



BY-LAWS

REVISED 12/2022

BY-LAWS
OF THE
INSURANCE PLACEMENT FACILITY OF PENNSYLVANIA

INTRODUCTION

The Insurance Placement Facility of Pennsylvania and its FAIR Plan (hereinafter “Facility”) have been established by the insurers in accordance with the provisions of the Pennsylvania FAIR Plan Act (233, Act of August 1, 1968), (as amended) for the purpose of making basic property insurance available to those applicants who have been unable to secure such insurance.

The Facility is an unincorporated association.

BY-LAWS

ARTICLE I

MEMBERSHIP IN THE FACILITY

- 1.1 Membership in the Facility shall be as established by the Facility’s Constitution.

ARTICLE II

MEETINGS OF FACILITY MEMBERS

- 2.1 The Annual Meeting of the Facility Members shall be held each year in the month of April, on a date and at a time and place to be designated by the Chairman of the Board of Directors.
- 2.2 At the Annual Meeting of the Facility, the members shall:
- 2.2.1 Approve the minutes of the previous Annual Meeting;
- 2.2.2 Ratify the actions of the Board of Directors for the previous year.

- 2.2.3 Elect the Facility's Board of Directors;
- 2.2.4 Transact such other business as may arise.
- 2.3 Special meetings of the Facility Members shall be called either by written or electronic request filed with the President by Members representing not less than twenty (20%) percent of the total participation in the Facility (as defined in Article III, Section 2 of the Constitution). The Chairman of the Board of Directors shall determine the date, time and place of such meetings, which must be held within forty-five (45) days of receipt of the specified written request.
- 2.4 Written or electronic notice of each Annual and Special Meeting of the Facility Members shall be given to each Member at least thirty (30) days prior to the date of the meeting. The notice shall include the place, day, hour, and general nature of the business to be transacted. The written notice shall be directed to the Members at the addresses appearing on the records of the Facility.
- 2.5 At all meetings of the Facility Members, seventy-five (75) Members, present in person or by proxy, representing at least fifty (50%) percent of the total participation in the Facility (as defined in Article III, Section 2 of the Constitution), shall constitute a quorum for the transaction of business. Once a quorum is attained, the Members present at a duly organized meeting may continue to do business until adjournment, notwithstanding withdrawal of enough Members to leave less than a quorum.
- 2.6 Member companies may vote at meetings of Facility Members in person or by proxy executed in writing by the Member company and filed with the secretary of the meeting.
- 2.7 Voting at meetings of Facility Members shall be weighted in accordance with Article IV, Section 2 of the Constitution. Other than as is elsewhere specified in these By-Laws and the Constitution, all business of the Members shall be transacted by a majority vote of those Members present and voting, in person or by proxy.
- 2.8 The Chairman of the Facility's Board of Directors, or in his absence the Vice

Chairman, shall preside at meetings of the Facility Members. The President shall act as secretary of the meetings and shall keep accurate records of the acts and proceedings of all meetings of the Facility Members.

ARTICLE III

BOARD OF DIRECTORS

- 3.1 The Facility shall be governed by its Board of Directors as provided in Article V, Section 1 of the Constitution.
- 3.2 The Board of Directors shall be elected by the Members at the Annual Meeting of the Members of the Facility and shall serve for a term of one (1) year. The term shall commence immediately following the Annual Meeting of the Members of the Facility.
- 3.3 Directors may be removed for cause by a majority vote of the total Membership participation in the Facility (as defined in Article III, Section 2, of the Constitution).
- 3.4 Vacancies which may occur in the Board of Directors between Annual Meetings of the Facility Members, whether due to termination of the Member's eligibility for membership in the Facility or otherwise, shall be filled by the Board of Directors of the Facility.
- 3.5 The Board of Directors shall have the following powers and duties necessary for the operation of the Facility including, but not limited to, the following:
 - 3.5.1 To elect officers of the Board of Directors;
 - 3.5.2. To determine and implement all matters of policy relating to the Facility, consistent with the aims and purposes of the Facility as set forth in the pertinent statutes, in the Facility's Constitution and in these By-Laws;
 - 3.5.3 To exercise general management and control of the ordinary business and affairs of the Facility and to exercise all other necessary powers relating to the Facility's operations;

- 3.5.4 To enter into and to approve the entrance into of contracts, letters of intent, and all other evidence of mutual or joint undertakings, commitments or obligations between the Facility and any other person or entity, not inconsistent with the powers reserved to the Members of the Facility;
- 3.5.5 To exercise ultimate responsibility for the development and preparation of the Facility's annual capital and operating budgets and to review and approve or disapprove such annual capital and operating budgets of the Facility as are submitted to it by the President and/or the Finance Committee;
- 3.5.6 To determine (as provided in Article IX, Section 1 of the Constitution) the expense of operating the Facility and of any cash reserve required to be maintained and to assess each Member its share of the expenses and reserves in accordance with the Member's participation in the Facility;
- 3.5.7 To prepare an annual report of the Facility's programs, to cause to be prepared by an outside firm of auditors an annual financial audit of the operations of the Facility, and to submit the results of those reports and audits to the Members at the Annual Meeting of Facility Members;
- 3.5.8 To make certain that all necessary and proper insurance is maintained for the Facility;
- 3.5.9 To adopt policies, procedures, and rules for the proper management of the operational affairs of the Facility including the protection of tangible property and assets of the Facility;
- 3.5.10 To make, amend, and adopt underwriting rules and practices which are consistent with the purpose of the Pennsylvania FAIR Plan Act (Act 233 of 1, 1968 as amended), for the issuance of insurance coverage.
- 3.5.11 To adopt and amend Rules of Procedure, if any, for its Committees; and
- 3.5.12 To perform those acts required by Article XIII, Section 2 of the Constitution to be performed upon dissolution of the Facility.

Nothing contained herein shall limit the duties and responsibilities usually reserved to a Board of Directors.

ARTICLE IV

OFFICERS OF THE BOARD OF DIRECTORS

- 4.1 The officers of the Board of Directors shall be a Chairman and Vice Chairman.
- 4.2 The Chairman and Vice Chairman of the Board of Directors shall be elected by the Board of Directors at its Organizational Meeting, which shall follow the annual meeting of the Members of the Facility. If more than two candidates are nominated for any office, the winner shall be determined by a run-off election between the two candidates receiving the highest vote.
- 4.3 The term of office shall be one year or until a successor is elected.
- 4.4 The Chairman of the Board of Directors shall oversee the activities of the President. The Chairman shall preside at all meetings of the Facility Members and of the Board of Directors. The Chairman shall be an ex-officio member of all committees of the Board.
- 4.5 The Vice Chairman of the Board of Directors shall act in place of the Chairman in his absence.

ARTICLE V

MEETINGS OF THE BOARD OF DIRECTORS

- 5.1 Regular meetings of the Board of Directors shall be held at such dates, times, and places as shall, from time to time, be determined by the Chairman. At least two meetings of the Board of Directors shall be conducted annually. Four (4) Directors shall constitute a quorum.
- 5.2 One regular meeting of the Board of Directors shall be held in April of each year and shall be designated as the Organizational Meeting of the Board of Directors. Said meeting shall be separate from that of the Members of the Facility.

- 5.3 Special meetings of the Board of Directors may be called by the Chairman of the Board, or by one-third of the total number of Directors, or upon written or electronic request of Members representing not less than a total of twenty (20%) percent of the total participation in the Facility (as defined in Article 1, Section 1.2). The Chairman of the Board of Directors shall determine the date, time and place of such meetings. However, they must be held within thirty (30) days of the specified call or written request.
- 5.4 Written or electronic notice of every regular and special meeting of the Board of Directors shall be given to the designated representative of each Director at least seven (7) days prior to the date of the meeting. The notice shall include the place, day, hour, and general nature of the business to be transacted. The notice shall be directed to the address appearing on the records of the Facility. Should the need arise for an emergency meeting (defined as a meeting necessitated by events which will have an imminent and substantial impact upon the Facility or its operation), the notice required shall be 24 hours notice by direct telephone contact.
- 5.5 A waiver in writing signed by a Director entitled to notice shall be deemed equivalent to notice. Except for a special meeting, the specific business to be transacted need not be stated in the waiver. Such waiver may be made before or after the time of notice required by this Article.
- 5.6 Emergency meetings of the Board of Directors may be conducted by conference telephone call. All Directors must agree to hold the special meeting in this manner.
- 5.7 Any matter may be proposed and voted upon by telephone or mail, if the Chairman of the Board authorizes a telephone or mail vote. A negative vote on the proposed matter by a single Director shall require a special meeting for any further consideration of the matter so proposed.

ARTICLE VI

COMMITTEES OF THE BOARD OF DIRECTORS

- 6.1 Board Committees. There shall be a standing Executive/Finance/Audit Committee. The Executive/Finance/Audit Committee must consist of three or more Directors and shall not include non-Director members.
- 6.2 The Executive/Finance/Audit Committee is the only Committee that shall exercise the authority of the Board and shall exercise such authority only within the scope of its Charter and as required by applicable law or regulation. All standing Committees other than the Executive/Finance/Audit Committee are Advisory Committees.
- 6.3 Advisory Committees. The standing Advisory Committees are: Accounting/Investment, Claims, and Underwriting.
- 6.4 Advisory Committees may not exercise the authority of the Board, but shall make recommendations to the Board on matters within the purview of their respective charters.
- 6.5 Special Committees. The Board may create and dissolve, at its discretion, Special Committees. Special Committees, when created, shall have all of the attributes of an Advisory Committee.
- 6.6 The membership of the Accounting/Investment, Claims, and Underwriting Committees and of any other Advisory or Special Committees created by the Board and not exercising the authority of the Board may include non-Directors as well as Directors. Non-Director members may be appointed as deemed necessary by the Board to augment the range of backgrounds and experience available to the Committee. The Committee Chairman may also appoint relevant specialists as non-member advisors, subject to the approval of the Chairman of the Board.
- 6.7 The Chairman of the Board of Directors shall be an ex-officio member of all Board, Advisory or Special Committees.

- 6.8 Additional Advisory Committees or Special Committees may be created by the Board of Directors as deemed necessary.
- 6.9 The terms of office of the Chairman and Board members of Standing Committees shall coincide with the term of the Chairman of the Board of Directors. Non-Director Members of Advisory or Special Committees serve at the pleasure of the Board.
- 6.10 A majority of the number of regular (non-ex-officio) members of each Committee shall constitute a quorum.
- 6.11 All business of the Committee shall be transacted by a majority vote of those committee members present.
- 6.12 Written or electronic notice of each Committee meeting shall be given to each committee member at least five (5) days prior to the date of the meeting. The notice shall include the place, day, hour and general nature of the business to be transacted. The notice shall be directed to the Committee members at the address appearing on the records of the Facility.
- 6.13 The Committee Chairman may authorize some or all committee meetings to be conducted by conference telephone call.

ARTICLE VII

ADMINISTRATIVE PROCESSES

- 7.1 The President of the Facility shall be appointed and employed by the Board of Directors and shall act as chief executive and operating officer of the Facility.
- 7.2 The President shall manage the operations of the Facility which shall include the following:

- 7.2.1 Be directly accountable to the Board of Directors;
- 7.2.2 Implement the operational policies, programs, and procedures determined by the Board of Directors;
- 7.2.3 Direct the Facility's activities;
- 7.2.4 Coordinate the work of the Board of Directors and the staff of the Facility;
- 7.2.5 Provide for the employment, supervision, direction, and training of the staff of the Facility, and give professional leadership to the employees of the Facility;
- 7.2.6 Provide for the preparation of all budget and necessary reports of the Facility;
- 7.2.7 Keep the Board of Directors informed of the operations and programs of the Facility;
- 7.2.8 Represent the Facility on the state, and national level, and interpret the services and programs offered under the Facility's direction;
- 7.2.9 Sign all checks, applications, proposals, purchase of service contracts, policies of insurance, trust agreements, and any other documents or contracts that are required or approved by the Board of Directors, and sign as a representative of the Facility forms required by the Internal Revenue Service and any other forms legitimately required by governmental authority, including but not limited to the Insurance Department of Pennsylvania;
- 7.2.10 Keep accurate records of the acts and proceedings of all meetings of the Members of the Facility and of the Board of Directors and its Committees and to give required notices; and
- 7.2.11 Perform such other duties as shall be delegated by the Board of Directors.

ARTICLE VIII

INDEMNIFICATION

- 8.1 Any person or insurer that is or was a Member, Director, officer, employee, or committee member or representative thereof in the Facility, shall be indemnified by the Facility against any and all liability and reasonable expenses (including, but not limited to, counsel fees and disbursements and amounts paid in settlement or in satisfaction of judgments or as fines or penalties) paid or incurred by them in connection with, or resulting from any action, suit or proceeding, including any pending action or appeal related thereto, in which they may be involved or threatened to be involved, as a party or otherwise (except as a plaintiff), personally or in the name of the Facility by reason of them being or having been a representative of the Facility, or by reason of any action taken or not taken in the course of their position as such representative of the Facility, provided that there shall be no such indemnification unless the representative acted in a manner which they reasonably believed to be in or not opposed to the best interests of the Facility, and with respect to any criminal action and proceeding, unless the representative had no reasonable cause to believe their conduct was unlawful. Such complete indemnification shall specifically include all negligent acts or omissions. If such representative has been adjudged to be liable for intentional misconduct in the performance of their duty to the Facility, then such person shall not be indemnified unless (and only to the extent that) the Court of Common Pleas of the county in which the registered office of the Facility is located, or such other court in which such action or suit was brought, shall determine upon application that despite the adjudication of liability, but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses as the said Court of Common Pleas or such other court shall deem proper. The termination of any action, suit or proceeding, whether civil, criminal, administrative or investigative by judgment, order settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not of itself create a presumption that the representative did not meet the standards of conduct as set forth in this Article.
- 8.2 If there has been no adjudication on the merits and no award by the court (as is specified in Section 8.1 of this Article), indemnification under this Article shall be granted by the Board of Directors, provided that the Board of Directors by a

majority vote of a majority of the total number of Directors not parties to such action, suit or proceeding, shall find that the representative has met the applicable standards of conduct set forth in Section 8.1, or, if no such majority is obtainable (or even if obtainable, if the majority so directs), upon the written determination of independent legal counsel that in its opinion the applicable standards of conduct have been met.

- 8.3 Reasonable expenses incurred by such a representative with respect to any action, suit, or proceeding of the character described in Section 8.1 of this Article, shall be advanced by the Facility prior to the final disposition thereof, upon receipt of an undertaking by or on behalf of the representative to repay such amount of expense, unless it shall ultimately be determined that they are entitled to indemnification under this Article.
- 8.4 The right of indemnification provided by this Article shall be in addition to any rights to which any such representative may be entitled under any contract, vote of disinterested Directors or otherwise, and shall continue as to a person who has ceased to be such a representative of the Facility, and in the event of such person's death, the rights provided under the terms of this Article shall inure to their heirs and legal representatives. Provided however, in the event that the Facility has purchased insurance by any nature under which a person designated under Section 8.1 is an insured, there shall be no right to reimbursement for expenses of the nature described in Section 8.1 unless approved by the Board.
- 8.5 The Facility shall have the power to purchase and maintain insurance on behalf of any person or insurer that is or was a Member, Director, Officer, Employee or Committee Member or Representative thereof in the Facility against any liability asserted against them and incurred by them in any such capacity arising out of their status as such, whether or not the Facility would have the power to indemnify them in such liability under the provisions of the section.

ARTICLE IX

SAVING CLAUSE

- 9.1 If any section of these By-Laws is declared illegal or in violation of public policy, such declaration shall not destroy the application of effect of the other sections of these By-Laws.

ARTICLE X

AMENDMENTS TO THE BY-LAWS

- 10.1 These By-Laws may be adopted, amended, repealed or suspended, at any meeting of the Members of the Facility by a two-thirds ($\frac{2}{3}$) majority vote of all the members. The two-thirds ($\frac{2}{3}$) majority shall be weighted voting as provided in Article II, Section 2.7. Notice of the proposed changes must be included in the notice of the meeting provided to the Members.
- 10.2 Written or electronic notice of proposed changes to the By-Laws shall be sent to the President of the Facility and to the Chairman of the Board of Directors at least ninety (90) days in advance of any action upon the By-Laws by the members. The President or the Chairman shall send the proposed changes to the membership sixty (60) days before the meeting set for a vote of the proposed changes. The Board of Directors shall review the proposed changes prior to the said meeting of the Members of the Facility.
- 10.3 Amendments of the By-Laws may be initiated by resolution of the Board of Directors.
- 10.4 Final action of an amendment, repeal, or suspension of the By-Laws is the exclusive responsibility of the Members of the Facility. Upon adoption of by the Members and approval of the Insurance Commissioner, the revised By-Laws are intended to control all legal acts and resolutions of the Members and Directors of the Facility in conjunction with the By-Laws.
- 10.5 These By-Laws and any amendment, repeal, or suspension are subject to the approval of the Insurance Commissioner of Pennsylvania. These By-Laws and any amendment, repeal, or suspension shall not be effective until submitted to the Insurance Commissioner of Pennsylvania and approved by him/her in the manner prescribed by law.

ARTICLE XI

GENERAL PROVISIONS

- 11.1 The fiscal year of the Facility shall be the calendar year.
- 11.2 For purposes of interpretation where the context so requires, the masculine gender shall include the feminine and neuter, the singular shall include the plural, and the plural shall include the singular.
- 11.3 Persons and entities other than those whose attendance would otherwise be appropriate because of their position as Members, Directors, non-Director Committee members or advisors or employees of the Facility, or their affiliation with Members, may be authorized from time to time to attend and participate in meetings of the members, the Board of Directors, and committees of the Board.

ARTICLE XII

EFFECTIVE DATE

- 12.1 These By-Laws shall become effective thirty (30) days after the latter of the following events, both of which must occur for them to become effective:
- a) Approval by the members of the Facility; and
 - b) Approval by the Insurance Commissioner of Pennsylvania.