

# **BYLAWS**

## **OF**

# **CATHOLIC HOLY FAMILY SOCIETY**

**As approved on 7/27/20 by the Department of Insurance**

### ***Article I***

#### ***Name***

**Section 1.** The name of the Society shall be Catholic Holy Family Society.

### ***Article II***

#### ***Principal Office***

**Section 2.** The principal office of the Society shall be located in Belleville, St. Clair County, Illinois.

### ***Article III***

#### ***Objectives***

**Section 3.** The objectives of the Society are as stated in the Articles of Incorporation of the Society.

### ***Article IV***

#### ***Membership***

**Section 4.** There shall be three classes of membership: Beneficial, Social and Juvenile.

#### **A Beneficial Member is:**

- a) Any Catholic or any other person who is willing to support the principles and objectives of the Society;
- b) and has been accepted for membership in accordance with the eligibility rules of the Society;
- c) and is not younger than age 16;
- d) and is an insured or an annuitant under any benefit certificate or is a recipient of a settlement agreement benefit, issued by the Society;
- e) and is of good moral character.

Beneficial Members may participate in the affairs and activities of the subordinate Councils in which they are members and may hold office therein. Beneficial Members may also participate in the corporate and insurance affairs of the Society in accordance with these Bylaws.

**A Social Member is:**

- a) Any person who has been accepted for membership in accordance with the eligibility rules of the Society;
- b) and is not younger than age 16;
- c) and is not a Beneficial Member.

Social Members may participate in the affairs and activities of the subordinate Councils in which they are members and may hold office therein. Social Members shall have no voice or vote in the corporate and insurance affairs of the Society.

**A Juvenile Member is:**

- a) Any person who has been accepted for membership in accordance with the eligibility rules of the Society;
- b) and is younger than age 16.

Juvenile Members may participate in the affairs and activities of the subordinate Councils in which they are members. Juvenile Members shall have no voice or vote in the corporate and insurance affairs of the Society.

**Section 5.** The Society may insure the lives of any juveniles under age 16, who have been accepted for membership in accordance with the eligibility rules of the Society. At age 16 the insured juvenile shall become a Beneficial Member.

**Section 6.** Application for membership shall be a form in use by the Society. Applicants for membership may be required to undergo a medical examination or furnish a declaration of insurability satisfactory to the Society as required by the rules and regulations of the Board of Directors.

***Article V  
Convention***

**Section 7.** The Supreme Governing Body of the Society will be known as the Convention. It shall be composed of elected delegates from districts and the Board of Directors, referred to collectively as the "Delegates."

**Section 8.** Regular Conventions shall be held quadrennially during the month of August. With the approval of the Board of Directors, the President/CEO shall determine the exact date and place of the Convention.

In the event of an emergency situation, to protect the health and welfare of the Delegates, the Board of Directors may delay and reschedule the Convention until the next year when such emergency situation has subsided, such as in the event of a national pandemic. In this situation, the current Delegates would continue to serve as Delegates until the Convention is held in the following year, however, the Board of Directors' election would still be held in August of the current Convention year by written ballot in accordance with Section 9 instead of at the Convention.

**Section 9.** Special Conventions may be held upon petition presented to the President/CEO in writing by a majority of the members of the Board of Directors. Such special Convention shall be held at such time and place as may be determined by the Board of Directors. No business may be taken up at such special Convention except for the purpose for which called, which purpose shall be clearly and distinctly set forth in the call for the special Convention. A call for a special Convention shall be deposited in the United States mail at least twenty-one days prior to the convening of such special Convention, addressed to each Delegate at his/her last known address as shown by the records of the Society.

In lieu of convening of a special Convention, the Board of Directors may send a written ballot to all the Delegates of the Convention. The ballot may include one or more resolutions that could be considered and adopted at a special Convention. Such ballot shall specify a date by which the ballot shall be returned, which shall not be less than 21 days from the date the ballot was sent to the Delegates electronically or by depositing in the United States mail. A resolution shall be deemed adopted upon receipt of valid ballots in favor of such resolution, equal in number to the number of votes that would have been needed to adopt the resolution at a meeting of the Convention at which all Delegates are in attendance. "Written ballot" includes a ballot transmitted or received by electronic means. The tally of such written ballots shall be confirmed by a CPA or accounting firm selected for this purpose by the Board of Directors.

**Section 10.** A majority of the Delegates entitled to attend any regular or special Convention when assembled, shall constitute a quorum for the transaction of all business, but a smaller number may adjourn the Convention for lack of a quorum.

**Section 11.** Delegates elected by the districts shall constitute a majority in number and shall not have less than two-thirds of the total votes of the Convention. If their total votes are less than the number of votes required, the votes cast by each member of the Board of Directors shall be reduced to a fraction of a vote which will make the total votes cast by them equal to one-third of the total votes.

**Section 12.** In all Conventions of the Society, no Delegates shall cast more than one vote on any question submitted therein, and the Delegates shall not vote by proxy.

**Section 13.** Mileage and compensation for the Delegates to Conventions shall be paid by the Society as determined by the Convention.

## ***Article VI*** ***Committees of the Convention***

**Section 14.** The President/CEO shall appoint Delegates to serve on the following temporary committees of the Convention:

- a) **Credentials Committee.** This committee shall examine and pass upon the credentials of the Delegates to the Convention.
- b) **Governance Committee.** This committee shall review proposed amendments to these Bylaws or the Articles of Incorporation of the Society and prepare recommendations for consideration by the Convention. Any proposed amendments to these Bylaws or the Articles

of Incorporation of the Society must be submitted to the Governance Committee for review by the date established by the Board of Directors prior to a meeting of the Convention. Upon review of the committee's report, action may be taken by the Convention.

- c) **Resolutions Committee.** This committee shall consider resolutions presented to the Convention and submit them to the Convention with its recommendations.
- d) **Finance Committee.** This committee shall examine the financial standing of the Society and render its report to the Convention. They shall also recommend the following to the Convention:
  - 1. Reasonable annual stipend for elected Directors;
  - 2. Reasonable compensation, mileage and expenses for the Board of Directors for attendance at Board meetings; and
  - 3. Compensation, mileage/travel allowance for those attending the Convention.
- e) **Judicial Committee.** This committee shall investigate all grievances referred to the Convention and make recommendations as to their resolution.

The President/CEO shall also appoint a Chair, who shall be a member of the Board of Directors, for each of these committees.

## ***Article VII District Delegate Election***

**Section 15.** During the month of February preceding the Convention, the Beneficial Members of the Society shall be divided into districts.

The authority to establish districts and allocate the number of members by such districts shall be performed by the President/CEO with approval vested in the Board of Directors.

**Section 16.** Districts shall have the right to elect from their membership one Delegate and one alternate to the regular quadrennial Convention for each 600 members of the district, or major fraction thereof. Districts with fewer than 600 members shall elect one Delegate and one alternate. The alternate shall serve only in the event that the duly elected district Delegate is unable or refuses to attend the Convention.

**Section 17.** Every district Delegate and alternate must be a citizen of the United States and a beneficial member of the Society.

**Section 18.** Delegates and their alternates for the regular quadrennial Convention shall be elected by the districts according to the following procedure:

- a) The President/CEO shall calculate the number of Delegates and alternate Delegates each district is entitled to elect to the Convention with approval from the Board of Directors.
- b) During the month of February preceding the Convention, the Society shall advise each member of his/her home district and the number of Delegates and alternates to be elected by the district to the Convention.

- c) During the month of March, any beneficial member may nominate beneficial members, including himself or herself, up to the number of Delegates and alternates allowed for that district. All nominations shall be made on forms prescribed by the Society. Only nomination forms postmarked, delivered, or transmitted prior to 12:00 midnight March 31st shall be considered.
- d) During the month of April, all nomination forms received shall be reviewed and compiled by the President/CEO. An official ballot shall be prepared for each district and sent to beneficial members of each district prior to May 1st.
- e) During the month of May, beneficial members shall vote on the nominees to represent their district. All ballots must be postmarked, delivered or transmitted prior to 12:00 midnight May 30th. Nominees shall be elected as Delegates and then alternate Delegates in the order of the number of votes cast.
- f) During the month of June, the Society shall notify the Delegates and alternates chosen, and the results shall be published in the next edition of the official publication.

**Section 19.** Delegates shall hold office until their successors are duly elected and qualified at the Convention. The duly elected and qualified Delegates to the most recent regular quadrennial Convention shall be the Delegates and alternates to any special Convention called prior to the next quadrennial Convention or any written ballot provided in lieu of a special convention.

### ***Article VIII*** ***Board of Directors***

**Section 20.** The affairs of the Society shall be managed by the Board of Directors between regular meetings of the Convention. The Board shall have the authority to provide rules and regulations for the extension and development of the Society, and shall have all other necessary and incidental powers to carry out the objects of the Society and such other duties as prescribed by the Articles of Incorporation, these Bylaws and the laws of the State of Illinois.

**Section 21.** The Board of Directors shall be composed of the President/CEO and eight (8) elected Directors. The elected Directors are elected at large by the Delegates.

**Section 22.** The Board shall organize itself immediately following the Board of Directors election by electing from its members a Chair of the Board, a Vice Chair and a Recording Secretary.

- (a) The Chair of the Board shall preside over all Board meetings and perform such other duties as the Board of Directors may determine.
- (b) The Vice Chair shall possess and exercise all powers of the Chair in the absence of the Chair and perform such other duties as the Board of Directors may determine.

(c) The Recording Secretary shall keep the minutes of all Conventions and of the Board of Directors meetings and shall perform any additional duties assigned to him/her by the Board of Directors.

**Section 23.** The Board of Directors shall meet at least quarterly at such dates and times as set by the Chair or the Board.

**Section 24.** Special meetings of the Board of Directors may be called by the Chair or any three (3) members of the Board.

Notice of a special meeting shall be transmitted to each member of the Board of Directors at least seven calendar days before the date of the meeting by mail, facsimile or electronic means. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail so addressed with postage prepaid. If sent by facsimile or electronic means, such notice shall be deemed to be delivered upon transmission.

**Section 25.** Meetings of the Board of Directors shall be held at the Home Office of the Society, unless the Chair or the Board designates an alternative location.

**Section 26.** A majority of the Board of Directors shall constitute a quorum, but a smaller number may adjourn a meeting of the Board for lack of a quorum.

**Section 27.** The Board of Directors may appoint committees of the Board to have such authority as it may delegate. Each committee shall consist of three (3) or more members of the Board. A majority of the members of each committee shall constitute a quorum for the transaction of all committee business.

The Board of Directors shall appoint an Audit Committee. The Audit Committee shall:

- a) Have a working knowledge of financial matters;
- b) Be responsible for the appointment and oversight of the independent auditors of the Society;
- c) Be responsible for oversight of the audited financial statements of the Society; and
- d) Be responsible for any duties required by the laws of the State of Illinois, and such other duties as assigned to it by the Board of Directors.

**Section 28.** The Board of Directors and any committee or sub-committee of the Board or any other meeting of the Society at which written minutes are kept, except the Convention, may meet by telephone conference or other means of communication that allows all participants to simultaneously communicate with each other.

**Section 29.** Any action required or permitted to be taken by the Board of Directors or any committee or sub-committee of the Board, may be taken without a meeting by written consent of all its members. A written consent under this provision shall have the same force and effect as a vote taken at a meeting.

**Section 30.** Terms of office for the Board of Directors shall be staggered such that the four-year terms of four (4) of the eight (8) elected Directors expire every 2 years. All eight (8) elected Directors shall be elected in 2020.

Following such election, the Board of Directors shall designate four (4) elected Directors who shall serve a two (2) year term of office and four (4) elected Directors who shall serve a four (4) year term of office.

After the 2020 election, all Board of Directors will run for staggered four (4) year terms of office. Directors with terms expiring during the year of the regular quadrennial Convention shall be elected at the regular Convention and Directors with terms expiring between regular Conventions shall be elected by written ballot of the Delegates in accordance with Section 9 and following procedures established by the Board of Directors. Directors shall hold office until their respective successors are duly elected and qualified.

**Section 31.** A member may not serve as an elected Board of Director for more than three (3) consecutive four (4) year terms. Filling a partial term of office shall not count toward this term limit.

**Section 32.** Should a vacancy occur in a Board of Directors position for any reason between Conventions, such vacancy shall be filled by the Board. Such appointment shall be by a majority vote of the Board and shall only be for the unexpired term of the office. A Director filling a vacancy of an elected Director shall be considered an elected Director for the unexpired term.

**Section 33.** To be eligible for nomination and election as an elected Board of Director, a member must:

- (a) Be Roman Catholic in religion and belief;
- (b) Be a Beneficial Member of the Society in good standing;
- (c) Meet all qualifications required by the Insurance Code of Illinois and any rules promulgated by the Illinois Director of Insurance for fraternal benefit society's Board of Directors;
- (d) Meet all the qualifications for Board of Directors adopted by a resolution approved by the Board prior to the call for candidates;
- (e) Not be a current or former employee, agent or insurance producer of the Society ("Disqualified Individual") or an immediate family member (parent, spouse, natural or adopted child or sibling) of a Disqualified Individual. A former employee, agent or insurance producer of the Society will cease to be a Disqualified Individual upon the expiration of two (2) years from the termination of their most recent period of service for the Society;
- (f) Have not been convicted of a felony and not have any other criminal history other than matters determined insignificant by the Nominating Committee, such as a minor traffic violation;
- (g) Not have been removed from office for cause by action of the Board of Directors; and

(h) Have affirmed a willingness to participate in educational seminars and programs that provide orientation, training and instruction in matters such as Board of Directors duties and responsibilities, life insurance and financial matters and the structure and regulation of fraternal benefit societies.

**Section 34.** Prior to the election, the Board of Directors shall establish a Nominating Committee. After the 2020 election, the Nominating Committee shall be composed of the four (4) Directors whose terms of office are not expiring at the time of the election. The Nominating Committee shall recruit qualified candidates for the Board and screen candidates to determine if they meet the minimum qualifications set by these Bylaws, the Board of Directors and applicable Illinois law for the office sought. The Nominating Committee shall also establish a procedure to share this information, in a timely manner, with the Convention Delegates. The Nominating Committee shall establish procedures for candidates to submit timely requests to be included on the ballot. Any candidate not following these procedures shall not be included in the slate of candidates submitted to the Delegates for election.

**Section 35.** A newly elected Director must, within six (6) months after their election, participate in a Board of Director's training or orientation program which includes information regarding board duties and responsibilities. At least annually, the Board of Directors shall conduct a self-assessment.

**Section 36.** Any member of the Board of Directors may be removed for cause by an affirmative vote of two-thirds of all members of the Board, excluding the Director in question, at a Board of Directors meeting called for that purpose. "Cause" shall include:

- a) Inability to perform the member's duties because of incapacity or disability;
- b) Failure or neglect to perform any of the member's duties;
- c) Engaging in conduct that is unbecoming a Director or brings any just criticism to the Society;
- d) Ceasing to meet the requirements for elected Directors in Section 33;
- e) Breaching a fiduciary duty owed to the Society, its members or beneficiaries; or
- f) Materially violating these Bylaws, the Society's Articles of Incorporation, or any code of conduct or conflicts of interest policy adopted by the Society.

A determination of "Cause" shall be made in the reasonable discretion of the Board of Directors. The individual whose status is at issue shall not be entitled to vote in the matter.

## ***Article IX*** ***Officers of the Society***

**Section 37.** The principal officers of the Society shall be the President/ CEO, the Corporate Secretary, the Treasurer, and such officers as recommended by the President/ CEO and approved by the Board of Directors. Except for the office of President/ CEO, other principal officer positions may be combined. The President/CEO shall be hired by the Board of Directors. Other principal officers shall be hired as employees by the President/ CEO and confirmed as officers by the Board.



**Section 38.** The President shall serve as Chief Executive Officer of the Society (CEO), shall preside at all Conventions and shall be Roman Catholic in religion and belief.

The President/CEO of the Society shall be a member of the Board and is vested with the management, supervision and control of the Society.

The President/CEO shall be a full time employee of the Society, appointed by the Board and shall be located at the Society's Home Office in Belleville, Illinois. The President/CEO may not engage in any other business unless approved in writing by the Board of Directors.

The President/CEO shall have the authority to employ, appoint or contract with any Society employee or agent and to set salaries, commissions, and bonuses subject to any requirements adopted by the Board of Directors.

The President/CEO shall perform all other usual and incidental duties pertaining to the office and such other duties as assigned by the Board.

**Section 39.** The Corporate Secretary of the Society shall report to the President/CEO. The Secretary shall be the custodian of all books, records and properties of the Society, may sign any documents or instruments necessary or proper to be executed in the normal and regular course of the Society's business, or which shall be authorized by resolution of the Board of Directors and perform any additional duties incidental to the office or assigned by the President/CEO or the Board. The Secretary shall be a full time employee of the Society, and may not engage in any other business unless approved in writing by the Board.

**Section 40.** The Treasurer of the Society shall report to the President/CEO. The Treasurer shall be responsible for maintaining an accurate account of all monies and transactions of the Society.

The Treasurer shall be a full time employee of the Society, and may not engage in any other business unless approved in writing by the Board of Directors.

At the regular Convention, he/she shall render an accurate account of all financial transactions of the Society and any other important business. He/she shall submit to Board of Directors, statements of the financial and general condition of the Society. He/she shall make all statements and reports required by law and shall make a financial statement annually for publication in the official publication of the Society.

He/she shall also perform all other incidental duties pertaining to the office, and any additional duties assigned to him/her by the President/CEO or Board of Directors.

### ***Article X*** ***Spiritual Advisor***

**Section 41.** The Spiritual Advisor, who shall be appointed by the President/CEO, shall be the spiritual advisor to the Society, attend meetings of the Convention and may attend meetings of the Board of Directors with voice but no vote, and act in all spiritual matters on behalf of the Society. The Spiritual Advisor shall be Roman Catholic in religion and belief.

**Article XI  
Official Bonds**

**Section 42.** Corporate surety bonds shall be secured and the premiums thereof paid by the Society for the President/ CEO, Secretary, Treasurer and any other officer, employee or agent of the Society designated by the Board in an amount as determined by the Board of Directors.

**Article XII  
Indemnification**

**Section 43.** The Society will completely indemnify to the full extent, now or subsequently permitted by law, any member of the Board of Directors, or an officer or employee of the Society who was, is, or has been threatened to be made a party to any contemplated, pending, or completed action:

- a) Wherever the action may be brought;
- b) Whether civil, criminal, administrative, or investigative;
- c) Brought because that person is or was a member of the Board of Directors, an officer or employee;
- d) Against all expenses, attorney fees, judgments, costs, fines, and amounts paid in settlement actually and reasonably incurred by that person in connection with the investigation, defense, handling, negotiation, and settlement of any action, suit, or proceeding.

The right of indemnification shall not be deemed exclusive of any right to which the Board of Directors, officers or employees may be entitled.

A Director, officer or employee shall not be indemnified or reimbursed for any such amounts in relation to such action, suit or proceeding if he or she shall finally be adjudged to be or have been guilty of a breach of duty as a Director, officer or employee or, in respect to such matter, there has been made a compromise settlement, unless in either such case the person acted in good faith for a purpose reasonably believed to be in or not opposed to the best interests of the Society, or, in a criminal action or proceeding, in addition, had no reasonable cause to believe that his or her conduct was unlawful. The determination whether the conduct of such person met the standard required to justify indemnification and reimbursement in this section may only be made by the Board of Directors by a majority vote of a quorum consisting of persons who were not parties to such action, suit or proceeding.

**Section 44.** The Society shall maintain insurance on each Director, officer or employee of the Society against any liability asserted against such Director, officer or employee incurred or arising out of such capacity.

**Article XIII**  
**Funds and Investments**

**Section 45.** There shall be established and maintained a fund or funds for the payment of death and other benefits and for the accumulation of reserve on certificates as provided by law and/or the benefit certificates, and for the expense of management and extension of the Society. The Board shall have supervision over the operations of the funds of the Society which shall be invested in accordance with the investment policies adopted by the Board of Directors and all applicable laws.

**Article XIV**  
**Councils**

**Section 46.** The subordinate member units of the Society shall be referred to in these Bylaws as "Councils." The Board of Directors may adopt other names for such subordinate units.

**Section 47.** Councils are organized to unite members and their families to foster friendship and true charity, to provide spiritual enrichment through faith-based activities and to provide assistance to any lawful social, intellectual, educational, charitable, benevolent, moral, fraternal, patriotic, civic or other activity for the benefit of the public or its members.

**Section 48.** Councils may be chartered by the Board of Directors upon petition of at least ten beneficial members. The petition shall be in the form prescribed by the Board and shall indicate acceptance of the Articles of Incorporation and Bylaws of the Society. Councils shall also be subject to Council bylaws as adopted by the Board.

**Section 49.** The Board of Directors may withdraw the charter of any Council in event it is determined to be in the best interest of the Society. The Board shall provide for the disposition of property of Councils that have been suspended or dissolved in a manner consistent with the purposes of Councils.

**Section 50.** The Board of Directors shall have the power and authority to issue regulations governing the conduct of Councils. In the event any controversy shall arise relating to any Council or its members, if the controversy cannot be resolved by the Council, it shall be referred to the Board and the Board of Director's decision in the matter shall be final.

**Section 51.** Regular meetings of the Councils shall be held as frequently as required by law.

**Article XV**  
**Compensation**

**Section 52.** Reasonable Board of Director's fees shall be as approved by the Convention. Reasonable compensation for the President/CEO and the Spiritual Advisor shall be determined by the Board and reviewed annually. Reasonable compensation of all other employees and agents shall be determined by the President/CEO subject to the policies of the Board. A determination of reasonable compensation shall take into account, among others, the services rendered, the performance of the individual, the performance of the Society, market and industry standards and compensation paid by similarly situated fraternal benefit societies.

**Article XVI**  
**Official Publication**

**Section 53.** The Society shall have an official publication. The name of the official publication shall be determined by the Board of Directors. Any notice, report or statement required by law, including notice of election, may be published in the official publication. A copy of the official publication shall be sent to Society members as shown on the records of the Society, except that if Society records show that two or more members have the same mailing address, an official publication mailed to one of them is deemed mailed to all of them at the same address unless a separate copy is requested. The official publication shall be published in such form and at such periods as the Board of Directors may determine.

**Section 54.** All amendments of the Articles of Incorporation or Bylaws of the Society or a synopsis thereof shall be published in the official publication or mailed directly to members within the time required by the laws of the State of Illinois.

**Article XVII**  
**Rules of Procedure**

**Section 55.** If the Articles of Incorporation or Bylaws of the Society are silent as to any procedural aspect of any action or meeting hereunder, the procedures of the latest edition of Roberts Rules of Order shall control such procedure.

**Article XVIII**  
**Benefit Certificates**

**Section 56.** The Board of Directors has authority to issue any type of benefit certificate permitted by the insurance laws of the State of Illinois covering fraternal societies.

**Section 57.** The certificate of membership and insurance or annuity, together with any riders or endorsements attached to it, the application, the declaration of insurability (if any) signed by the applicant, the Articles of Incorporation and Bylaws of the Society and all amendments to them, constitute the entire contract when it is issued. Any subsequent changes, additions or amendments to the Articles of Incorporation or Bylaws shall be binding upon the applicant member, certificate owner, beneficiaries and other persons affected, and shall govern and control in all respects, except that no changes shall destroy or diminish benefits promised in the certificate when it was issued.

**Section 58.** Any person upon whose life a certificate is issued prior to attaining the age of majority shall be bound by the terms of the application and certificate and by all the laws and rules of the Society to the same extent as though the age of majority had been attained at the time of application.

**Section 59.** Benefit certificates may be made payable to such person or persons, entity or interest as may be permitted under the rules and regulations of the Society and applicable state laws.

Unless the beneficiary designation calls for some other method of distribution, if some beneficiaries of the same class die before the insured, the death benefit proceeds shall be paid in full to the surviving beneficiaries of the same class. Each shall share equally the portion of the death benefit proceeds not otherwise disposed of in the certificate. If all beneficiaries, however designated, are dead when the insured dies, the death benefit proceeds, where not otherwise required by law, shall be paid to the owner or to the owner's estate.

A beneficiary shall not have or acquire any claim against the Society whatever until the insured dies unless otherwise provided by law.

No beneficiary change shall take effect unless received by the Society at its principal office. When it is received, any change shall take effect as of the date the request for beneficiary change was signed, as long as the request for change was mailed or actually delivered to the Society while the insured was alive. Such beneficiary change shall be null and void where the Society has made a good faith payment of the proceeds or has taken other action before receiving the change.

**Section 60.** If the reserves as to all or any class of certificates become impaired, the Board of Directors may require that there shall be paid by the owner to the Society the amount of the owner's equitable proportion of such deficiency as ascertained by the Board of Directors.

If such payment is not made, either (1) it shall stand as indebtedness against the certificate and draw interest not to exceed the rate specified for certificate loans; or (2) in lieu of or in combination with (1) the owner may accept a proportionate reduction in benefits under the certificate.

### ***Article XIX Dispute Resolution***

**Section 61. Purpose.** The purpose of this Article is to prescribe the sole means to present and resolve grievances, complaints, or disputes between or among members, insureds, certificate owners, or beneficiaries, their heirs, administrators, guardians, representatives, successors and assigns, and the Society or its Board of Directors, officers, agents, and employees. Procedures set forth in this Article are meant to provide prompt, fair, and efficient opportunities for dispute resolution, consistent with the fraternal nature of the Society, without delay and expense of formal legal proceedings.

**Section 62. Scope.** Except as expressly limited herein (see Section 66) this Article applies to all past, current or future benefit certificates, members, insureds, certificate owners, beneficiaries and their heirs, administrators, successors, guardians, representatives, successors and assigns and the Society. It applies to all claims, actions, disputes and grievances of any kind or nature whatsoever. It includes, but is not limited to, claims based on breach of contract, as well as claims based on fraud, misrepresentation, violation of statute, discrimination, denial of civil rights, conspiracy, defamation, and infliction of distress against the Society or its Directors, officers, agents, or employees. To the extent permitted by applicable law, this Article applies to all claims, actions,

disputes, and grievances brought by the Society against members, insureds, certificate owners, or beneficiaries and their heirs, administrators, guardians, representatives, successors and assigns. In the event that a court or arbitrator of competent jurisdiction deems any party or claim in a dispute not subject to this Article, this Article will remain in full force and effect as to any remaining parties or claims involved in such dispute. This Article does not apply to any claims or disputes relating to interpleader actions to determine proper owner, beneficiary or payee.

**Section 63. Dispute Resolution Procedures.** No lawsuits or any other actions may be brought for any claims or disputes covered by this Article. All disputes covered by this Article will be resolved in accordance with the following procedures, which will occur in the order given in this Section:

- (a) **Appeal.** Any dispute covered by this Article must be submitted to the Society's compliance officer at its Home Office at 2021 Mascoutah Avenue, Belleville, IL 62221, telephone number (800) 240-2554, for resolution by the Society's internal review process.
- (b) **Mediation.** If the parties are unable to resolve the dispute through the Society's internal appeal process as described in Paragraph (a), either party may have the matter mediated in accordance with the applicable mediation rules of the American Arbitration Association (or other neutral organization as agreed upon by the parties).
- (c) **Arbitration.** If the parties are unable to resolve the dispute through the Society's internal appeals process as described in Paragraph (a) and through mediation as described in Paragraph (b), the matter will be resolved by binding arbitration in accordance with the applicable arbitration rules as prescribed by the American Arbitration Association (or the rules of another neutral organization mutually agreed upon) as applicable to the type of matter in dispute. The arbitration shall be administered by a neutral organization agreed upon by the parties. The decision of the arbitrator shall be final and binding, subject only to the right to appeal such decision as provided in the arbitration rules and applicable laws. The member, insured, certificate owner or beneficiary shall have the right to be represented by legal counsel of his or her choosing at any time at his or her own expense (unless, as provided in Section 67 below, he or she is awarded attorney's fees). If an issue in dispute is subject to law that prohibits parties from agreeing to submit future disputes to binding arbitration, arbitration results shall be nonbinding, unless the parties agree to binding arbitration after the claim or dispute has arisen. The Society will take reasonable measures to assure that the dispute resolution process proceeds promptly.

**Section 64. Costs.** The administrative costs of any mediation or arbitration (including fees and expenses of mediators and arbitrators, filing fees, reasonable and necessary court reporting fees) will be paid by the Society. Except as awarded under Section 66 of this Article, each party will bear its own attorneys' fees, expert fees, and discovery fees.

**Section 65. Joinder of Disputes.** The procedures of this Article are designed to afford individual members, benefit certificate owners, beneficiaries and the Society a prompt, fair, and efficient means of resolving individual disputes. Accordingly, no dispute may be brought forward in a representative group or on behalf of or against any “class” of persons, and the disputes of multiple members or benefit certificate owners or beneficiaries (other than immediate family members) may not be joined together for purposes of these procedures without the express written consent of both (i) all members and benefit certificate owners and beneficiaries affected thereby and (ii) the Society. The restriction on joinder of disputes contained in this Section 65 is a condition upon which the agreement to arbitrate contained in Sections 62 and 63 depends. Thus, should a court or arbitrator of competent jurisdiction deem the restriction on joinder of disputes contained in this Section 65 unenforceable or otherwise void, there shall be no agreement to arbitrate.

**Section 66. Remedies.** This Section applies to any claim or dispute resolved through binding arbitration as provided in Section 63(c) above and to any action in a court of law in the event that a court or arbitrator of competent jurisdiction deems any party or claim in a dispute not subject to binding arbitration. Except as expressly limited in this Section, the parties to a dispute may be awarded any and all damages or other relief allowed for the claim in dispute by applicable federal or state law, including attorney's fees and expenses if such attorneys' fees and expenses are deemed appropriate under applicable law. Exemplary or punitive damages may be awarded for claims arising under applicable federal or state statutes to the extent permitted under the applicable statutes or, for claims arising under the common law, exemplary or punitive damages may be awarded but may not exceed three times the amount of compensatory damages.

**Section 67. Severability.** In the event that any court or arbitrator of competent jurisdiction deems any portion of this Article to be unenforceable or otherwise void under applicable law, the remaining portions of this Article will remain in full force and effect.

## **Article XX Waiver**

**Section 68.** No subordinate body, nor any of its subordinate officers or members, shall have the power or authority to waive any of the provisions of the laws of the Society. Such provisions shall be binding on the Society and every member and beneficiary of a member.

## **Article XXI Amendments**

**Section 69.** The Articles of Incorporation and these Bylaws may be repealed or amended in whole or in part by majority vote at any regular or special Convention or by written ballot provided in lieu of a special Convention as described in Section 9.

**Section 70.** Between meetings of the Convention, the Board of Directors may, by two-thirds vote of the Board, amend these Bylaws in any way necessary to clarify or give effect to Convention enactments, to remove or revise contradictions or ambiguities, or to make these Bylaws conform to the laws of the State of Illinois.

**Section 71.** Amendments to the Articles of Incorporation or these Bylaws shall take effect upon approval by the Illinois Department of Insurance, unless another later time is specified.