

BY-LAWS
OF
INDEPENDENT SCHOOLS
COMPENSATION CORPORATION

Section 1. DEFINITIONS

The following terms as utilized in these By-Laws shall have the meanings set forth in this Section.

1.1. Administrator. The Administrator shall mean an individual, partnership, corporation or unincorporated association engaged by the Corporation pursuant to Section 4 of these By-Laws to carry out the policies established by the Board of Directors and to provide daily management of the Corporation.

1.2. Application and Indemnity Agreement. The Application and Indemnity Agreement shall mean each Application and Indemnity Agreement entered into between this Corporation and a Member of the Corporation and, collectively, all such Application and Indemnity Agreements as from time to time in effect, whether before or after the date of adoption of these By-Laws.

1.3. Contribution. A Contribution shall be a payment to the Fund made by a Member in response to an assessment in accordance with these By-Laws, the Application and Indemnity Agreement, or any other laws, rules, regulations, policies and procedures pursuant or incident thereto. Without limiting the generality of the foregoing, Contributions shall consist in part of required premium payments and other payments made by Members to cover the costs of purchasing excess insurance, establishing and maintaining a Claims Fund Account, and establishing and maintaining an Administrative Fund Account.

1.4. Fund. The Fund shall mean the sum of all Contributions made by Members pursuant to these By-Laws, the Application and Indemnity Agreement, and any rules, regulations, policies and procedures pursuant or incident thereto; all monies, contracts, policies or properties received by the Group from the Members for the uses and purposes set forth in these By-Laws, the Application and Indemnity Agreements, and any rules, regulations, policies and procedures pursuant or incident thereto; and all income, gains and all other increments of any nature whatsoever therefrom.

1.5. Fund Year. The Fund Year shall mean a period of twelve (12) consecutive months identified from time to time by the Board of Directors. The initial Fund Year shall be as initially set forth in the Articles of Organization of the Corporation. A Fund Year may be a period of fewer than twelve (12) months if it is the first or last such year or termination date of the Fund Year ("Partial Fund Year").

1.6. Group. The Group shall mean this Corporation, a Workers' Compensation Self-Insurance Group established pursuant to and in accordance with Sections 25E through 25U of Chapter 152 of the General Laws of the Commonwealth of Massachusetts. The Group may also be referred to as the Independent Schools Compensation Corporation.

1.7. Insurer. An insurer shall mean any insurance company providing an insurance contract to the Corporation including, without limitation, any policy or policies that the Board of Directors deems necessary or prudent for proper operation of the Fund; or providing any benefit, direct or indirect, to any Member.

1.8. Risk Reduction Programs. Risk Reduction Programs shall mean programs instituted by the Board of Directors or by the Administrator acting on behalf of the Board of Directors and designed to manage and reduce the incidence and severity of illness, injury, and disability on the part of workers employed by the Members. Risk Reduction Programs shall be undertaken by each Member with the goal of reducing, limiting or managing workers' compensation claims and losses incurred by each Member. Risk Reduction Programs shall include, without limitation, the following:

- (a) Injury prevention activities;
- (b) Management systems and training, including modified duty programs;
- (c) Medical delivery systems;
- (d) Case management; and
- (e) Management Information Systems.

Section 2. NAME, PURPOSES, LOCATION, CORPORATE SEAL AND FISCAL YEAR

2.1. Name and Purposes. The name and purposes of the Corporation shall be as set forth in the Articles of Organization.

2.2. Location. The principal office of the Corporation in the Commonwealth of Massachusetts shall initially be located at the place set forth in the Articles of Organization of the Corporation. The Board of Directors may change the location of the principal office in the Commonwealth of Massachusetts effective upon filing a certificate with the Secretary of the Commonwealth.

2.3. Corporate Seal. The Board of Directors may adopt and alter the seal of the Corporation.

2.4. Fiscal Year. The fiscal year of the Corporation shall be as determined by the Board of Directors.

Section 3. MEMBERS

3.1. Number and Selection. The Members of the Corporation shall be those entities who from time to time are Members of the Group; provided that the number of Members shall at no time be fewer than five (5). The incorporator(s) at their initial meeting shall designate the initial Members and elect the Members so designated. Thereafter, the Board of Directors acting at any special or regular meeting, in accordance with rules, regulations, policies and procedures adopted by the Board of Directors, may accept new Members qualified pursuant to Section 3.2 hereof and may suspend or terminate Members who become disqualified pursuant to Section 3.7 hereof.

3.2. Qualifications. To be eligible for membership, an entity must:

- (a) Be engaged in the business of non-profit education or a related non-profit industry in the Commonwealth of Massachusetts;
- (b) Be a Member in good standing of a bona fide industry, trade or professional organization designated by the Board of Directors;
- (c) Complete and execute an Application and Indemnity Agreement approved by the Board of Directors, and deliver the same to the Board of Directors or the Administrator;
- (d) Meet such criteria as may be established and provide such information as may be deemed necessary and prudent by the Board of Directors, or upon approval of the Board of Directors, by the Administrator or an Insurer, including without limitation underwriting criteria and loss control and safety information as well as compliance with any applicable requirements that may be imposed by the Occupational Safety and Health Administration ("OSHA");

- (e) Receive written acceptance of membership from the Board of Directors or the Administrator; and
- (f) Make any and all Contributions to the Fund required under these By-Laws, the Application and Indemnity Agreement, and any other rules, regulations, policies, or procedures pursuant or incident thereto.

3.3 Classes of Membership. There shall be two classes of Members, designated as "Class A Members" and "Class B Members." Class A shall consist of those Members who at the time first accepted into membership had an annual manual Massachusetts workers' compensation premium less than three hundred fifty thousand dollars (\$350,000) and/or who reported a total fund balance less than two hundred million dollars (\$200,000,000). Class B shall consist of those Members who at the time first accepted into membership had an annual manual Massachusetts workers' compensation premium equal to or greater than three hundred fifty thousand dollars (\$350,000) and whose total fund balance was equal to or greater than two hundred million dollars (\$200,000,000). For purposes of determining Member class, manual premium shall mean the sum total for all applicable payroll classifications of the premiums developed by multiplying the approved rate for each payroll classification by the payroll in \$100's assignable to that payroll classification. Unless otherwise noted herein, the term "Member" shall refer to both Class A and Class B Members. After initial acceptance, Members shall not be transferred between Classes.

3.4. Acceptance as Member. Membership shall be effective upon acceptance and execution of that Member's Application and Indemnity Agreement by the Board of Directors. The Application and Indemnity Agreement signed by the Member shall indicate whether the Member is a Class A or a Class B Member.

3.5. Effect of Membership. Upon acceptance as a Member pursuant to Section 3.4 hereof, each Member shall agree to be bound by the terms and provisions of these By-Laws, the Application and Indemnity Agreement, and any other rules, regulations, policies and procedures pursuant or incident thereto, including any rules, regulations, policies and procedures required by an Insurer or the Division of Insurance or other governmental entities, then in effect or adopted from time to time by the Board of Directors.

3.6. Powers and Rights. In addition to the right to elect Directors as provided in Section 4.3 hereof; such other powers and rights as are vested in them by law, the Articles of Organization or these By-Laws; and such other powers and rights as the Board of Directors may designate; the Members shall have the right to coverage of their workers' compensation and employer's liability to the extent provided in the Application and Indemnity Agreement or as approved by the Board of Directors and to disposition of monies in excess of the amount necessary to fund obligations, as approved from time to time by the Board of Directors in accordance with Section 4.4.1 hereof.

3.7. Tenure and Renewal. Status as a Member shall be automatically renewed, unless and until terminated or withdrawn in accordance with Section 3.8 hereof.

3.8 Default, Termination and Withdrawal.

3.8.1.Default. A Member shall be deemed to be in default upon occurrence of any one (1) of the following conditions:

- (a) Termination or cessation for any reason of the Member's good standing or membership in the bona fide industry, trade or professional organization designated by the Board of Directors; or termination or cessation for any reason of the Member's engagement in education or a related industry within the Commonwealth of Massachusetts.
- (b) Termination of or default under the Application and Indemnity Agreement executed by the Member;
- (c) Failure by the Member to timely make any Contribution or payment required under these By-Laws, the Application and Indemnity Agreement, or any rules, regulations, policies and procedures promulgated pursuant or incident thereto;
- (d) Failure by the Member to continue to meet any criterion or provide any information required by the Board of Directors, the Administrator, or an Insurer, including, but not limited to, underwriting criteria;
- (e) Failure by the Member to comply with any term of these By-Laws, the Application and Indemnity Agreement, or any rules, regulations, policies and procedures pursuant or incident thereto;
- (f) Failure by the Member to use best efforts to cooperate with or participate in Risk Reduction Programs as defined in Section 1 hereof;
- (g) Insolvency or voluntary or involuntary bankruptcy of the Member or cessation of the Member's business activities;
- (h) Any action or conduct by the Member that is determined by the Board of Directors or the Administrator to warrant termination;
- (i) Failure of the Member to cooperate with claims agents or attorneys representing the Corporation.

Written notice of a default shall be delivered promptly to the Member by the Board of Directors or the Administrator. If, within thirty (30) days following receipt of notice of default, the Member corrects the condition giving rise to the default, to the reasonable satisfaction of the Board of Directors or the Administrator, the default shall be deemed to be cured. If correction does not occur, all rights and privileges of the Member shall terminate

in accordance with Section 3.8.2 hereof. If the default is due to a reason other than non-payment of premium, the Member shall be entitled to a hearing prior to termination.

If the default is due to non-payment of premium, a Reminder Notice shall be issued five (5) days after the premium is due. If premium is not received within fifteen (15) days after the Reminder Notice is issued, a written notice of termination may be immediately delivered by certified mail to the Member by the Board of Directors or the Administrator. The amount due will include the past due amount and the next installment due, if any. If the default is not corrected and the total due has not been received within thirty (30) days after the notice of termination is issued, all rights and privileges of membership, including workers' compensation and employer's liability coverage and all other benefits hereunder shall terminate in accordance with Section 3.8.2 hereof. If the premium is paid within thirty (30) days of receipt of the notice of termination by the Member, the Group may charge a late fee and take such other action as set forth in these By-Laws, the Application and Indemnity Agreement and the rules, regulations, policies and procedures pursuant or incident thereto.

If a check is returned for non-sufficient funds, a written notice of termination for non-payment of premium will be issued immediately. The amount due will include the new past due amount, the next installment due, if any, and any applicable late fees if over thirty (30) days.

3.8.2 Termination.

If a condition of default is not corrected by the Member pursuant to Section 3.8.1 hereof, the Board of Directors or the Administrator shall deliver written notice of termination to the Member and to the Division of Insurance and the Department of Industrial Accidents, Commonwealth of Massachusetts. All rights and privileges of membership, including workers' compensation and employer's liability coverage and all other benefits hereunder, shall terminate at the end of thirty (30) days following receipt by the Member of such written notice of termination (the "Termination Date"), unless the Corporation is notified sooner by the Massachusetts Department of Industrial Accidents that the terminated Member has procured other compensation insurance, has become a self-insurer, or has become a member of another self-insurance workers compensation group.

Once a Member has received notice of termination as prescribed herein, the Member shall not be empowered or authorized to attend any annual, regular or special meeting of the Members, or to participate in or vote on any matter considered by the Members, whether at a meeting or by writing. The Group shall have all remedies at law or equity and under the terms of the Application and Indemnity Agreement with respect to a Member who is terminated.

3.8.3. Withdrawal.

A Member may submit notice of its intent to withdraw from membership in the Group at any time; provided that the Member shall submit such written notice of withdrawal to the Administrator and the Board of Directors at least 180 days prior to the end of the Full Fund Year in which withdrawal is to be effective. Withdrawal shall be effective at the close of the Initial Membership Term or Full Fund Year in which such timely written notice was received. The Group shall deliver written notice of withdrawal to the Commissioner of Insurance and the Department of Industrial Accidents at least ten (10) days in advance of the effective date of withdrawal.

Termination, suspension and withdrawal of membership shall in no way affect the indemnification obligations of the Member under the Application and Indemnity Agreement or these By-Laws.

3.9. Annual Meeting. The annual meeting of the Members shall be held on the third Thursday of June or such date as may be designated by the Board of Directors, of each year or, if that date is a legal holiday in the place where the meeting is to be held, then on the next succeeding day not a legal holiday. The annual meeting may be held at the principal office of the Corporation or at such other place within the United States as the President, Members or Directors shall determine. No change in the date fixed in the By-Laws for the annual meeting shall be made within sixty days before the date stated in the By-Laws, and notice of any change in the date fixed in the By-Laws for the annual meeting shall be given to Members at least twenty days before the new date for such meeting.

If an annual meeting is not held as herein provided, a special meeting of the Members may be held in place thereof with the same force and effect as the annual meeting, and in such case all references in these By-Laws, except in this Section 3.8 3.9, to the annual meeting of the Members shall be deemed to refer to such special meeting. Any such special meeting shall be called and notice shall be given as provided in Sections 3.11 and 3.12.

3.10. Regular Meetings. Regular meetings of the Members may be held at such places within the United States and at such times as the Members may determine.

3.11. Special Meetings. Special meetings of the Members may be held at any time and at any place within the United States. Special meetings of the Members may be called by the President or by the Board of Directors, and shall be called by the Clerk, or in the case of the death, absence, incapacity or refusal of the Clerk, by any other officer, upon written application of three (3) or more Members.

3.12. Call and Notice.

(a) Annual and Regular Meetings. No call or notice shall be required for annual or regular meetings of Members, provided that reasonable notice (i) of the first regular meeting following the determination by the Members of the times and places for regular meetings shall be given to absent Members, (ii) of an annual meeting not held at the principal office of the Corporation shall be given to each Member, (iii) specifying the purpose of an annual or regular meeting shall be given to each Member if there is to be considered at the meeting contracts or transactions of the Corporation with interested persons, amendments to these By-Laws (as adopted by the Board of Directors or otherwise), termination or suspension of a Member or Director, or an increase or decrease in the number of Members or Directors and (iv) shall be given as otherwise required by law, the Articles of Organization or these By-Laws.

(b) Special Meetings. Reasonable notice of the time and place of special meetings of the Members shall be given to each Member. Such notice need not specify the purposes of a meeting, unless otherwise required by law, the Articles of Organization or these By-Laws or unless there is to be considered at the meeting (i) contracts or transactions of the Corporation with interested persons, (ii) amendments to these By-Laws (as adopted by the Board of Directors or otherwise), (iii) an increase or decrease in the number of Directors, or (iv) termination or suspension of a Director.

(c) Sufficient Notice. Except as otherwise expressly provided, it shall be sufficient notice to a Member to send notice by mail, e-mail or commercial expedited delivery at least five (5) business days before the meeting addressed to the last known address of the Member as shown by the records of the Corporation or to give notice in person or by telephone or e-mail to a duly authorized representative of the Member at least twenty-four hours before the meeting.

(d) Waiver of Notice. Whenever notice of a meeting is required, such notice need not be given to any Member if a written waiver of notice, executed by a duly authorized representative of the Member before or after the meeting, is filed with the records of the meetings of the Members. A waiver of notice need not specify the purposes of the meeting unless such purposes were required to be specified in the notice of such meeting.

3.13. Quorum. At any meeting of the Members a majority of the representatives of the Members shall constitute a quorum. Any meeting may be adjourned to such date or dates not more than ninety (90) days after the first session of the meeting by a majority of the votes cast upon the question, whether or not a quorum is present, and the meeting may be held as adjourned without further notice. When a quorum is present, a majority of the representatives of the Members present in person or by proxy may decide any matter on which the Members may vote, unless these By-Laws require a larger vote.

3.14. Action by Vote. Each Member shall have one vote. When a quorum is present at any meeting, a majority of the votes properly cast by Members duly represented shall decide any question, including election to any office, unless otherwise provided by law, the Articles of Organization or these By-Laws.

3.15. Action by Consent In Writing. Any action required or permitted to be taken at any meeting of the Members may be taken without a meeting if all Members entitled to vote on the matter consent to the action in writing and the written consents are filed with the records of the meetings of the Members. Such consents shall be treated for all purposes as a vote at a meeting.

3.16. Presence Through Communications Equipment. Unless otherwise provided by law or the Articles of Organization, the Members may participate in a meeting of the Members by means of a conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other at the same time. Participation by such means shall constitute presence in person at a meeting.

3.17. Proxies. Members may vote either in person through a designated representative or by written proxy dated not more than six months before the meeting named therein, which proxies shall be signed by the Member and filed before being voted with the Clerk or other person responsible for recording the proceedings of the meeting at or before the commencement of the meeting. Unless otherwise specifically limited by their terms, such proxies shall entitle the holders thereof to vote at any adjournment of the meeting but the proxy shall terminate after the final adjournment of such meeting.

3.18. Compensation. Members shall be entitled to receive for their services such amount, if any, as the Board of Directors may determine, which may include expenses of attendance at meetings. Members shall not be precluded from serving the Corporation in any other capacity and receiving compensation for any such services.

3.19. Access to Books. Members shall allow reasonable access to the Board of Directors and the Administrator or their agents on reasonable notice to their respective facilities and to all records, including but not limited to financial records and budget and audit information for any fiscal year.

3.20. Attorneys. Members shall agree to be represented by attorneys employed by the Corporation, by the Administrator or by an Insurer in connection with investigations, settlement discussions, and all levels of litigation arising out of any claim made against a Member within the scope of workers' compensation and employer's liability protection furnished by the Group, and shall cooperate fully with any such attorney.

3.21. Indemnification. The Members and the Group shall comply with the provisions of Chapter 152 of the Massachusetts General Laws, as from time to time amended, and shall defend, indemnify and hold harmless (a) each other and (b) every other Member of the Group which executes and delivers to the Group or its Administrator an Application and Indemnity Agreement, from and against any claim or damage arising from non-compliance by the indemnitor with a provision of said Chapter 152. Although recourse for any and all payments of workers' compensation and employers' liability benefits covered by the Group's Certificate of Coverage to a Member shall first be made to the Group's assets (but not the individual assets of any Member of the Group), the Members understand, acknowledge and agree that, under said Chapter 152, each Member is jointly and severally liable for the workers' compensation and employers' liability obligations of the Group and its Members which were incurred during the Member's period of membership in the Group, irrespective of the subsequent termination of the Member's membership in the Group, the insolvency or bankruptcy of another Member within the Group, or other facts or circumstances. Notwithstanding any other provision of these By-Laws, this Section 3.21 shall not be amended without the approval of the Massachusetts Division of Insurance, so long as the statutory requirements of such joint and several liability remain in place.

Section 4. BOARD OF DIRECTORS

4.1. Number and Qualification.

- (a) The Board of Directors shall at any time consist of a number of individuals not to exceed the number of Members of the Corporation at the time, but in no event fewer than three (3). At least two (2) Directors shall be employees, officers, or trustees of Members of the Group and shall be residents of the Commonwealth of Massachusetts, and/or officers of Corporations authorized to do business in the Commonwealth of Massachusetts.
- (b) Class A Members shall be represented by not less than nine (9) Directors. A majority shall be employees, officers, or trustees of Class A Members.
- (c) The following Class B Members (Amherst College, Clark University, College of the Holy Cross, Smith College, Wellesley College) may each nominate to the Board (1) one employee, officer or trustee. The Board may elect the Nominee as a Director who will serve at the discretion of the nominator.

4.2. Term of Office. The term of office of each Class A Director shall be three (3) years unless a lesser term is necessary to achieve a rotating plan of terms designed to provide continuity to Board service.

4.3. Election. Every year, Class A Members shall elect Directors to replace those Directors whose appointed or elected terms are expiring. Each Member shall have one (1) vote with respect to each position to be filled. The nominee(s) receiving the greatest number of votes shall be elected to the position(s) to be filled.

4.3.1 Enlargement of the Board. The number of the Board of Directors may be increased and one or more additional directors elected at any special meeting of the Members called for such purpose, or by a two-thirds (2/3) vote of the Board of Directors.

4.4. Powers. The affairs of the Corporation shall be managed by the Directors, who shall have and may exercise all the powers of the Corporation except those powers reserved to the Members by law, the Articles of Organization or these By-Laws.

4.4.1. Rules, Regulations, Policies and Procedures. Without limiting the generality of the foregoing, the Board of Directors shall have the power to adopt and issue rules, regulations, policies and procedures which shall be binding upon the Members and the Administrator, in connection with the following:

- (a) Acceptance of applicants for membership, including establishment of underwriting and other criteria and qualifications for membership;
- (b) Assessment of Contributions to the Fund, including determination of the level of premiums, administrative costs, entry fees, and other assessments and the timing and form of payment of such Contributions;
- (c) Administration and management of the Fund, including investment and reinvestment of monies;
- (d) Disposition of monies in excess of the amount necessary to fund all obligations of the Corporation, including but not limited to adequate contingency reserves;

- (e) Payment of workers' compensation claims and losses incurred by Members, including establishment of reporting obligations and documentation requirements related to such claims, investigation procedures and settlement guidelines;
- (f) Purchase of insurance or reinsurance and surety bonds in amounts deemed necessary by the Board of Directors;
- (g) Institution of Risk Reduction Programs to be conducted by and in cooperation between the Administrator and the Members.

4.5. Committees. The Board of Directors may elect, from time to time, or appoint one or more committees and may delegate to any such committee or committees any or all of its powers. Any committee to which the powers of the Board are delegated shall consist solely of Directors. Unless the Board otherwise designates, committees shall conduct their affairs in the same manner as is provided in these By-Laws for the Board of Directors. The Members of any committee shall remain in office at the pleasure of the Directors.

4.6. Administrator. The Board of Directors shall appoint an Administrator as defined in Section 1 hereof, and may delegate to such Administrator such powers and duties of the Directors as are permitted by law, the Articles of Organization or these By-Laws. The Administrator shall serve at the pleasure of the Directors.

4.7. Suspension or Removal. A Director may be suspended or removed with or without cause by a vote of two-thirds (2/3) of the Members.

4.8. Termination or Withdrawal of Member. No Director shall be empowered or authorized to attend any annual, regular or special meeting of the Board of Directors, or to participate in or vote on any matter considered by the Directors, whether at a meeting or by writing, on or after the date upon which the Member by whom the Director is employed or associated receives written notice of termination pursuant to 3.7.2 3.8.2 hereof. The tenure of a Director shall expire automatically upon the effective date of withdrawal or the Termination Date of the Member by whom such Director is employed or associated.

4.9. Resignation. A Director may resign by delivering his or her written resignation to the principal place of business of the Member by whom the Director is employed or associated; and to the President or Clerk of the Corporation, to a meeting of the Members or Directors or to the Corporation at its principal office. Such resignation shall be effective upon receipt (unless specified to be effective at some other time) and acceptance thereof shall not be necessary to make it effective unless it so states.

4.10. Regular Meetings. Regular meetings of the Directors may be held at such places and at such times as the Directors may determine.

4.11. Special Meetings. Special meetings of the Directors may be held at any time and at any place when called by the President or by two or more Directors.

4.12. Call and Notice.

- (a) Regular Meetings. No call or notice shall be required for regular meetings of Directors, provided that reasonable notice (i) of the first regular meeting following the determination by the Directors of the times and places for regular meetings shall be given to absent Directors, (ii) specifying the purpose of a regular meeting shall be given to each Director if there are to be considered at the meeting contracts or transactions of the Corporation with interested persons, amendments to these By-Laws, removal or suspension of a Director, or an increase or decrease in the number of Members or Directors and (iii) shall be given as otherwise required by law, the Articles of Organization or these By-Laws.
- (b) Special Meetings. Reasonable notice of the time and place of special meetings or electronic meetings of the Directors shall be given to each Director. Such notice need not specify the purposes of a meeting, unless otherwise required by law, the Articles of Organization, these By-Laws or unless there is to be considered at the meeting (i) contracts or transactions of the Corporation with interested persons, or (ii) amendments to these By-Laws; (iii) or termination or suspension of a Director or (iv) an increase or decrease in the number of Members or Directors.
- (c) Sufficient Notice. Except as otherwise expressly provided, it shall be sufficient notice to a Director to send notice by mail or e-mail or commercial expedited delivery service at least forty-eight (48) hours or by telegram at least twenty-four (24) hours before the meeting addressed to him or her at his or her usual or last known business or residence address or to give notice to him or her in person or by telephone or e-mail at least twenty-four (24) hours before the meeting.
- (d) Waiver of Notice. Whenever notice of a meeting is required, such notice need not be given to any Director if a written waiver of notice, executed by him/her (or his/her attorney thereunto authorized) before or after the meeting, is filed with the records of the meeting, or to any Director who attends the meeting without protesting prior thereto or at its commencement the lack of notice to him or her. A waiver of notice need not specify the purposes of the meeting unless such purposes were required to be specified in the notice of such meeting.

4.13. Quorum. At any meeting of the Directors a majority of the Directors then in office shall constitute a quorum. Any meeting may be adjourned by a majority of the votes cast upon the question, whether or not a quorum is present, and the meeting may be held as adjourned without further notice.

4.14. Action by Vote. When a quorum is present at any meeting, a majority of the Directors present and voting shall decide any question, including election of officers, unless otherwise provided by law, the Articles of Organization, or these By-Laws.

4.15. Action by Consent In Writing. Any action required or permitted to be taken at any meeting of the Directors may be taken without a meeting if all the Directors consent to the action in writing and the written consents are filed with the records of the meetings of the Directors. Such consents shall be treated for all purposes as a vote at a meeting.

4.16. Presence Through Communications Equipment. Unless otherwise provided by law or the Articles of Organization, members of the Board of Directors may participate in a meeting of such Board by means of a conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other at the same time and participation by such means shall constitute presence in person at a meeting.

4.17. Compensation. Directors shall be entitled to receive for their services such reasonable amount, if any, as the Directors may from time to time determine, which may include expenses of attendance at meetings. Directors shall not be precluded from serving the Corporation in any other capacity and receiving compensation for any such services.

Section 5. OFFICERS AND AGENTS

5.1. Number and Qualification. The officers of the Corporation shall be a President, Vice President or Vice Presidents, Treasurer, Clerk, and such other officers, if any, as the Directors may determine. The Corporation may also have such agents, if any, as the Directors may appoint. The President and Treasurer of the Corporation must be Directors; the Clerk need not be a Director. The Clerk shall be a resident of Massachusetts unless the Corporation has a resident agent duly appointed for the purpose of service of process. A person may hold more than one office at the same time. If required by the Directors, any officer shall give the Corporation a bond for the faithful performance of his or her duties in such amount and with such surety or sureties as shall be satisfactory to the Board of Directors.

5.2. Election. The President, Treasurer, and Clerk shall be elected annually by the Directors at their first meeting following the annual meeting of the Members. Other officers, if any, may be elected by the Directors at any time..

5.3. Tenure. The President, Treasurer, and Clerk shall each hold office until the first meeting of the Directors following the next annual meeting of the Members and until his or her successor is chosen and qualified, and each other officer shall hold office until the first meeting of the Directors following the next annual meeting of the Members unless a shorter period shall have been specified by the terms of his or her election or appointment, or in each case until he or she sooner dies, resigns, is removed or becomes disqualified. Each agent shall retain his or her authority at the pleasure of the Directors.

5.4. President and Vice Presidents. The President shall be the Chief Executive Officer of the Corporation and, subject to the control of the Directors, shall have general charge and supervision of the affairs of the Corporation. The President shall preside at all meetings of the Members and, at all meetings of the Directors, except as the Members or Directors otherwise determine.

The Vice President or Vice Presidents, if any, shall have such duties and powers as the Directors shall determine. The Vice President, or first Vice President if there are more than one, shall have and may exercise all the powers and duties of the President during the absence of the President or in the event of his or her inability to act.

5.5 Treasurer. The Treasurer shall be the chief financial officer and the chief accounting officer of the Corporation. He or she shall have such duties and powers as designated by the Directors or the President.

5.6. Clerk.. The Clerk shall record and maintain records of all proceedings of the Members and Directors in a book or series of books kept for that purpose, which book or books shall be kept within the Commonwealth at the principal office of the Corporation or at the office of its Clerk or of its resident agent and shall be open at all reasonable times to the inspection of any Member. Such book or books shall also contain records of all meetings of incorporators and the original, or attested copies, of the Articles of Organization and By-Laws and names of all Members and Directors and the address of each. If the Clerk is absent from any meeting of Members or Directors, a temporary Clerk chosen at the meeting shall exercise the duties of the Clerk at the meeting.

5.7. Suspension or Removal. An officer may be suspended or removed with or without cause by vote of a majority of Directors then in office. An officer may be removed for cause only after reasonable notice and opportunity to be heard.

5.8 Termination or Withdrawal of Member. If any officer is an agent or employee of a Member of this Corporation, the tenure of such officer shall expire automatically upon the effective date of withdrawal of such Member or upon the date on which the Member of whom the officer is an agent or employee receives written notice of termination pursuant to Section 3.8 ,hereof.

5.9. Resignation. An officer may resign by delivering his or her written resignation to the President or Clerk of the Corporation, to a meeting of the Members or Directors, or to the Corporation at its principal office. Such resignation shall be effective upon receipt (unless specified to be effective at some other time), and acceptance thereof shall not be necessary to make it effective unless it so states.

5.10. Vacancies. If the office of any officer becomes vacant, the Directors may elect a successor. Each such successor shall hold office for the unexpired term, and in the case of the President, Vice President, Treasurer and Clerk until his or her successor is elected and qualified, or in each case until he or she sooner dies, resigns, is removed or becomes disqualified.

Section 6. INSPECTION OF BOOKS, ACCOUNTS AND RECORDS

Books, accounts and records of the Group shall be open to inspection during the normal business hours of the Group. The Board of Directors shall as soon as reasonably possible after the close of each Fund Year, or more often if convenient to the Directors, submit to the Members a report of the operations of the Fund for such Fund Year.

Section 7. EXECUTION OF PAPERS

Except as the Board of Directors may generally or in particular cases authorize the execution thereof in some other manner, all deeds, leases, transfers, contracts, bonds, notes, checks, drafts and other obligations made, accepted or endorsed by the Corporation shall be signed by the President or by the Treasurer.

Section 8. PERSONAL LIABILITY

a) The Directors and Officers of the Corporation and the Administrator shall not be personally liable for any debt, liability or obligation of the Corporation. All persons, corporations or other entities extending credit to it, contracting with, or having any claim against, the Corporation, may look only to the funds and property of the Corporation for the payment of any such contract or claim, or for the payment of any debt, damages, judgment or decree, or of any money that may otherwise become due or payable to them from the Corporation.

b) The Corporation may indemnify an individual who is a party to a proceeding because he or she is a Director against liability incurred in the proceeding if:

(1) (i) he or she conducted him or herself in good faith; and

(ii) he or she reasonably believed that his or her conduct was in the best interests of the Corporation or that his or her conduct was at least not opposed to the best interests of the corporation; and

(iii) in the case of any criminal proceeding, he or she had no reasonable cause to believe his or her conduct was unlawful.

The termination of a proceeding by judgment, order, settlement, or conviction, or upon a plea of nolo contendere or its equivalent, is not, of itself, determinative that the Director did not meet the relevant standard of conduct

described in this section.

Section 9. AMENDMENTS

These By-Laws may be altered, amended or repealed in whole or in part by vote of two-thirds (2/3) of the Directors then in office, except with respect to any provision thereof which by law, the Articles of Organization or these By-Laws requires action by the Members. Not later than the time of giving notice of the meeting of Members next following the amending or repealing by the Directors of any By-Laws, notice thereof stating the substance of such change shall be given to all Members. The Members may alter, amend or repeal any By-Laws adopted by the Directors or otherwise, or adopt, alter, amend or repeal any provision which by law, the Articles of Organization or these By-Laws requires action by the Members.

Section 10. DISSOLUTION

In the event that this Corporation is for any reason unable to function as a Workers' Compensation Self-Insurance Group in accordance with Sections 25E through 25U of Chapter 152 of the General Laws of the Commonwealth of Massachusetts, the Corporation shall be dissolved in accordance with the provisions of law.

Section 11. ENABLING LAW

11.1. Compliance with Enabling Law. It is intended that this Corporation shall operate pursuant to and in accordance with Massachusetts General Laws, Chapters 152, Sections 25E through 25U, as they may be amended from time to time ("the Enabling Law") and any regulations promulgated pursuant thereto. The Board of Directors shall cause the Corporation to comply with the provisions of the Enabling Law, including, but not limited to the following:

- (a) Establishment and maintenance of actuarially appropriate loss reserves which shall include reserves for known claims and expenses associated therewith and claims incurred but not reported and expenses associated therewith;
- (b) Submission of a performance report, a statement of financial condition audited by an independent certified public accountant, and other reports as may be required, to the Commissioner of Insurance in accordance with the provisions of Section 25N;
- (c) Segregation of all monies in a Claims Fund Account and an Administrative Fund Account; and
- (d) Limitation of investments to those permitted under Section 63 of Chapter 175.

11.2. Prohibited Actions. Unless such provisions of the Enabling Law are amended or deleted, the Board of Directors shall not:

- (a) Permit the Corporation to extend credit to individual Members of the Corporation for payment of a premium, except pursuant to a payment plan or plans approved by the Massachusetts Commissioner of Insurance; or
- (b) Borrow any money from the Corporation, or in the name of the Corporation, except in the ordinary course of business, without first advising the Massachusetts Commissioner of Insurance of the nature and purpose of the loan, and obtaining the prior approval thereof from said Commissioner.

Section 12. MISCELLANEOUS

12.1 Calculation of Surplus Funds and Assessments. Without in any way affecting any of the obligations of the Member and the Group pursuant to Section 3.21, the Member and the Group agree that Surplus Funds and Assessments shall be calculated based upon the profit and loss for each Member Class. In determining the profit and loss for each Member Class, the services and expenses applicable to Class A shall be paid for by Class A Members and the services and expenses applicable to Class B shall be paid for by Class B Members. One Class will not be responsible for subsidizing the losses (or able to share the profits) of the other Class with the exception that if the assets of the Group are at any time insufficient to enable the Group to discharge its legal liabilities and other obligations or to maintain the reserves required under the Enabling Statute and any regulations promulgated pursuant thereto, and the Members of the Class responsible for the deficiency do not forthwith make up the deficiency or levy an assessment, the Members of the other Class will be liable.

12.2 Apportionment of Assessments. Without in any way affecting any of the obligations of the Members and the Group pursuant to Section 3.21, recourse for any and all payments of workers' compensation and employer's liability benefits covered by the Group's Certificate of Coverage to a Member shall be made to the Group's assets, provided however that payments attributable to a Class A Member shall be considered an expense of Class A and shall be charged against the assets of Class A and payments attributable to a Class B Member shall be considered an expense of Class B and shall be charged against the assets of Class B. Should the assets of one Class be insufficient to cover such expense, the Members of that Class shall be assessed the shortfall.