



## **NAPHIA BYLAWS**

### **ARTICLE I: GENERAL PROVISIONS**

#### **Section 1.0 Name**

The name of the corporation is the North American Pet Health Insurance Association, Inc. (NAPHIA), a Delaware nonprofit corporation.

#### **Section 2.0 Purposes**

NAPHIA's purposes in North America include: (1) to collectively drive growth for, and acceptance of, the pet health insurance (PHI) industry, its members, and its products through public and industry awareness initiatives, shared resources, and industry transparency; (2) to be a neutral voice for the reporting and dissemination of information about the benefits of PHI, and the industry, while promoting competitive choice for consumers on how pet insurance functions as well as about the spectrum of coverage options available; (3) to explore and develop partnerships with other insurance industry and non-industry organizations and individuals who share complimentary aspects of the association's work and mandate, including the veterinary profession; and (4) to provide support to individual NAPHIA members in educating, marketing, and disseminating information on the industry, across a wide range of audiences and markets.

#### **Section 3.0 Mandate and Activities**

The mandate of NAPHIA is to fulfill its purpose through:

a) **Education & Awareness:** Promotion of the PHI industry, PHI products and the concept of PHI to various stakeholders including but not limited to: PHI companies, insurance professionals, media, veterinary professionals, the pet health community, consumer groups, regulators, and the general pet-owning public.

b) **Advocacy: Industry, Government & Media Relations:** Advocate to key influencers in order to increase awareness of and access to the PHI industry, with regards to its benefits, functionality, licensing and regulation, as well as key initiatives.

c) **Fundraising & Membership:** Increase the membership levels and participation within NAPHIA and raise operating funds for NAPHIA through membership recruitment, retention and related industry development events, initiatives and programs.

d) **Industry Performance Metrics:** Establish industry initiatives and define metrics to measure and track the performance, integrity and credibility of the industry.

#### **Section 4.0 Policies**

The following are declared to be the Fundamental Policies of NAPHIA to create and sustain a competitive industry marketplace. These policies can from time to time be altered by support of a Majority of the BOD:

a) **Compliance with the Law** – All of NAPHIA’s activities shall be conducted in accordance with all U.S. laws, including those relating to U.S anti-trust law, and with the intent of preserving NAPHIA’s federal ‘tax exempt’ and ‘non-profit’ status.

b) **Antitrust Compliance** – All Members of NAPHIA shall agree as a prerequisite of membership to adhere to all laws and regulations governing legal, fair, and ethical business practices. Further, all Members shall sign a statement of antitrust compliance and will forward an executed copy of NAPHIA’s Antitrust Compliance Statement Acknowledgement to their compliance officer, corporate secretary, and/or corporate counsel (or equivalent) for the company with which they are employed, are a shareholder and/or serve as an officer.

c) **Contract Authority** – NAPHIA may enter into contracts only when: (1) so authorized by resolution passed by a Majority of the BOD; or (2) signed by another representative(s) authorized by resolution by a Majority of the BOD. No member of the BOD, either elected or appointed, is authorized to independently approve, ratify, or sign any contract binding NAPHIA.

d) **Code of Ethics** – All members of the BOD shall sign NAPHIA’s Code of Ethics upon joining the BOD. Any modifications to the Code of Ethics must be ratified by a Majority of the BOD.

#### **Section 5.0 Dispute Resolution**

a) The goal of NAPHIA is to preserve the integrity of the pet insurance industry for all players, to provide a neutral environment and means of resolving disputes, as well as to promote transparent and ethical conduct in Members’ day-to-day activities in the marketplace, and with each other.

b) Members shall try to resolve any conflicts among them amicably through informal means, with all Members reserving the right to pursue any lawful means of redress.

## **ARTICLE II: MEMBERSHIP**

### **Section 1.0 Requirements for All Members**

a) The BOD shall establish a NAPHIA membership program, and from time to time, by a  $\frac{3}{4}$  Majority vote, set out and approve the various membership categories and levels, dues, benefits, and each of their respective requirements of membership in NAPHIA. Initially, NAPHIA will have two membership categories: Industry Members and Members-at-Large. The BOD may, at its sole discretion, alter the membership program and subcategories at any time.

b) All Members must review, accept and execute NAPHIA's Membership Agreement.

c) At the request of the BOD, Members are required to disclose any pet health insurance company and any parent, subsidiary, joint ventures or assumed names in which the Member has an ownership and/or proprietary interest.

d) All Members are required to pay their Membership Dues in full, by the 31st of January in each calendar year. The Executive Director shall provide each Member with an invoice at least 30 days in advance of the payment deadline.

e) Exceptions to annual payments or penalties for late payments may be made and approved by a Super Majority of the BOD.

f) The BOD reserves the right to suspend, cancel or withhold membership due to a Member's non-compliance with NAPHIA's membership requirements. Any such action(s) shall require a Super Majority approval of the BOD.

g) Members subject to any vote terminating or limiting their membership in any way may be present in order to address the BOD during the discussion and vote. Members agree that by becoming a Member they accept that in this regard, the decisions of the BOD are binding.

### **Section 2.0 Members' Conflict of Interest**

Persons or entities related to Industry Members may also be eligible for Industry Membership; however, to avoid any conflicts-of-interest their membership and the creation of any additional positions on the NAPHIA Board of Directors must be approved by a Majority of the BOD.

### **Section 3.0 Exercise of Membership Rights and Responsibilities**

For governance purposes, the individual stated on NAPHIA's Membership Agreement as the Designated Representative shall be considered as the representative of the Member.

#### **Section 4.0 Application for Membership**

- a) Application for Membership in NAPHIA, specification of the desired level of Membership, and the identity of the Applicant's Designated Representative must be provided to and approved by a Super Majority of the BOD prior to Membership becoming effective.
- b) Application for Membership shall be considered at the next scheduled BOD meeting or by a Special Vote of the BOD. If not in attendance the applicant will be notified of the BOD decision in writing, following the vote.
- c) The BOD reserves the right to refuse membership, request modifications to the Application, or request further information prior to final approval of the Applicant's Membership.
- d) Should the Applicant accept and fulfill the BOD's recommended modifications to the Membership Application in order to qualify for Membership, the Membership shall be considered as granted.
- e) The procedure for processing and approving new Applications for Membership may be reviewed and altered from time to time, by a Majority of the BOD.

#### **Section 5.0 Annual Membership Dues and other Fees**

- a) Membership Dues for all Member categories shall be established and altered by the BOD from time to time. A Majority of the present voting members of the BOD shall be required for any change in the Membership program or to annual Membership dues.
- b) The BOD, by Majority approval, holds the right to administer assessments and/or levies on Members.
- c) All dollar amounts for Membership dues will be stated in U.S. currency amounts and are to be paid for in U.S. funds by January 31st in the calendar year of that Membership period.
- d) Membership will commence or renew only upon the receipt of Membership dues.
- e) Members who join the organization at a midpoint in the calendar year may receive a pro-rated assessment of their Membership dues for the remainder of that year, and that year only.

## **Section 6.0 Registration of Assumed Names**

Every Member shall designate the primary trade name associated with its Membership, and under which they will operate within NAPHIA.

## **Section 7.0 Member Resignation**

Any Member of NAPHIA may resign by filing a written resignation with 60 days prior written notice to the Executive Director. No refund of dues shall be provided upon a Member's resignation from Membership.

## **Section 8.0 Membership Meetings**

NAPHIA Events may be held with and for NAPHIA's Industry Members and Members-at-Large at the discretion and approval of the BOD.

## **ARTICLE III: BOARD OF DIRECTORS**

### **Section 1.0 Authority**

All NAPHIA assets and business are managed by the BOD under the laws of the state of Delaware.

### **Section 2.0 Composition**

a) Number: The BOD shall be composed of a maximum of 15 members, exclusive of the Executive Director.

b) The Executive Director shall serve as an ex-officio member of the BOD responsible for Membership recruitment and operations management of NAPHIA. The Executive Director will neither exercise the right to vote nor be counted to establish a Quorum, Majority or Super Majority vote.

c) Each Industry Member shall have one (1) assigned seat on the BOD and the right to exercise one (1) vote in Board Meetings.

d) No Members-at-Large may hold a seat on the BOD or exercise the right to vote in Board Meetings unless such rights are expressly granted by a Majority vote of the BOD.

e) All members of the BOD shall have the right to run for, and hold positions on the Executive Committee.

### **Section 3.0 Terms of Office**

Terms for Members of the BOD shall be for two (2) years, so long as their membership remains current, and they continue to meet the conditions of membership. Neither Members of the BOD nor the Executive Officers are term-limited or otherwise restricted from serving consecutive terms of reappointment.

### **Section 4.0 Board Meetings & Meeting Business**

a) Board meetings may be called at the discretion of the BOD President or any member of the Executive Committee, and must be called when requested by a Majority vote of the BOD.

b) Teleconferencing – The BOD may choose to hold meetings and pass motions via teleconference, e-mail and/or other electronic/digital means.

c) The BOD must hold at least four (4) meetings per year, ideally on a quarterly basis, including the AGM.

d) A Majority of the votes cast by voting members present, or by proxy, shall determine the matters addressed by the BOD, except where it is determined that consensus is required, either in these Bylaws or by law.

e) The Member company may temporarily assign another Member their vote by proxy, by submitting their assignment in writing to the Executive Director in advance of any meeting(s).

f) The Secretary and Executive Director shall authenticate and circulate all minutes of BOD meetings. Minutes shall be formally approved during the next scheduled BOD meeting.

### **Section 5.0 Notice of Meetings**

a) At the AGM, an annual meeting schedule shall be proposed and approved by a Majority of the BOD for the following year. Notice to changes of meeting dates shall be given at least five (5) business days before a BOD meeting.

b) In addition to the quarterly and annual meetings, special meetings of the BOD may be called at any time to deal with critical issues facing NAPHIA, provided the BOD Members are given a minimum of twenty-four (24) hours prior written notice, and a Quorum is achieved.

c) No error or omission in giving notice of any annual, or general meeting, or any adjourned meeting of the Members of NAPHIA shall invalidate such meeting or make void any proceedings taken at that time. Any BOD Member may, at any time, waive notice of any such meeting and may ratify, approve and confirm any or all proceedings taken.

d) From time to time special decisions of the BOD may be undertaken without a special meeting if documented and if ratified by a Majority. In such cases the opinions of all BOD Members shall be called for, and those submitted shall be considered and taken into account prior to a vote.

e) Notice will be considered given if delivered to a member of NAPHIA if sent to the last recorded email address in the records of NAPHIA.

f) It is incumbent upon BOD Members to keep NAPHIA advised of any change of email address, designated representation, or contact information.

### **Section 6.0 Quorum**

A Quorum is required for any BOD meeting.

### **Section 7.0 Departure of BOD Members from Member Companies**

If the Designated Representative departs from his or her respective Industry Member organization, the Designated Representative's BOD position will automatically be forfeited. Once this occurs:

a) The Industry Member company must assign a new Designated Representative to NAPHIA.

b) The proposed Designated Representative must then be approved and appointed by the BOD.

c) To avoid any undue delays in the carrying-out of NAPHIA business, the BOD may call a Special Meeting or Special Vote (e.g. by email or teleconference) to formally approve a new Designated Representative.

d) The Member company may temporarily assign another Member their proxy, in writing to the Executive Director, in advance of any meetings. in order to vote on their behalf. This proxy shall remain in place until a Designated Representative can be assigned and appointed by the BOD.

### **Section 8.0 Suspension & Recall of a Director**

a) The BOD may suspend the authority of a member of the BOD to act for up to 60 days by a majority vote. Prior to a suspension, a resolution must be adopted stating that the BOD Member is:

- not acting according to the NAPHIA Code of Ethics; or
- not properly performing his/her duties; or
- not meeting NAPHIA's membership criteria; and
- that the suspension is deemed to be in the best interest of NAPHIA.

The BOD Member must be given reasonable notice and at least ten (10) business days to respond to such a resolution.

b) The BOD may vote to recall or remove a Board Director by a Super Majority. Such decisions of the BOD may result in immediate, temporary, or permanent removal of the Director from the BOD of NAPHIA.

c) Eligibility for the removed Board Member, or the Industry Member itself, to regain their seat on the Board shall be at the discretion of the Board.

### **Section 9.0 Board Liability**

a) NAPHIA shall maintain a Directors and Officers Liability Insurance policy with limits of at least \$1 million U.S., to indemnify all BOD Members for potential and/or actual liability arising from its actions. NAPHIA shall maintain a file with a current copy of this insurance policy and the policy shall be made available for inspection upon request by any BOD Member.

b) The insurance company providing NAPHIA's Directors and Officers liability insurance policy shall not be a NAPHIA member, parent company or a subsidiary of a NAPHIA member.

### **Section 10.0 Risk-Management Industry Conduct**

a) The BOD shall use the NAPHIA Code of Ethics generally to guide the organizational conduct of NAPHIA members.

b) NAPHIA's Code of Ethics is not intended to police, inform or restrict the pro-competitive activities of NAPHIA members, rather it is to promote ethical and transparent conduct in order to grow and maintain the credibility and trustworthiness of the pet health insurance industry and its participants in North America.

c) The BOD at its discretion reserves the right by a Super Majority, to suspend or expel a member from NAPHIA on the grounds of unethical conduct.

## **ARTICLE IV: Executive Committee**

### **Section 1.0 Formation of the Executive Committee**

a) NAPHIA's Executive Committee shall be composed of the following four (4) corporate officers: President, Vice President, Secretary, and Treasurer. The duties and responsibilities of the members of the Executive shall be established by the BOD, and may change from time to time, at the sole discretion of the BOD.

b) All Executive Committee positions will be appointed by the BOD, by means of a secret ballot vote, unless uncontested.



c) All Executive Committee Members shall serve minimum terms of two (2) years, but are not term-limited or otherwise restricted from serving consecutive terms of re-appointment.

d) Elections for the Executive Committee shall be held at the AGM, unless otherwise required and/or agreed, and shall be scheduled by the Executive Director with at least sixty (60) days advance notice.

The Executive Committee shall hold the day-to-day managerial responsibility for NAPHIA and possess all powers of the BOD not expressly reserved by majority vote by the BOD. The authority of the Executive Committee may be exercised by the affirmative support of any three (3) of its four (4) members, provided that they are not on actual notice of opposition of the other member on the matter to be decided.

### **Section 2.0 Election & Eligibility of the Executive Committee**

Nominees for election to the Executive Committee must have served at least six (6) months of their two (2) year term on the BOD in order to be eligible to hold a position on the Executive Committee.

### **Section 3.0 Recall & Resignation**

Any resignation, suspension, recall or removal of an Executive Committee member shall necessitate a subsequent election, with the newly elected member serving the remainder of the term.

### **Section 3.0 Ratification**

All official actions and decisions of the Executive Committee shall be reported to the BOD at its next meeting.

### **Section 4.0 Meetings**

a) Meetings of the Executive Committee shall be called at the request of any Executive Committee member.

b) Meetings may be held after reasonable notice of the time and place has been given to all Executive Committee members.

c) Teleconferencing – The Executive Committee may choose to hold meetings, submit and pass motions and/or make decisions via teleconference or other electronic or digital means.

d) All Executive Committee members shall participate in the meeting in order to constitute an official Executive Committee meeting.

e) The Secretary and Executive Director shall report all decisions of the Executive Committee meetings to the BOD on or before the next scheduled meeting.

## **Section 5.0 Formation of Non-Executive Committees**

- a) The BOD, by a Majority vote reserves the right to establish and appoint non-Executive Committees to support the business of NAPHIA as required from time to time.
- b) Representatives from all levels of NAPHIA membership are eligible to Chair non-Executive Committees, with the approval of a Majority of the BOD.
- c) Non-Executive Committees shall be comprised of at least one NAPHIA BOD Member and may also include Member-specified employees.
- d) Non-Members or Contractors of NAPHIA with specialized knowledge may also participate on non-Executive Committees, however only in an advisory role.

## **ARTICLE V: The Executive Director**

### **Section 1.0 Duties**

- a) The Executive Director shall sit as an Ex-officio Director on the BOD.
- b) The Executive Director shall be a contracted position, appointed by the BOD and shall not have voting rights.
- c) The Executive Committee shall maintain the day to day management of, and Contract for, the position of NAPHIA's Executive Director. The Executive Director's contracted duties may be decided, altered or approved by the Executive, with direction or input from the BOD as required, from time to time.
- d) Any decisions to initiate or terminate an Executive Director's Contract, and therefore to remove an existing, or appoint a new Executive Director must be approved by a Super Majority of the Board of Directors.

## **ARTICLE VI: ADOPTION AND AMENDMENTS**

### **Section 1.0 Adoption**

These Bylaws shall become effective upon an affirmative vote of a Majority of the BOD Members voting and replace, repeal, and supersede all prior or previously existing Bylaws.

### **Section 2.0 Amendment of the Bylaws**

No provisions of these Bylaws may be altered, amended, or repealed except by a Super Majority vote by the BOD with a Quorum of voting members present.

#### **DEFINITIONS:**

**AGM** means the Annual General Meeting when the BOD and Executive elections may be held.

**Assessment** means any dollar amount a member must pay in addition to their annual membership dues.

**Applicant** means a prospective Member applying for membership.

**BOD** means the Board of Directors of NAPHIA.

**Bylaws** means these NAPHIA corporate bylaws, as in effect and as amended from time to time, a copy of which is posted on the NAPHIA website: [www.naphia.org](http://www.naphia.org) .

**Code of Ethics** means the NAPHIA's Code of Ethics attached as Appendix "1".

**Designated Representative** means the individual appointed by the Member to participate in NAPHIA and receive notice from NAPHIA.

**Dues** means the annual cost charged by NAPHIA for being a Member.

**Industry** shall mean the Pet Health Insurance Industry.

**Industry Members** means PHI industry organizations that market PHI products to consumers or Underwriters/Carriers of these marketers who choose to participate in the association at the highest level .

**Majority** means at least 51% of a Quorum of the BOD.

**Members** mean all NAPHIA Members, including those from all existing or newly established levels or classifications of Membership.

**Members-at-Large** means other PHI-related organizations or individuals who have non-Industry level membership in NAPHIA. Members-at large can not hold BOD positions, however they may volunteer or provide ancillary services that support the initiatives and activities of the PHI industry.

**Membership Agreement** means the agreement required by NAPHIA to be executed by Members.

**NAPHIA** means the North American Pet Health Insurance Association, Inc., a Delaware nonprofit corporation

**PHI** means Pet Health Insurance

**Quorum** means participation of a Majority of the Members.

**Super Majority** means 2/3 of the BOD.