National Association of Professional Surplus Lines Offices, Ltd.

Bylaws & Code of Ethics

NAPSLO BYLAWS & CODE OF ETHICS

ARTICLE I - PURPOSE

A. The purposes for which the Association is formed are as follows:

1. To encourage an exchange of information among members, and to disseminate educational information for the benefit of members and for the betterment of the excess and surplus lines insurance industry.

2. To promote professionalism among members.

3. To maintain liaison with other segments of the insurance industry, particularly insurance commissioners, regulatory bodies, insurers, and insurance producer groups.

4. To promote and support the independent insurance agency system.

B. In order to achieve these purposes, the Association shall:

1. Advance fellowship and mutual cooperation through personal contact of member firms at all levels.

2. Discuss and work for collective solutions to the problems peculiar to the specialty insurance industry.

3. Coordinate and promote educational activities.

4. Foster good public relations with the insurance industry and the general public.

5. Maintain concern for regulatory changes affecting the excess and surplus lines insurance industry, and communicate those changes and all related issues to member firms.

ARTICLE II - MEMBERSHIP

A. There shall be two categories of membership, as follows:

1. Voting Membership

   a. A Wholesale Broker/Agent is a sole proprietorship, partnership, or corporation licensed in at least one jurisdiction within the United States or Canada as a broker, agent, or managing general agent engaged in an insurance business principally as a wholesaler. For the purpose of qualifying for this class of membership, any wholesale broker/agent member or applicant for membership must transact a substantial portion of its insurance business with firms that are not affiliated with the member or applicant.

   b. A Company is a risk-bearing insurer incorporated or organized in any state in the United States or in Canada and engaged in the writing of insurance principally through wholesale

brokers/agents. For the purpose of qualifying for this class of membership, an underwriting management firm may be accepted if it has specific underwriting authority for one or more companies in specified classes of business and in designated geographical areas.

2. Non-voting Membership

   a. An Associate Member is an individual, firm, or organization that does not qualify for voting membership, but who supplies services to voting members and supports the wholesale excess/surplus lines system, or a company or wholesale broker/agent who is not incorporated or organized in any state in the United States or Canada.

   b. Life Membership is granted to each Past President of the Association. A life member shall not be required to pay dues or assessments. However, the waiver of dues or assessments for a life member does not waive the dues or assessments of any member firm or firm within which the life member is affiliated.

   c. An Honorary Member is an individual nominated and elected by the Board of Directors. Honorary members shall not be required to pay dues or assessments and membership shall be subject to reconfirmation annually.

   Conformity with the above definitions does not constitute automatic acceptance for membership.

B. The procedure for gaining membership shall require completion of the appropriate application, which shall be reviewed by the Membership Committee and submitted with recommendation for action to the Board of Directors.

C. The Membership Committee shall maintain and periodically review rules of eligibility of membership, which requirements shall include, but not be limited to:

   a. A good reputation in the industry.

   b. A minimum period of time in the specialty insurance business.

   c. Minimum standards for business volume.

   d. Minimum standards for capitalization.

   e. A knowledge of and willingness to abide by the code of ethics.

D. The Board of Directors may establish committees and procedures to review the eligibility of members, to discipline members and to receive and investigate complaints against any member. Each member must continually maintain eligibility for membership. Each member is subject to termination in accordance with the following:

   1. The Membership Committee and Board of Directors may request a new application at any time from any member for the purpose of review and reaffirmation of eligibility.

2. Any membership in this Association may be terminated or a member may be disciplined upon recommendation of the Membership Committee or any other committee designated by the board and by vote of the Board of Directors or voting members. Termination shall only become effective upon:

    a. a two-thirds vote of the Board of Directors, or by

    b. a majority of eligible voting members present and voting at any meeting scheduled in accordance with Article IV.

3. Any member whose eligibility is being reviewed or where termination or discipline has been recommended shall be given due notice and an opportunity to discuss and challenge the action.

4. Cause for termination of membership or discipline shall include, but not be limited to: suspension, revocation or termination of any insurance license held by a member firm or principal member thereof; violation of these bylaws; violation of the code of ethics; conduct prejudicial to the interest of the industry or the Association.

E. The name NAPSLO, the Association's logo, and other registered trademarks or service marks of the Association are the exclusive property of the National Association of Professional Surplus Lines Offices, Ltd., and may be used by members in good standing under standards that may be set by the Board of Directors.

The Board of Directors, within its discretion, may deem any use by a member of the name NAPSLO or the Association's logo or of other registered trademarks or service marks to be inappropriate and may request in writing that the member modify or cease such inappropriate use. Any member receiving such a written request from the Board of Directors shall comply with it immediately.

The use of the name NAPSLO, the Association's logo, or other registered trademarks or, service marks of the Association by nonmembers is prohibited unless authorized in writing by the Board of Directors.

ARTICLE III - DUES, ASSESSMENTS, FISCAL YEAR

A. Annual dues shall be set by the Board of Directors and shall be payable annually for each fiscal year. Dues for new members shall be prorated on a quarterly basis. Failure to render payment of dues within 45 days of the due date shall constitute cause for termination of membership.

B. The Board of Directors shall have authority to make assessments against voting members as may be needed to conduct the business of the Association.

C. The fiscal year of the Association shall be from August 1st to July 31st both inclusive.

ARTICLE IV - MEETINGS

A. The annual meeting of the Association shall be held at a time and place to be designated by the Board of Directors and announced to the membership at least 30 days prior to the date of the meeting.

B. The Executive Committee or Board of Directors may call a special meeting of the Association, giving at least 30 days prior written notice of the purpose, place, and time of such meeting to the voting members.

ARTICLE V - VOTING

A. Each wholesale broker/agent member and company member shall have one vote. The voting member firm or organization shall designate one individual to vote on its behalf at any meeting scheduled in accordance with Article IV.

   The combined votes of affiliated voting members shall not exceed 5 percent of the votes cast.

B. Action on any matter not otherwise specified herein necessitating a vote shall require a simple majority of voting members present at any meeting scheduled in accordance with Article IV.

ARTICLE VI - BOARD OF DIRECTORS

A. The management of the Association shall be controlled by the Board of Directors.

B. Membership of the Board of Directors shall be as follows:

   1. The Board of Directors shall consist of at least 15 individuals, with two-thirds of such individuals being employed by wholesale broker/agent voting members and one-third of such individuals being employed by risk-bearing company voting members, plus the immediate Past President. Any member of the Board of Directors whose affiliation changes during the term of office shall be required to submit a resignation as a member of the Board of Directors at the time of such change.

   2. The term of office for each elected director shall be three years. One-third of the directors shall be elected each year.

   3. There shall be no more than two members of the Board of Directors from the same or affiliated voting member firms.

   4. Any vacancy occurring during the term of any directorship shall be filled by appointment of the President for the unexpired term of the vacant directorship. Such appointments shall comply with the requirements of paragraph B.1 of this Article.

C. Actions of the Board of Directors shall be as follows:

   1. The Board of Directors shall meet as needed at locations designated by the President.

2. Actions of the Board of Directors may be taken without a formal meeting, provided such action complies with quorum requirements specified in paragraph C.4. of this Article. Actions so taken shall be recorded in the official minutes of the organization and reported to board members not in attendance.

3. Actions taken by the Board of Directors shall be subject to a majority vote of members of the Board present at the time of such vote.

4. Two-thirds of the Board of Directors shall constitute a quorum.

ARTICLE VII - OFFICERS, EXECUTIVE COMMITTEE

A. The officers of the Association shall consist of a President, a Vice President, a Secretary and a Treasurer.

   1. With the exception of the office of president, each officer shall be elected at the annual meeting for a term of one (1) year. The current elected vice president shall automatically succeed to the office of president of the association upon the election of officers at the annual meeting. If the office of vice president is vacant or currently filled on an "acting basis" by an appointment of the president, the office of president is to be elected from the slate of officers presented to the voting members at the annual meeting.

   2. The President shall fill on an acting basis, by appointment from the Board of Directors, any vacancy occurring during the term of any officer. Such appointment shall be for the unexpired term of the vacant office.

   3. If the President is unable to fulfill the duties of the office of President, the Vice-President shall assume those duties. However, when the office of Vice President is filled by appointment, the most immediate Past President willing to assume the responsibilities of the office of President shall assume those duties.

B. The duties of the officers shall be as follows:

   1. The President shall be in charge of the affairs of the Association. The President shall preside at all meetings of the Association and of the Board of Directors. The President shall appoint the chairmen of all committees.

   2. The Vice President shall assist the President and shall, as necessary and as directed by the President, act on the President's behalf.

   3. The Secretary shall he responsible for the records of the Association. The Secretary shall assist in the preparation and maintenance of minutes of all meetings of the Association and of the Board of Directors. The Secretary shall assist the President in the preparation of the agenda for all meetings and is responsible for mailing notices of meetings called in accordance with Article IV.

   4. The Treasurer shall be responsible for the financial transactions of the Association and the care and safekeeping of its funds. All accounts shall be audited annually by an independent certified

public accountant. A financial report shall be submitted to the membership at each annual meeting and copies shall be available upon request.

5. Each officer, in addition to the specific duties aforementioned, shall perform such additional duties as may be required of the office or requested by the President or Board of Directors.

C. The Executive Committee shall consist of the officers and, at the option of the President, any other member of the Board of Directors.

The duties of the Executive Committee shall be:

1. To assist the President in the management of file affairs and business activities of the Association.

2. To advise the President on matters that require immediate action.

3. To report to the Board of Directors on all actions taken.

ARTICLE VIII - NOMINATION OF OFFICERS AND DIRECTORS

A. The president shall charge the Nominating Committee with the selection of a slate of officers to be presented at the annual meeting. The slate of officers shall be presented to the voting members in writing at least thirty (30) days prior to the date of election. If, however, the slate of officers includes a nomination for the office of president and that nomination is due to the office of vice president becoming vacant or being filled by appointment of the president within thirty (30) days of the election, the thirty (30) days prior written notice to the membership requirement is waived. Any member of the association may propose another member of the Board of Directors for nomination as an officer by so doing in writing to the Nominating Committee at least forty-five (45) days prior to the date of election. The officer proposed by the membership shall be selected from individuals serving as director or officer of the association.

B. The Nominating Committee shall further be charged with proposing a slate of (five) one-third of the directors to be elected at the annual meeting. The slate of directors so nominated shall be presented to the voting members in writing at least thirty (30) days prior to the date of election. Any member of the Association may propose another member for nomination as a director by so doing in writing to the Nominating Committee at least forty-five (45) days prior to the date of election.

C. The Nominating Committee shall consider the size of firms represented, and the geographic distribution of voting membership, for the purpose of populating the officers and directors with a representative group of individuals. The Nominating Committee's proposed slate shall be consistent with Article VI.

ARTICLE IX - COMMITTEES

A. The Nominating Committee appointed by the President, shall be comprised of five individuals. Three shall be members of the Board of Directors, of which one shall be a company member director. Two

shall be voting members who are not members of the Board of Directors, of which one shall be a Wholesale Broker/Agent member, and one shall be a Company member.

B. The President may designate working committees as needed. All committees shall have powers as may be assigned by the President. By giving notice to the President, committees are empowered to appoint or divide into necessary subcommittees.

C. All committees and subcommittees shall report their proceedings and activities to the President and Board of Directors.

ARTICLE X - INDEMNIFICATION

A. Directors and officers of the Association shall be indemnified and their expenses shall be advanced to the fullest extent now or hereafter permitted under the New York Not-For-Profit Corporation Law in connection with any actual or threatened actions or proceedings (including civil, criminal, administrative or investigative proceedings) arising out of their service to the Association or to another organization at the Association's request. Persons who are not directors or officers of the Association may be similarly indemnified in respect of such service to the extent authorized at any time by the Board of Directors. The provisions of this Article shall be applicable to actions or proceedings commenced after the adoption hereof, whether arising from acts or omissions occurring before or after the adoption hereof, and to persons who have ceased to be directors, officers or employees and shall inure to the benefit of their heirs, executors and administrators.

B. The Board of Directors may provide by resolution for additional rights to indemnification and advancement of expenses for the said directors and officers, in accordance with the provisions of the New York Not-For-Profit Corporation Law. Furthermore, the Association may enter into agreements with its directors and officers which provide for additional rights to indemnification and advancement of expenses in accordance with the provisions of the New York Not-For-Profit Corporation Law.

ARTICLE XI - AMENDMENTS

A. These bylaws may be amended at any time by a vote of not less than two-thirds of the voting members present at any meeting of the Association scheduled in accordance with Article IV. Each proposed amendment shall have been submitted in writing to the voting members at least 30 days prior to the meeting at which the amendment is to be voted upon. Any proposed amendment must have majority approval of the Board of Directors before presentation to the voting members.

B. Amendments to the bylaws shall become effective upon approval, or a later date if specified, in accordance with these procedures. Notwithstanding the foregoing, any amendment required to be approved by any regulatory authority shall take effect if and when approval of such authority is granted.

CODE OF ETHICS

Members of the Association agree:

1. To maintain high professional standards of efficiency, conduct, integrity, responsibility and services.

2. To exercise the utmost good faith in dealing with their principals, underwriters and assureds.

3. To refrain from maintaining or using the status of the profession, or affiliation with the Association to attract business for personal financial gain in other lines of endeavor.

4. To refrain from maintaining or using their membership within the Association as a means of taking unfair advantage of competitors, or for any other purpose than those for which the Association is intended.

5. To regard the business of insurance as an unusual opportunity to provide essential services to the public, and to conduct themselves with dignity, courtesy, and the highest degree of fairness in their relations with members of the industry and the public at large.

6. To be governed by a spirit of cooperation, helpfulness and frankness in their relationships with fellow members to the end that each shall be better equipped through such cooperative measures and exchange of ideas, to better perform and function, and to foster the advancement and prestige of their profession.

7. To comply with applicable surplus lines laws and regulations, maintain necessary licenses and immediately notify the Association of any suspensions, revocation or termination of such licenses.

Members Pledge

Every member of the Association, upon acceptance of membership, does pledge to support the Association and to faithfully observe by the provisions of the charter, bylaws, rules, regulations and code of ethics.

Adopted:	11/17/75	Miami Beach, FL
Amended:	11/15/80	Houston, TX
	10/31/81	Coronado, CA
	9/25/82	Philadelphia, PA
	9/14/85	Boston, MA
	9/26/87	New Orleans, LA
	2/17/89	Tucson, AZ
	2/26/90	Palm Desert, CA
	10/5/91	Los Angeles, CA
	10/2/93	Atlanta, GA