



# **Illinois Insurance Association**

## BYLAWS

*Adopted by the IIA Board of Directors on July 11, 1958, and  
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## **ARTICLE I PURPOSES**

The purposes for which this corporation is organized are the following:

- To disseminate information and conduct educational programs relating to the insurance industry and thereby to create a better understanding by the public of the nature of the industry and its importance to individuals and the economy generally.
- To initiate and support programs and practices for the protection and encouragement of the insurance industry.
- To foster goodwill and understanding within the insurance industry.
- To promote traffic, industrial, and household safety.
- To assist in the preservation of the American system of private enterprise under our democratic form of government, to secure and extend the right of private industry, and provide the insurance protection needed by the public.
- To carry on such other activities as are incidental or related to the aforementioned purposes.
- To develop and advocate positions concerning legislative, regulatory, and other public policy issues affecting the membership and the property and casualty insurance business generally.

## **ARTICLE II OFFICES**

The corporation shall have and continuously maintain in the state of Illinois a registered office and a registered agent whose office is identical with such registered office and may have other offices as the board of directors may, from time to time, determine.

## **ARTICLE III MEMBERS**

**SECTION 1. CLASSES OF MEMBERSHIP.** There shall be two classes of participation in the corporation as follows:

- a. **Member** – A member of the corporation shall mean a property, casualty or surety insurance company licensed to do business in the state of Illinois. Such insurance company may become a member upon invitation by the board of directors. A member's designated representative shall be entitled to vote at meetings of the representatives and shall be eligible for election to the board of the corporation. A group of companies under substantially the same management shall be entitled only to voting privileges equivalent to the privileges of one member. At the discretion of the board an exception can be made for the group to have more than one representative participate on the board, however, the group's representative only has one vote.

The word “company” as used in these bylaws shall mean all types of insurers, including stock, mutual, reciprocal or inter-insurers and insurance under any other form of organization.

b. **Subscribers** – The following entities may become non-voting subscribers to the corporation: (a.) reinsurance organizations; and (b.) other organizations, trade associations, firms or entities that work with, support or otherwise provide value to the insurance industry, the corporation or its members. An insurance company that meets the eligibility requirements of Article 3 section a, may not become a subscriber. However, all subscribers must be approved by the board of directors. Subscribers receive access to corporation publications and legislative updates. They have no voting rights or privileges and may not participate in any board meetings. At the discretion of the board of directors, a subscriber may attend a board meeting without any right to vote. The board shall set the annual fee for subscribers. The board may revoke a Subscriber’s affiliation with the Illinois Insurance Association for any reason, including, but not limited to, actions that contradict the purposes of the association; or actions that are otherwise detrimental to one or more members of the association.

**SECTION 2. TERMINATION OF MEMBERSHIP.** Membership in this corporation runs concurrent with the corporation's fiscal year, which begins January 1st and ends December 31<sup>st</sup> of each year. Members may terminate by voluntary withdrawal as herein provided, or otherwise in accordance with these bylaws. All rights, privileges, and interest of a member in the corporation or its assets cease upon termination of membership. Any member may, by giving written notice of such intention, withdraw from membership. Such notice shall be presented to the board of directors at the first meeting of the board following the withdrawal. Withdrawals shall be effective upon fulfillment of all accrued dues and assessments. Any privileges afforded to members from the corporation cease upon notice of withdrawal even if all accrued dues and assessments have not been fulfilled. In accordance with Article IX Section 1 below, dues are fully owed, fully earned and nonrefundable as of the commencement of the fiscal year for all members of the corporation, including members who have not conveyed notice of their planned withdrawal by October 1 of the year immediately preceding the commencement of such fiscal year. If assessed during the year as a special assessment, the assessment is fully owed, fully earned and nonrefundable 45 days from the notice of adoption by the board.

**SECTION 3. SUSPENSION AND EXPULSION.** Any membership may be suspended or terminated for cause. Sufficient cause for such suspension or termination of membership shall be violation of the bylaws or of any lawful rule or practice duly adopted by the corporation or any other conduct prejudicial to the interest of the corporation or to a majority of the members of the corporation.

- a) Suspension or expulsion for a member shall be by two-thirds (2/3) vote of the entire members of the board of directors, provided that a statement of the charges shall have been mailed by certified or registered letter to the last recorded address of the member at least fifteen (15) days before final actions taken thereon. This statement shall be accompanied by a notice of the time and place of the meeting of the board at which the charges shall be considered. The members shall have the opportunity to appear in person and/or to be represented by counsel to present any defense to such charges before action is taken thereon. Any expelled member shall be required to pay all accrued dues and assessments.
- b) Suspension or expulsion for a subscriber shall be by a majority of the entire members of the board of directors, provided that a statement of the charges shall have been mailed by

certified or registered letter to the last recorded address of the subscriber at least fifteen (15) days before final actions taken thereon. This statement shall be accompanied by a notice of the time and place of the meeting of the board at which the charges shall be considered. The subscriber shall have the opportunity to appear in person and/or to be represented by counsel to present any defense to such charges before action is taken thereon. Any expelled subscriber shall be required to pay all accrued dues and assessments.

**SECTION 4. REPRESENTATION.** The members of the corporation shall participate in its affairs as follows:

- a. Except as provided in subparagraphs “b” and “d” following, each member shall have the right to appoint one representative to represent such member at meetings of this corporation. Members may designate another representative or an alternate representative to attend meetings of the corporation.
- b. Member companies who comprise a group under substantially the same management shall appoint only one representative who shall represent such member companies collectively at meetings. At the discretion of the board, an exception can be made for the group to have more than one representative participate on the board. If multiple representatives participate on the board from a group, the group still only has one vote.
- c. Each representative shall be chosen by the member whom he is to represent in such manner and for such time as such member may deem advisable.
- d. At any meeting of representatives where a vote is taken on an issue, the authority of any person present professing to be the representative of any member and qualified to vote on its behalf, shall be presumed to be so qualified, subject to any inconsistent written designation filed by the secretary by such member.
- e. A majority vote by members shall determine the organization’s position on any issue brought forth by a subscriber or affiliated party.
- f. Members shall file with the secretary the names and addresses of their representatives.

#### **ARTICLE IV MEETINGS OF MEMBER REPRESENTATIVES**

**SECTION 1. ANNUAL MEETINGS OF REPRESENTATIVE OF THE MEMBERS.** An annual meeting of the representatives of the members shall be held in the month of December of each year at such time during usual business hours as shall be designated by the chair of the board of directors for the transaction of such business as may come before the meeting unless the board of directors delay the meeting. A delayed annual meeting can be delayed by the board no later than the first quarter of the upcoming year.

**SECTION 2. SPECIAL MEETINGS OF REPRESENTATIVES OF THE MEMBERS.** Special meetings of the representatives of the members may be called either by the chair, the board of directors or not less than ten representatives of the members.

**SECTION 3. PLACE OF MEETINGS OF REPRESENTATIVES OF THE MEMBERS.** The chair may designate any place as the place of meeting for any annual meeting or for any special meeting of representatives of the members called by the chair or by the board of directors. If a special meeting is called by ten or more member representatives the place of the meeting may be designated by such representatives but shall be at some place within the city of Springfield, Illinois. If all the member representatives meet at any time and place, either within or outside the state of Illinois, and consent to the holding of a meeting, such meeting shall be valid without call or notice and at such meeting any corporate action which might be taken by such representatives may be taken.

**SECTION 4. NOTICE OF MEETINGS OF MEMBER REPRESENTATIVES.** Written, printed or electronic notice stating the place, day, and hour of each meeting of member representatives shall be delivered to the members by or at the direction of the chair or the secretary or the officers or person calling the meeting. Such notice shall be delivered not less than 30 days before the date of an annual meeting or not less than 5 not more than 40 days before the date of any other meeting of member representatives. In case of a special meeting or when required by statute or by these bylaws the purpose for which the meeting is called shall be stated in the notice.

**SECTION 5. INFORMAL ACTION BY MEMBER REPRESENTATIVES.** Any action by representatives of members required to be taken at a meeting or any other action which may be taken at such a meeting may be taken without a meeting if consent, in writing, setting forth the action to be taken, shall be signed on behalf of all the representatives of the members entitled to vote with respect to the subject matter thereof. All the approvals evidencing the consent shall be delivered to the secretary to be filed in the corporate records.

**SECTION 6. QUORUM.** Fifty percent of the representatives of the members shall constitute a quorum for the transaction of business at any meeting of member representatives. If a quorum is present, the affirmative vote of fifty percent of member representatives present and voting shall be the act of the membership, except where otherwise provided by law or these bylaws. If a quorum is not present at any such meeting, the majority of member representatives present and entitled to vote may adjourn the meeting from time to time without further notice.

**SECTION 7. ACTION BY ELECTRONIC COMMUNICATION.** Representatives of the members may vote, participate in and act at any meeting of such representatives through the use of a telephone or other electronic communications equipment that allows for all persons participating in the meeting to directly communicate with each other. Participation in such meeting shall constitute attendance and presence in person at the meeting of the person or persons so participating.

Representatives of the members may vote through the use of electronic communication that does not allow for all persons participating in the meeting to directly communicate with each other such as through email if the board in a meeting that satisfies the above direct communication requirement determines that such a vote is desirable.

## **ARTICLE V BOARD OF DIRECTORS**

**SECTION 1. GENERAL POWERS.** The affairs of the corporation shall be managed by its board of directors, elected as hereinafter provided.

**SECTION 2. NUMBER, TENURE AND QUALIFICATIONS.** The number of directors shall not exceed the total number of members of the corporation elected specifically as directors. Directors shall hold office for one year or until their successor shall have been elected and qualified but may succeed themselves. Directors are required to be representatives of members of the corporation.

**SECTION 3. MEETINGS.** A regular annual meeting of the board of directors shall be held without other notice than this bylaw, immediately after, and at the same place as the annual meeting. Other meetings of the board of directors may be called by or at the request of the chair of the board or any five members of the board. The person or persons authorized to call special meetings of the board may fix any place, within the state of Illinois, as the place for holding any special meeting of the board called by them. A meeting of the board may be held outside the state of Illinois if a majority of the board agrees on such location. Directors or members of a committee of the board may participate in and act at any meeting through the use of any means of communication by which all persons participating in the meeting can directly communicate with each other. Participation through the use of such means of communication shall constitute attendance and presence in person at the meeting.

**SECTION 4. NOTICE.** Notice of any meeting of the board of directors other than the annual meeting shall be given by the secretary at least five days previously thereto by written notice delivered personally or sent by mail or sent electronically to each member of the board. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail in a sealed envelope so addressed, with postage thereon prepaid. If electronically sent, such notice shall be deemed delivered when sent. Any member of the board may waive notice of any meeting. The attendance of a member of the board at any meeting shall constitute a waiver of notice of such meeting except where they attend a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened.

**SECTION 5. QUORUM.** Fifty percent of the whole board of directors shall constitute a quorum for the transaction of business at any meeting of the board, provided, that if less than fifty percent of the whole board is present at said meeting, a majority of the directors present may adjourn the meeting from time to time without further notice.

**SECTION 6. 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 except where otherwise provided by law or by these bylaws.

**SECTION 7. VACANCIES.** A vacancy occurring in any directorship or office may be filled by the approval of the board for the unexpired portion of the term.

**SECTION 8. ACTION BY ELECTRONIC COMMUNICATION.** Directors may vote, participate in and act at any meeting of the board of directors through the use of a telephone or other electronic communications equipment that allows for all persons participating in the meeting to directly communicate with each other. Participation in such meeting shall constitute attendance and presence in person at the meeting of the person or persons so participating.

Directors may vote through the use of electronic communication that does not allow for all persons participating in the meeting to directly communicate with each other such as through email if the board in a meeting that satisfies the above communication requirements of Section 3 determines that such a vote is desirable.

**SECTION 9. ELECTION OF EXECUTIVE COMMITTEE.**

An executive committee composed of the officers, immediate past chair, and two non-officer at-large members shall meet as necessary as determined by the chair or as provided for in Article V Section 10 of these by-laws, to effectuate the operations and management directives of the board. The chair shall chair the executive committee. The executive committee shall annually evaluate the performance of the executive director and make reports and recommendations regarding all personnel issues including staffing, executive director compensation, the total salary budget, and performance review. The immediate past chair must be a member representative in order to remain active.

The executive committee shall have powers to elect new to fill vacancies on the executive committee caused by death, resignation or removal of members thereof by electing such new members to serve until the next annual meeting of the board of directors. Resignation or removal as a director or officer shall automatically constitute resignation or removal from the executive committee.

**SECTION 10. POWERS OF EXECUTIVE COMMITTEE.** During the intervals between the meetings of the board of directors the executive committee shall possess and may exercise all the powers and authority of the board except with respect to the amendment of these bylaws and the filling of vacancies upon the board.

The executive committee shall recommend an annual budget of the corporation and shall be available to the executive director for consultation and advice on the administration and financial operation of the corporation.

**SECTION 11. MEETINGS OF EXECUTIVE COMMITTEE.** Meetings of the executive committee may be called by the chair and shall be called by the secretary on the written request of any two members of the committee. Four members of the committee shall constitute a quorum at any meeting. The committee shall keep a record of its proceedings and report them at the next regular or special meeting of the board of directors. At the discretion of the chair, the executive director may attend meetings of the executive committee as a non-voting participant for the purpose of carrying out the operations of the corporation.

**ARTICLE VI  
OFFICERS**

**SECTION 1. OFFICERS.** The officers of the corporation shall be a chair of the board, a vice chair of the board, a secretary, and a treasurer. All officers shall be members of the board of directors. All officers must be a full-time employee of the member company. Contract employees cannot hold the position of office.

**SECTION 2. ELECTION AND TERM OF OFFICE.** The officers of the corporation shall be elected as hereinafter provided. Each officer shall hold office for one year or until a successor has been duly elected and qualified. At the expiration of the one-year term the officers will ascend to the next position in the rotation as follows: secretary, treasurer, vice chair, chair.

**SECTION 3. REMOVAL.** Any officer may be removed at any time by a two-thirds vote of the member representatives present at any meeting, provided that no such action shall be taken at any meeting unless the notice thereof shall have set forth the purpose of voting upon such removal.

**SECTION 4. VACANCIES.** A vacancy in any office because of death, resignation, removal, disqualification or otherwise, may be filled by the board of directors for the unexpired portion of the term.

**SECTION 5. CHAIR OF THE BOARD OF DIRECTORS.** The chair of the board shall be a member of the board of directors, shall be the principal executive officer of the corporation, and shall in general supervise and control all of the business and affairs of the corporation. The chair of the board shall preside at all meetings of the representatives of the board and of the executive committee and in general shall perform all duties incident to the office and such other duties as may be prescribed by the board from time to time.

**SECTION 6. VICE CHAIR OF THE BOARD OF DIRECTORS.** The vice chair of the board shall be a member of the board of directors and shall preside at meetings of the corporation and the board and the executive committee in the absence of the chair or in the event of a vacancy in the office of the chair of the board.

**SECTION 7. TREASURER.** The treasurer is the designated custodian of the funds of the corporation. The treasurer shall receive all money and deposit funds in the name of the corporation in a bank to be approved by the board of directors; shall pay all bills; shall keep regular books of account and shall exhibit these books and any and all papers and vouchers when so required by the chair of the board and shall give bond in such amount and with sureties as shall be required and approved by the board. The treasurer shall chair a budgetary committee which shall at least include themselves and two officers of the executive committee and three other members to prepare and present to the executive committee a draft budget for its consideration by the board.

**SECTION 8. SECRETARY.** The secretary shall keep the minutes of the meetings of the representatives, the board of directors, and the executive committee in one or more books provided for that purpose; see that all notices are duly given in accordance with the provisions of these bylaws or as required by law; be custodian of the corporate records and of the seal of the corporation and see that the seal of the corporation is affixed to all documents, the execution of which on behalf of the corporation under its seal is duly authorized in accordance with the provisions of these bylaws; keep a register of the post office address of each member which shall be furnished to the secretary by such member; and in general perform all duties incident to the office of secretary and such other duties as from time to time may be assigned by the chair of the board.

## **ARTICLE VII ELECTION OF DIRECTORS & OFFICERS**

**SECTION 1. ELECTION/NUMBER.** At each annual meeting there shall be elected by ballot of the member representatives a board of directors and such officers as may be provided for under these bylaws, the total number of which shall not exceed the total number of members of the corporation.

**SECTION 2. NOMINATING COMMITTEE.** The chair of the board of directors shall appoint a nominating committee, to consist of at least five member representatives and select a chair for the committee. The nominating committee shall meet in advance of the election and nominate officers, directors and at-large members of the executive committee for approval by the members of the corporation.

**SECTION 3. OTHER NOMINATIONS.** One or more opposition tickets, or portions of tickets, may also be nominated, provided that, to be valid, any petition for such nomination shall be (1) in writing, (2) delivered to the secretary at least ten days prior to the date of election, and (3) signed by not less than thirty-three percent of the member representatives.

**SECTION 4. ELECTION PROCEDURE.** If no opposition ticket or portion thereof shall be nominated, the secretary shall cast one ballot in favor of the candidates nominated by the nominating committee who shall thereupon be declared duly elected. In case there is an opposition ticket or tickets, the secretary shall prepare in accordance with these bylaws and communicate one copy of ballot to each member representative that states the candidates and establishes the election period. Each member representative upon marking his ballot shall deliver to the secretary. Once secretary has verified it is an appropriate ballot the secretary shall count the ballot and maintain the ballot with other ballots received. At the close of the election the officers of the corporation shall verify the count and announce the results to the members.

## **ARTICLE VIII COMMITTEES**

**SECTION 1. GOVERNMENT AFFAIRS COMMITTEE.** The government affairs committee shall be a committee which serves as a forum for the discussion and resolution of corporation positions and priorities concerning legislative, regulatory, and other public issues affecting the membership and the property and casualty insurance business generally. Participation in this committee shall be open to all members and shall include the executive director. The member's representatives for this committee shall be designated to the secretary separately from other designations and may include the designation or an alternate representative.

The board of directors shall elect a chair and vice chair for this committee. The election of the chair and vice chair shall be conducted at the annual meeting of the corporation. Election to either position shall be by a majority of the board present at such meeting.

The chair of the committee shall have the authority to call the meeting to order, designate the order of issues for discussion and to preserve order and decorum during the committee meetings and generally supervise the affairs of the committee. Also, a vice chair shall be elected to preside over the meetings in the absence or at the direction of the chairperson.

The committee shall develop and maintain a policy concerning the activities of the corporation in relation to government affairs. The committee shall develop and maintain an active list of issues and associated priorities as determined by the members of the committee.

**SECTION 2. PUBLIC RELATIONS COMMITTEE.** The public relations committee shall report to the board of directors and shall be chaired by a member. Members of this committee shall be designated to the secretary by the members to serve on this committee. The public relations committee shall advise and assist the executive director on such matters as he or she brings before it, including implementing positions taken by the government affairs committee.

**SECTION 3. BUDGET AND FINANCE COMMITTEE.**

The budget and finance committee shall consist of not less than three (3) members, one of which shall be the treasurer, who shall serve as chair of the committee. The committee shall prepare and

submit to the annual meeting of the board a proposed budget for the ensuing year. The committee shall also be responsible for evaluating the membership fee structure, including the assessment formula and budget issues, and proposing a fair and adequate assessment formula to the board of directors for approval.

**SECTION 4. AUDIT COMMITTEE.** This committee consists of the chair of the board of directors, the immediate past chair and the treasurer. The term is for one year. The responsibilities are stated below.

**Audit:** The result of an independent accountant's review of the statements and footnotes to ensure compliance with general accepted accounting principles (GAAP) and to render an opinion on the fairness of the financial statements.

**Audit Report:** A report issued by the independent CPA that expresses an opinion about whether the financial statements present fairly a company's financial position, operating results, and cash flows in accordance with generally accepted accounting principles (GAAP).

**Review:** Performing inquiry and analytical procedures that provide the accountant with a reasonable basis for expressing limited assurance that there are no material modifications that should be made to the financial statements in order for them to be in conformity with general accepted accounting principles (GAAP).

**Compilation:** Information presented in the form of financial statement information that is representation of management without undertaking to express any assurance on the statements. It is a cursory review of an organization's financial operations.

**SECTION 5. OTHER COMMITTEES.** The board of directors may, from time to time, create such other committees with such representative as it deems appropriate and advisable, and may disband such other committees or any of the other committees listed under Article VIII.

## **ARTICLE IX FINANCES**

**SECTION 1. BUDGET.** The board of directors shall adopt and administer a budget for the corporation; shall devise, adopt, and administer an equitable plan of distribution of the expense of operating the corporation; shall have power and authority to levy and collect from the members and subscribers their proportionate annual dues, special assessments or shares under such plan of distribution. Dues and assessments are fully owed, fully earned and nonrefundable as of the commencement of the fiscal year for all members of the corporation. All dues and assessment are to be paid within 45 days of the commencement of the corporation's fiscal year or if assessed during the year as a special assessment, 45 days from the notice of adoption by the board.

**SECTION 2. AUDITS/REVIEWS.** Every even numbered year the corporation will enter into a contract with an accounting firm to perform an audit of the association's financial records for the previous calendar year. Every odd numbered year the corporation will enter into a contract with an accounting firm to perform a review of the association's financial records for the previous calendar year.

**ARTICLE X  
INDEMNIFICATION OF DIRECTORS, OFFICERS & EMPLOYEES**

**SECTION 1. RIGHT OF INDEMNITY.** Each person who acts as director, officer or employee of the corporation shall be indemnified by the corporation for all sums which they become obligated to pay including counsel fees, expenses and court costs actually necessarily incurred by them in connection with any action, suit or proceeding in which they are made a party by reason of being, or having been a director, officer or employee of the corporation, except in relations to matters as to which they shall be adjudged in such action, suit or proceeding to be liable for bad faith or misconduct in the performance of their duties as such director, officer or employee, and accept any sum paid to the corporation by any such director, officer or employee in settlement of an action, suit or proceeding upon bad faith or misconduct in the performance of their duties.

**SECTION 2. SCOPE OF INDEMNITY.** The right of indemnification in this article provided shall inure to each director, officer and employee of the corporation, whether or not they are a director, officer or employee at the time they become obligated to pay such sums, and whether or not the claim asserted against them are based on matters which antedate the adoption of this article; and in the event of their death shall extend to their legal representatives. Each person who shall act as a director, officer or employee of the corporation shall be to be doing so in reliance upon such right of indemnification; and such right shall not be deemed exclusive of any other right to which any such person may be entitled, under any bylaw, agreement, vote of representatives or otherwise.

**SECTION 3. DETERMINATION OF CLAIMS FOR INDEMNITY.** The board of directors of the corporation, acting at a meeting at which a majority of the quorum is unaffected by self-interest (notwithstanding that other members of the quorum present but not voting may be so affected), shall determine the propriety and reasonableness of any indemnity claimed under this article, and such determination shall be final and conclusive. If, however, a majority of a quorum of the board which is unaffected by self-interest and willing to act is not obtainable, the board, at its discretion, may appoint from among the members who are not directors, officers or employees of the corporation, a committee of two (2) or more persons to consider and determine any such question and the determination of such committee shall be final and conclusive.

**ARTICLE XI  
SEAL**

The board of directors shall provide a corporate seal which shall be in the form of a circle and shall have inscribed thereon the name of the corporation and the words "Corporate Seal, Illinois".

**ARTICLE XII  
WAIVER OF NOTICE**

Whenever any notice whatsoever is required to be given under the provisions of the General Not-For-Profit Corporation Act of Illinois or under the provisions of the articles of incorporation or the bylaws of the corporation, a waiver thereof in writing signed by or on behalf of the persons or organizations entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice.

**ARTICLE XIII  
AMENDMENT TO BYLAWS**

**SECTION 1. POWER TO AMEND BYLAWS.** These bylaws may be amended or repealed and new bylaws may be adopted at any regular meeting of the board of directors or at any adjourned session thereof, or at any special meeting called for that purpose by a majority of all the directors.

**SECTION 2. PROPOSAL AND ADOPTION OF AMENDMENTS.** Any representative or director may propose amendments to these bylaws, provided such proposed amendments are submitted in writing to the secretary of this corporation in time to be included by him or her in the notice of the meeting of directors at which consideration of said amendment is desired. No amendment of these bylaws shall be considered or passed by the directors at any meeting, except such amendments as shall have been stated in the notice of the meeting, provided that amendments germane to those stated in the notice for the meeting may be considered thereat.