is also an officer, agent or employee of a technical college district that he or she is acting, as a part of his or her duties, on behalf of the technical college district when performing functions for the Corporation. Therefore, all privileges and immunities from liability that may be available to such individual in his or her technical college district capacity shall also be applicable to his or her conduct on behalf of the Corporation. Nothing herein shall compel the Corporation to provide any employee benefits to the officer, agent or employee of the Corporation.

ARTICLE II

Policyholders and Members

Section 2.1 Policyholders. Any Wisconsin technical college district established by Chapter 38, Wisconsin Statutes, is eligible to become a policyholder of the Corporation. Every policyholder of the Corporation must be a technical college district established by Chapter 38, Wisconsin Statutes and: (1) a “political subdivision” (as defined in Section 1.103-1(b) of the Treasury Regulations) of the State of Wisconsin, (2) an organization constituting an integral part of a “political subdivision” of the State of Wisconsin, or (3) an entity whose income is excluded from gross income under Section 115 of the Internal Revenue Code. Any prospective policyholder must meet the following conditions: (1) its governing body adopts a resolution that ratifies becoming a Member of the Corporation, and (2) its membership is approved by the Corporation’s Board of Directors in accordance with criteria for policyholders established by the Board of Directors.

Section 2.2. Members. Each technical college “district” policyholder in good standing shall be a Member of the Corporation only during the effective term of any policy of insurance issued by the Corporation. A policyholder is in good standing if all amounts due to the corporation have been paid. Claims of or on behalf of policyholders not in good standing shall not be paid until good standing status has been restored by the payment of all amounts due to the Corporation. Former policyholders shall not be Members, shall not be entitled to any distributions or dividends (other than the payment of claims pursuant to policies of insurance issued by the Corporation) and shall not be entitled to vote on any matter presented to the Members.

Section 2.3. Annual Meeting. The annual meeting of Members of the Corporation shall be held within one hundred eighty (180) days after the fiscal year end of the Corporation at the home office of the Corporation or at such other place within or without the State of Wisconsin as may be specified in the written notice of such meeting, for the purpose of electing directors of the Corporation, the consideration of reports to be laid

before such meeting and the transaction of such other business as may properly come before the meeting.

Section 2.4. Special Meetings. Special meetings of the Members for the consideration of such matters as may be named in the call for such meetings may be held at any time upon the call of the Board of Directors and also may be held at any time, upon the call of the Secretary, if one-quarter of the Members of the Corporation shall make written application to the Secretary to issue such call. Such special meetings shall be held within or without the State of Wisconsin, at a place specified in the written notice of such meeting, and no business shall be transacted and no corporate action shall be taken other than as stated in the notice of the special meeting.

Section 2.5. Notice of Meeting. Unless waived as herein provided, written notice of each annual or special meeting of the Members stating the time and place of the meeting and, in the case of a special meeting, the purpose or purposes thereof, shall be given by personal delivery, mail or facsimile to each Member entitled to vote at or entitled to notice of the meeting at its address as it appears on the records of the Corporation, for annual meeting not less than ten (10) days nor more than sixty (60) days before any such meeting. For special meetings such notice shall be not less than 24 hours notice. When a plan of merger or consolidation, dissolution or sale, lease or exchange of assets is to be submitted for Member approval at either an annual or special meeting of Members, written notice stating the nature of the transaction to be submitted for Member approval shall be given to each Member entitled to vote not less than twenty (20) days nor more than sixty (60) days before such meeting. Attendance at any meeting in person or by proxy shall constitute a waiver of notice of such meeting, except where a Member attends for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened. Any Member in person or by proxy or by attorney duly authorized may waive notice of the meeting in writing either before or after any such meeting.

Section 2.6. Quorum. Unless otherwise provided by law or in the Articles of Incorporation of the Corporation, a majority of the Members entitled to vote, represented either in person or by proxy, shall be necessary to constitute a quorum for the transaction of any business; but less than a quorum may adjourn from time to time as it may desire, without notice other than by announcement at the meeting, until the number of Members requisite to constitute a quorum shall be present in person or by proxy. At such adjourned meeting at which a quorum shall be present, any business may be transacted which might have been transacted at the meeting originally provided in the notice.

Section 2.7. Voting. Except as provided by Section 3.3 of Article III, each Member shall be entitled at every meeting of the Members to only one vote irrespective of the number of policies of insurance such Member may have been issued, premiums paid or to be paid or any other factor. The voting member shall be the District's Risk Management Representative or other designee. Such vote shall be either in person or by proxy filed with the Secretary at or before such meeting. All questions, unless otherwise provided by law, the Articles of Incorporation or the by-laws of the Corporation, shall be decided by a majority of the votes thus cast.

The vote upon any matter, as to which a vote by ballot is required by law and, upon the demand of any Member entitled to vote, the vote upon any other matter before the meeting, shall be by ballot.

Section 2.8. Proxies. Subject to the provision of Section 2.5 of this Article II, a Member who is entitled to vote at a meeting of the Members, or to execute consents, waivers or releases, may authorize another person or persons to act for him or her by a proxy at an annual meeting of the Members. Proxies shall only be permitted for the annual meetings of the Members, and shall not be permitted for any other regular or special meetings of the Members. All proxies shall be in writing and shall be signed by the Member. All proxies shall expire eleven months from the date of execution thereof, unless otherwise provided in the proxy. Every proxy shall be revocable at the will of the Member executing it, except as otherwise provided by law, by a writing delivered to the Corporation

stating that the proxy is so revoked or by a subsequent proxy executed by, or by attendance at the meeting and voting in person by the individual executing the proxy.

Section 2.9. Ratification of Acts of Directors and Officers. Except as otherwise provided by law or by the Articles of Incorporation of the Corporation, any transaction or contract or act of the Corporation or of the directors or of the officers of the Corporation may be ratified by the affirmative vote at a meeting of Members, by the number of Members which would have been necessary to approve such transaction, contract or act, or by the unanimous written consent of all Members entitled to vote thereon and such ratification shall be as valid and as binding as though affirmatively voted for or consented to by such Members of the Corporation.

Section 2.10. Organization. The Board Chair shall preside at all meetings of the Members. The Secretary of the Corporation shall act as secretary of all meetings of the Members and keep the minutes; but in the absence of the Secretary, the chairman of the meeting may appoint any person to act as the secretary of the meeting.

Section 2.11. Statutory Notice. Anything in these by laws or the Articles of Incorporation to the contrary notwithstanding, all notices of meetings of the Members shall be in accordance with Chapter 19, Wisconsin Statutes.

ARTICLE III

Directors

Section 3.1. General Authority. 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 its Board of Directors.

Section 3.2. Number, Qualifications and Tenure of Directors. The initial number of directors of the Corporation shall be five (5) natural persons. The number of directors may be increased or decreased from time to time by resolution of the Members or directors amending these by-laws; provided, however, that no decrease in the number of directors shall shorten the term of any directors then serving. At all times the directors shall be comprised as follows:

- (1) one (1) director shall be a member district president; and
- (2) the remaining four (4) directors shall be a member of the college leadership level as follows:
 - (i) the chief financial officer of a Member or an employee performing the duties commonly associated with a chief financial officer (minimum 1); or
 - (ii) an employee of a Member holding a position with responsibility for the insurance and risk management functions (minimum 1); or
 - (iii) an employee holding a position with responsibility for the human resources function of a Member (minimum 1).

A director shall hold office until the third annual meeting next succeeding his election and further until his successor is elected and qualified, or until his earlier

resignation, disqualification, removal from office or death. For Board members, there shall be a maximum of two consecutive three-year terms. The Board will determine the best method to assure staggered terms for purposes of continuity and representation.

Section 3.3. Selection of Directors. The Board of Directors shall appoint a committee composed of two directors, a member and the President who will serve as a nominating committee. The nominating committee shall advise each Member of the type or types of directors to be elected. Each Member may propose one eligible person for each director position to be elected for consideration by the nominating committee for recommendation to the Members at the annual meeting. The nominating committee may, but is not required to, recommend to the Members one or more of the recommended person(s) as candidates for election as a director. The person(s) recommended by the nominating committee shall be the candidates for election. Directors shall be elected at the annual meeting of Members by ballot cast either in person or by proxy of the Members. In all elections for directors every Member has one vote for each director to be elected. Members may not cumulate their votes.

Section 3.4. Qualifications. Except as provided in Section 3.2., or as otherwise required by law, directors need not be residents of the State of Wisconsin, but all must be at least eighteen (18) years of age. A director may be employed in any other capacity by the District and shall not become disqualified as director by serving the District in such other manner.

Section 3.5. Annual and Regular Meetings. The annual meeting of the Board of Directors shall be held without other notice than this by-law on the same day and at the same place as the annual meeting of Members and immediately following such annual meeting of Members, or as soon thereafter as is practicable. Regular meetings of the Board of Directors shall be held at such times and places within or without the State of Wisconsin as the Board of Directors may, by resolution, from time to time, determine. The

Secretary shall give notice of each such resolution to any director who was not present at the time the same was adopted, but no further notice of such regular meeting need be given. The Board Chair shall preside at all meetings of the Board of Directors, or in the absence of the Board Chair, as set forth herein under Section 4.6 Secretary and 4.7 Treasurer.

Section 3.6. Special Meetings. Special meetings of the Board of Directors may be called by or at the request of the Board Chair or any two of the directors. The person or persons authorized to call special meetings of the Board may fix any place, either within or without the State of Wisconsin, for holding such meeting.

Section 3.7. Notice of Special Meetings. Notice of any special meeting of the Board of Directors shall be given at least 24 hours notice previous thereto and shall be delivered personally, by mail, facsimile, telegram or otherwise, to each director.

Any director may waive any call or notice required to be given either before or after the time of meeting stated therein. The attendance of a director at a meeting shall also constitute a waiver of notice of such meeting, except where a director attends for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened.

Section 3.8. Quorum. A majority of the whole Board of Directors shall constitute a quorum for the transaction of business; but less than a quorum may adjourn from time to time as it may desire, without notice other than by announcement at the meeting until a quorum shall be present.

Section 3.9. Voting; Manner of Acting. The act of a majority of the directors present at a meeting at which a quorum is present shall be the act of the Board of Directors, unless the act of a greater number is required by law, by the Articles of Incorporation of the Corporation or by these by-laws. Each director present shall be

entitled to cast one vote on all questions coming before a meeting of the Board of Directors.

Section 3.10. Vacancies. Subject to Sections 3.2 and 3.4, the Board of Directors may fill vacancies in the Board of Directors. Such appointed replacement director shall serve until the next annual or special meeting of the Members at which meeting the Members shall elect a successor to fill the unexpired term of the director who was removed, disqualified or resigned. A director elected at any such meeting of Members shall serve the balance of the unexpired term and until his or her successor is elected and qualified.

Section 3.11. Removal and Disqualification. A director, or the entire Board of Directors, may be removed from office only with just cause by the affirmative vote of three-quarters of the Members at any meeting of Members provided that the notice of such meeting shall have stated that the removal of such director or directors was a purpose of such meeting. A director shall be disqualified and deemed to have resigned at such time as he or she no longer holds the position which originally qualified them to serve as a director or when the Member they represent is no longer a Member.

Section 3.12. Compensation of Directors. The Directors shall not receive compensation for their services as Directors. Reasonable out of pocket expenses of directors for attendance at meetings of the Board of Directors, or as authorized by the Corporation will be reimbursed in accordance with policies and procedures adopted by the Board of Directors.

Section 3.13. Delegated Authority. The Board of Directors shall have the power to appoint, by resolution adopted by a majority of the whole Board of Directors, an ad hoc committee consisting of three (3) or more directors to constitute an ad hoc Committee to exercise all of the authority of the Board of Directors of the management of the corporation, but only to the extent such power and authority is given to them. All Committee actions must be approved by the full Board.

Section 3.14. Ad Hoc Committees. The Board of Directors shall have the power to appoint by resolution adopted by a majority of the whole Board of Directors such ad hoc committees and appoint members thereto as it shall from time to time deem necessary. Each such ad hoc committee shall include at least three (3) directors, and any member of any such ad hoc committee who is not a director shall not be entitled to vote on any matters considered by such ad hoc committee. All such ad hoc committees, if any, shall have such powers and perform such duties, not inconsistent with the law, as may be specifically delegated to it by the Board of Directors. However, no such ad hoc committee may exercise any powers or perform any duties delegated to the ad hoc committee. All such ad hoc committees shall perform only advisory functions, and may not take any action on behalf of, or otherwise bind, the Board of Directors or the Members. Vacancies in such ad hoc committees shall be filled by the Board of Directors or as the Board of Directors may provide and the directors may appoint one or more directors as alternate members of such ad hoc committees who may take the place of any absent member or members at any meeting of any such ad hoc committee.

Section 3.15. Telephone Meetings. The Board of Directors, may participate in and act at any meeting of the Board of Directors, or any committee thereof, through use of a conference telephone or other communications equipment by means of which all persons participating in the meeting can hear each other. Participation in such a meeting shall constitute attendance and presence in person at the meeting of the person or persons so participating. Logistics for such telephonic meetings shall be arranged by the President.

Section 3.16. Informal Action of Directors. Any action not reserved to the Members of the Corporation by the Articles of Incorporation of the Corporation, by these by-laws or by law, and which may properly be taken by the Board of Directors thereof, may be taken without a meeting if all of the members of the Board, as the case may be, consent thereto in writing and the consent or consents are filed with the minutes of the proceedings of the Board. Any such consent shall set forth the action so taken and shall have the same effect

as a unanimous vote of the Board and may be stated as such in any document filed with the Wisconsin Secretary of State, the Wisconsin Department of Insurance or with anyone else.

Section 3.17. Appeals from Districts Mutual Insurance and Risk Management Services Action.

(i) Claims and Underwriting Appeal Policy. A decision regarding claims or underwriting that adversely affects any current or former policyholder may be appealed to the Board of Directors of Districts Mutual Insurance (the “Board”) by a District member or a Board member. Notice of appeal shall be filed in writing by the College President or the President’s designee (with prior approval of the President) with the Secretary of the Board within sixty (60) calendar days after the adverse decision (regarding claims and/or underwriting only) is first communicated to the policyholder. Any action necessary to implement the decisions may at the Board’s option be suspended upon the filing of the notice of appeal until the Board considers the decision. Any actions taken by Districts Mutual Insurance and Risk Management Services and/or its agents prior to the filing of the notice of appeal shall remain unaffected.

(ii) Claims and Underwriting Appeal Proceedings. Upon receipt of an appeal that complies with the requirements of Section 3.17(i), the Board will schedule and conduct an appeal proceeding to be held in closed session. During the appeal proceeding, the Board will allow the affected current or former policyholder or its representative to have up to thirty (30) minutes to present the rationale and any witnesses or documents supporting the appeal underlying the reasons for the appeal. DMI and its representatives will then have up to thirty (30) minutes to present their case. Such timelines may be extended at the sole discretion of the Board. The Board or the Board’s legal counsel may ask any questions of the affected current or former policyholder or to DMI and its representatives. All documents referred to by the affected current or former policyholder or its representative must be copied and made available for the Board members, legal counsel, and the parties prior to the outset of the hearing. Copies should also be emailed in

advance to the Board's legal counsel and to the other party. At the conclusion of the affected current or former policyholder's presentation, the Board will excuse all parties except for its legal counsel and convene to executive session to deliberate. During deliberation, the Board will only consider information related to the written appeal filed pursuant to Section 3.17(i), including any statements, testimony, or exhibits presented to the Board during the appeal proceeding. The Board will normally issue its written decision within fifteen (15) calendar days of the appeal proceeding.

Section 3.18. Proxies; Attendance. No member of the Board of Directors, may participate in any meeting of the Board of Directors, whether a regular or special meeting, by proxy. Each member of the Board of Directors may appoint a proxy to attend, for observation purposes only, any meeting of the Board of Directors which the appointing member is entitled to attend. Each member of the Board of Directors shall attend at least fifty percent (50%) of the meetings of the Board of Directors, as applicable, duly called and held, whether regular or special meetings, during each one-year period during which such person is a member of the Board of Directors determined on a continuous rolling basis. Any member of the Board of Directors who does not satisfy the attendance requirements of this Section 3.18 during any rolling one-year period may cease to be a member of the Board of Directors after review by the Board. Attendance by proxy for observation purposes shall not constitute attendance at a meeting of the Board of Directors for purposes of this Section 3.18.

Section 3.19. Statutory Notice. Anything in these by laws or the Articles of Incorporation to the contrary notwithstanding, all notices of meetings of the Directors shall be in accordance with Chapter 19, Wisconsin Statutes.

Section 3.20. Minutes. The Board of Directors shall approve and adopt the minutes of each meeting of the Board of Directors at the next meeting of the Board of Directors following the meeting for which the minutes are being adopted. As part of the Board of Director's approval and adoption of such minutes, the person responsible for the

preparation of such minutes shall sign such minutes and certify that they are an accurate record of the proceedings recorded.

ARTICLE IV

Officers

Section 4.1. General Provisions. The Board of Directors shall elect a Board Chair, Secretary and a Treasurer, and appoint a President. One person may hold any two principal offices except those of Board Chair and President; Board Chair and Secretary, or; President and Secretary; Board Chair and Treasurer, or; President and Treasurer. The Board of Directors may from time to time create such offices and appoint such other officers as it may determine.

In addition to the powers and duties of the officers of the Corporation set forth in these by-laws, the officers, agents and employees of the Corporation shall have such powers and perform such duties in the management of the Corporation as the Board of Directors from time to time may prescribe.

Section 4.2. Election and Term of Office. Subject to Section 4.1, the officers of the Corporation shall be elected annually by the Board of Directors at the first meeting of the Board of Directors held after each annual meeting of the Members. If the election of officers is not held at such meeting, such election shall be held as soon thereafter as conveniently may be. Unless removed pursuant to Section 4.3, each officer shall hold office until his or her successor has been duly elected and qualified, or until his or her earlier death or resignation.

The Board of Directors shall fill a vacancy in any office, however created.

Section 4.3. Removal of Officers. Subject to Section 4.I, any officer or agent elected or appointed by the Board of Directors or by the Board Chair may be removed by the Board of Directors whenever in its judgment the best interests of the Corporation would be served thereby, but such removal shall not prejudice the contract rights, if any, of the person(s) so removed. Any officer or agent appointed by the Board Chair may be removed by the Board Chair whenever in the Board Chair's judgment the best interests of the Corporation would be served thereby, but such removal shall not prejudice the contract rights, if any, of the person(s) so removed. The foregoing notwithstanding, any removal shall only be in accordance with the laws of the State of Wisconsin.

Section 4.4. Board Chair. The Board Chair shall be chosen from among the directors of the Corporation. The Board Chair shall, in general, be responsible for the progress and development of the business and affairs of the Corporation. The Board Chair shall have such other powers and duties incident to the office of Board Chair and such further powers and duties as may be prescribed by the Board of Directors. The Board Chair may sign, with the Secretary or any other proper officer of the Corporation thereunto authorized by the Board of Directors, deeds, mortgages, bonds, contracts or other instruments which the Board of Directors has authorized to be executed, except in cases where the signing and execution thereof shall be expressly delegated by the Board of Directors or by the by-laws to some other officer or agent of the Corporation, or shall be required by law to be otherwise signed or executed. The Board Chair may appoint such officers as he or she deems proper in accordance with Section 4.I of this Article IV. The Board Chair shall have all of the powers and duties as the Board of Directors may from time to time assign to him or her.

Section 4.5. President. Subject to the authority of the Board of Directors, the President shall be the Chief Executive Officer and principal operating officer of the Corporation and shall, in general, supervise and control all of the business and affairs of the Corporation. The President shall have such powers and such further duties as from

time to time may be assigned to them by the Board of Directors or assigned or delegated to them by the Board Chair.

Section 4.6. Secretary. The Corporation shall have a Secretary as the Board of Directors or Board Chair from time to time may select. The Secretary shall be chosen from among the directors of the Corporation. In the absence of the Board Chair or in the event of his or her death, inability or refusal to act, or in the event for any reason it shall be impracticable for the Board Chair to act personally, the Secretary shall perform the duties of the Board Chair and, when so acting, shall have all the powers of and be subject to all the restrictions upon the Board Chair. The Secretary shall:

- (i) keep the minutes of the meeting of the Members and of the Board of Directors;
- (ii) see that all notices are duly given in accordance with the provisions of these by-laws, or as required by law;
- (iii) have custody of the corporate seal of the Corporation and affix the same to such documents and other papers as the Board of Directors or Board Chair shall authorize and direct;
- (iv) keep a register of the last known post office address of each Member;
- (v) sign all deeds, mortgages, bonds, agreements, notes and other instruments executed by the Corporation requiring his or her signature;
- (vi) have general charge of the corporate books of the Corporation; and

- (viii) in general perform all duties incident to the office of Corporate Secretary.

The Secretary shall perform such other duties as from time to time may be delegated or assigned to them by the Board Chair or the Board of Directors.

Section 4.7. Treasurer. The Corporation shall have a Treasurer as the Board of Directors or Board Chair from time to time may select. The Treasurer shall be chosen from among the directors of the Corporation. In the absence of the Board Chair or in the event of his or her death, inability or refusal to act, or in the event for any reason it shall be impracticable for the Board Chair or the Secretary to act personally, the Treasurer shall perform the duties of the Board Chair and, when so acting, shall have all the powers of and be subject to all the restrictions upon the Board Chair. The Treasurer shall:

- (i) have charge and custody of and be responsible for all funds, investments and securities of the Corporation;
- (ii) receive and give receipts for monies due and payable to the Corporation from any source whatsoever, and deposit all such monies in the name of the Corporation in such banks, trust companies or other depositories as shall be selected by or under the authority of a resolution of the Board of Directors;
- (iii) invest the funds and assets of the Corporation as authorized and directed by the Board of Directors;
- (iv) cause to be kept adequate and correct accounts of the business transactions of the Corporation including accounts of its assets, liabilities, receipts, disbursements, gains, losses, stated capital and shares, together with such other accounts which may be required;

and upon the expiration of his or her term of office shall turn over to his or her successor or to the Board of Directors all property, books, papers and money of the Corporation in his or her hands; and

- (v) perform such other duties as are incidental to the office of Treasurer.

The Treasurer shall perform such other duties as from time to time may be assigned or delegated to them by the Board of Directors or by the Board Chair.

Section 4.8. Compensation. The Board of Directors shall fix the compensation of all employees who are not directors. No director shall receive any compensation or other remuneration of any kind from the Corporation for service as an officer. Reasonable out of pocket expenses of all officers, including officers who are directors, for attendance at meetings of the Members or the Board of Directors or as authorized by the Board Chair will be reimbursed in accordance with policies and procedures adopted by the Board of Directors.

Section 4.9. Duties of Officers may be Delegated. In the absence of any officer of the Corporation, or for any other reason the Board of Directors may deem sufficient, the Board of Directors may delegate, for the time being, the powers or duties, or any of them, of such officers to any other officer or to any director.

ARTICLE V

Indemnification of Directors, Officers and Certain Others

Section 5.1. Right of Indemnity. The Corporation shall, to the fullest extent to which it is empowered to do so by the Wisconsin Insurance Code, Chapter 895, Wisconsin Statutes or any other applicable laws as may be in effect from time to time, indemnify any person who was or is a party, or is threatened to be made a party, to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that he or she is or was a director or officer of the Corporation, or who is or was serving at the request of the Corporation as a director or officer of another corporation, partnership, joint venture, trust or other enterprise, against all expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by such person in connection with such action, suit or proceeding.

Section 5.2. Allowance of Expenses as Incurred. Upon written request by a person entitled to indemnity pursuant to Section 5.1 who is a party to a proceeding, the Corporation shall pay or reimburse his or her reasonable expenses as incurred if the director or officer provides the Corporation with all of the following:

- (1) Written affirmation. A written affirmation of his or her good faith belief that he or she has not breached or failed to perform his or her duties to the Corporation.
- (2) Repayment undertaking. A written undertaking executed personally or on his or her behalf, to repay the allowance and, if required by the Corporation, to pay reasonable interest on the allowance to the extent that it is ultimately determined under and that indemnification is not ordered by a court. The undertaking under this subsection shall be an unlimited general obligation of the director or officer and may be accepted without

reference to his or her ability to repay the allowance. The undertaking may be secured or unsecured.

Section 5.3. Insurance. The Corporation shall have the power to purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the Corporation, or is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against him or her or incurred by him or her in any such capacity or arising out of his or her status as such, whether or not the Corporation would have the power to indemnify him or her against such liability under this Article V.

Section 5.4. Article V Indemnification Not Exclusive. The provisions of this Article V are in addition to and not in lieu of any right to indemnification or reimbursement, whether by contract, statute or otherwise.

ARTICLE VI

Assessable Insurance Policies

Every policy of insurance that the Corporation issues shall provide that the Members and former Members of the Corporations shall be fully assessable without limit. The obligations of any Member or former Member for amounts assessed shall be several and not joint.

ARTICLE VII

Dividends and Other Distributions

Section 7.1. Dividends and Other Distributions. The Board of Directors from time to time in its sound discretion may declare, and the Corporation may pay or issue, dividends or other distributions to its Members in the manner and upon terms and conditions as the Board of Directors may determine and as provided by law.

Section 7.2. Contingency Reserve. Before declaration or payment of any dividend or other distribution, if any, there may be set aside such sum or sums as the Board of Directors from time to time in its absolute discretion may think proper, as a reserve fund to meet contingencies or for equalizing dividends, other distributions or future premiums or to comply with the laws of the State of Wisconsin, or of any other state in which the Corporation may be doing business.

ARTICLE VIII

Contracts, Loans, Checks and Deposits

Section 8.1. Contracts. The Board of Directors may authorize any officer or officers, agent or agents, to enter into any contract or execute and deliver any instrument in the name and on behalf of the Corporation, and such authority may be general or confined to specific instances.

Section 8.2. Loans. No loans shall be contracted on behalf of the Corporation and no evidence of indebtedness shall be issued in its name unless authorized by resolution of the Board of Directors. Such authority may be general or confined to specific instances.

Section 8.3. Checks, Drafts, Etc. All checks, drafts or other orders for the payment of money, 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 the Board of Directors, by resolution, may designate or as provided in these by-laws. No instruments shall be signed in blank.

Section 8.4. Deposits. All funds of the Corporation not otherwise employed or invested 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.

ARTICLE IX

Miscellaneous Provisions

Section 9.1. Purposes. In furtherance of the purposes and in the exercise of its corporate powers, the Corporation shall perform on behalf of its Members only those insurance activities, including pooling of risks, procuring insurance, risk management, claims administration and all other related activities, that constitute the exercise of essential governmental functions of the Member technical college districts and accruing to such Member technical college districts, within the meaning of Section 115(1) of the Internal Revenue Code, of 1986, as amended.

Section 9.2. Limitation on Use of Funds. All income and revenue of the Corporation shall accrue to the Corporation for the benefit of its Members. No part of the Corporation's net earnings shall inure to the benefit of any private person or entity, except for reasonable compensation for services rendered, and incidental benefits to employees of the Corporation or employees of Members performing services for the Corporation.

Section 9.3. Books and Records. The books, accounts and records of the Corporation shall be open to the inspection of any Member or other person only at such time as the Board of Directors may, by resolution, designate or as may otherwise be required by law.

Section 9.4. Conflict of Interest. Each director, officer and employee of the Corporation shall be subject to and comply with Chapter 19, Subchapter III, Wisconsin Statutes. Specifically and in addition to the provisions of the foregoing statute, no director, officer or employee of the Corporation shall have any position with, or a substantial interest in, any other business enterprise operated for profit or entity operated not-for-profit, the

existence of which would conflict or might reasonably be supposed to conflict with the proper performance of his or her Corporation duties or responsibilities, or which might tend to affect his or her independence of judgment with respect to transactions between the Corporation and such other business enterprise, without full and complete disclosure thereof to the Board of Directors. Each director, officer or employee who has such a conflicting interest with respect to any transaction which he or she knows is under consideration by the Board of Directors is required to make timely disclosure thereof so that it may be part of the directors' consideration of the transaction. The Board of Directors may adopt such regulations and procedures as shall from time to time appear to them sufficient to secure compliance with the policy provided in this Section 9.4.

Section 9.5. Independent Certified Accountant. The books and records of the Corporation shall be audited annually by an independent certified accountant or accounting firm. The Board of Directors shall select such accountant or firm and such selection shall be ratified by the affirmative vote of the majority of Members of the Corporation.

Section 9.6. Amendments of By-Laws. The Members or the Board of Directors shall have the power to alter, amend, repeal or adopt new by-laws.