

NAPHIA Bylaws

These Bylaws for North American Pet Health Insurance Association, Inc. (NAPHIA) incorporate by reference some or all of the following definitions:

DEFINITIONS

Associate Members means other PHI-related organizations and their Designated Representatives who have non-voting level Membership in NAPHIA. Associate Members cannot hold BOD positions; however, they may volunteer or provide ancillary services that support the initiatives and activities of the PHI Industry.

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.

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

Driver Members means PHI industry organizations including managing general agents, or white label providers that market PHI products to consumers, or the Underwriters/Carriers of these marketers and their voting Designated Representatives participating in the association at the highest level.

Dues means the annual cost charged by NAPHIA for being a Member, whether classified as an Industry, Associate, or Partner Member.

In Camera means a confidential meeting, or a portion of a meeting, taking place with only BOD Members present.

Industry shall mean the Pet Health Insurance Industry.

Industry Members means PHI Industry organizations including managing general agents, or white label providers that market PHI products to consumers, or the underwriters/carriers of these marketers and their voting Designated Representatives participating in the association at the highest level.

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

Members/Membership means all NAPHIA Member companies, including Industry, Associate and Partners, as well as any newly established levels or classifications of Members.

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.

Partner Members means non-PHI related organizations who have non-voting Membership in NAPHIA that have been authorized by the organization to provide some type of services program for the optional benefit of NAPHIA Members, and whose Membership Dues, responsibilities and requirements fall outside of Industry and Associate Membership levels.

PHI means Pet Health Insurance.

Quorum means participation of a Majority of the BOD.

Subcommittee/Subcommittee Chair means a group of the BOD or Member's employees and special advisors that is established by the BOD to focus on achievement of some aspect of NAPHIA's mandate. These shall each be driven by a Subcommittee Chair who is a duly appointed representative of the Membership at large.

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

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 non-profit corporation.

Section 2.0 — Purposes

NAPHIA's purposes in North America include:

- to collectively drive growth for, and acceptance of, the PHI Industry, its Members, and its products through public and Industry awareness initiatives, shared resources, and Industry transparency;
- a. to be an advocate 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;
- b. 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
- c. 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: insurance (including PHI) companies and professionals, media, veterinary professionals, the pet health community, consumer groups, regulators, and the general pet-owning public.
- b. **Advocacy:** Industry, Government, Media, Public and Veterinary 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 about 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 annually 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.

Section 5.0 — Dispute Resolution

- a. A goal of NAPHIA is to preserve the integrity of the pet insurance Industry for all Members, to provide a neutral environment and means of addressing issues and 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 of Members

- a. The BOD shall establish a NAPHIA Membership Program, and from time to time, by a Super 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 three Membership categories: (1) Driver Members (Industry and Regulatory) (2) Associate/Ally Members and (3) Partner Members. The BOD may, at its sole discretion, alter the Membership program and subcategories at any time.
- b. All Members must annually review, accept, execute and abide by NAPHIA's Membership Agreement, and Antitrust compliance documents.
- c. To avoid conflict of interest, Members are required to disclose any PHI company and any parent, subsidiary, joint ventures or assumed names in which the Member has an 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 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

Each Member, through its own actions, is expected to avoid any conflict of interest relating to NAPHIA actions or initiatives. Any action undertaken by the BOD that creates a conflict of interest on the part of the Member, whether such action resulted from the Member's involvement or not, should be immediately reported to the Executive Committee and every attempt to rectify the conflict of interest will be made, including, but not limited to, the Member's recusal from such action.

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 official voting representative of the Member. If the Designated Representative is unable to attend a meeting or respond to a motion, the Member may appoint an alternate proxy by informing the Executive Director in writing, so long as that Member is of senior rank within the Member organization and possesses sufficient PHI Industry knowledge to fully participate in NAPHIA discussions and voting.

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 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, following the vote the Applicant shall be notified of the BOD's decision in writing.
- b. 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.
- c. 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.
- d. Membership shall be official and the Member shall be entitled to benefits once the Member's Dues have been paid in full.
- 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 Super Majority shall be required for any change in the Membership program or to annual Membership Dues.
- b. The BOD holds the right to administer Assessments or levies on Members, by Super Majority approval.
- 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.
- f. Should a member either choose or be required to leave NAPHIA no refunds on Membership Dues will be granted.

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 to the Executive Director.

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 all Industry Members, with each BOD Member possessing one vote in all matters. There shall be no maximum number of BOD positions, allowing for future expansion of NAPHIA.
- 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 shall neither exercise the right to vote, nor be counted to establish a Quorum, Majority or Super Majority vote.
- c. Associate Members shall not hold a seat on the BOD or exercise the right to vote in Board Meetings unless such rights are expressly granted by a Super Majority vote of the BOD.
- d. All Member's Designated Representatives of the BOD shall have the right to run for and hold positions on the Executive Committee.

Section 3.0 — Terms of Office

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. NAPHIA Board Meetings and events may be held with and for NAPHIA Members at the discretion and approval of the BOD.
- b. 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 or Membership.
- c. The BOD may choose to hold meetings and pass motions via teleconference, email and other electronic or digital means. For record-keeping, all official actions and decisions passed by electronic means shall be recorded on the minutes of the next board meeting.
- d. The BOD must hold at least four (4) meetings per year, ideally on a quarterly basis, including the AGM. The last meeting of each year shall be designated as the AGM.
- e. Any Industry Member may introduce matters to be addressed by the BOD under New Business during any BOD meeting. Advance requests may be submitted in writing by any Member to the Executive Director. At its sole discretion, the BOD will hear, discuss and/or vote upon, any matter brought forth.
- f. A Member company may temporarily assign another Member their vote by proxy, by submitting their assignment in advance of any meetings by submitting a request in writing to the Executive Director.

- g. The Secretary and Executive Director shall authenticate and circulate drafts for all minutes of BOD meetings. Minutes shall be formally approved during the next scheduled BOD meeting.
- h. The BOD shall review and approve, by Majority, an annual budget at the onset of each year, and a financial update at each subsequent BOD Meeting indicating any proposed changes to the ratified budget.
- i. In Camera sessions may also be held separately or as part of any BOD meeting, and confidential minutes of these sessions may also be recorded and distributed to BOD Members only.

Section 5.0 — Notice of Meetings

- a. An annual meeting schedule shall be proposed and approved in advance 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 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 BOD or Executive Committee 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. 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.
- e. It is incumbent upon BOD Members to keep NAPHIA advised of any change of email address, Designated Representation, and company 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 their proxy to another Member in advance of any meetings by submitting a request in writing to the Executive Director. In order to vote on a Member's behalf, this proxy shall remain in place until a Designated Representative can be assigned by the member and appointed by the BOD.

Section 8.0 — Suspension & Recall of a Director

- a. A Super Majority of the BOD may suspend the authority of a Member of the BOD or Associate Member for up to 60 days. Prior to a suspension, a resolution must be adopted stating and providing evidence that the BOD Member is:
- not acting in an ethical manner; or
 - not properly performing his/her duties; or
 - non-payment of Dues; 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 permanently 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 and Professional Liability Insurance policy with limits of at least \$1 million U.S., to indemnify all BOD Members and Executive Committee 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. NAPHIA agrees to indemnify a Director unless the Director acted in bad faith or were deliberately dishonest.
- 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 and Industry Conduct

- a. The BOD shall use the NAPHIA Membership Agreement generally to guide the organizational conduct of NAPHIA Members.
- b. NAPHIA's Membership Agreement 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.

Section 11.0 — Compensation and Expenses of Directors

- a. Director compensation, if any, shall be set from time to time by the Executive Committee and shall be approved by a Majority of the BOD.
- b. The expenses of a Director specifically related to his duties on the BOD or a Subcommittee are reimbursable, subject to the approval of a Majority of the Executive Committee. The Executive Director together with the President may reimburse a Director for incidental expenses not exceeding \$300.00.

ARTICLE IV: EXECUTIVE COMMITTEE

Section 1.0 — Formation and Election of the Executive Committee

- a. NAPHIA's Executive Committee shall be composed of the following four (4) corporate officers: President, Vice President, Secretary, Treasurer, and an appointed Executive Director.
- b. The duties and responsibilities of the Members of the Executive Committee shall be established by the BOD, and may change from time to time, at the sole discretion of the BOD.
- c. Upon the election of the Treasurer, a general operating account will be opened with (or transferred to) a local financial institution for the financial administration of the organization.
- d. All Executive Committee positions will be appointed by the BOD, by means of a secret ballot vote, unless uncontested.
- e. 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.
- f. 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.
- g. 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) voting Members, provided that they are not on actual notice of opposition of the other Member on the matter to be decided.

Section 2.0 — Recall & Resignation

Any resignation, suspension, recall or removal of an Executive Committee Member shall necessitate a subsequent election, with the newly elected Member's Designated Representative 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 Subcommittees

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

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 contract for the position, and monitor the day to day management of, NAPHIA's Executive Director. The Executive Director's contracted duties may be decided, altered or approved by the Executive Committee, with direction or input from the BOD as required, from time to time.

- The BOD shall, at NAPHIA's AGM, conduct an In Camera review of the Executive Director's performance and contract.
- d. Any decisions to initiate or terminate an Executive Director's contract, and therefore to remove an existing contract 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.

ARTICLE VII: ADDITIONAL PROVISIONS

Section 1.0 — Corporate Records

A Member who is in good standing, may submit a written request, stating the purpose thereof, to the Executive Director or Executive Committee, to inspect for any proper purpose, the organization's Membership list and its other books and records, and to make copies or extracts therefrom. Such requests shall be submitted to, reviewed by and may be approved by the Executive Director or Executive Committee. Turn around times for such requests may vary depending upon the association's current workload.

Section 2 — Fiscal Year

The fiscal year of the Company shall be the calendar year ending December 31.

Section 3 — Waiver of Notice

Whenever any written notice is required by law, or by the Articles of Incorporation or by these Bylaws, a waiver thereof in writing, signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice.