

**INDEPENDENT INSURANCE AGENTS
OF HOUSTON, INC.
BYLAWS
(Revised 8/06)**

Article I - Name and Purpose

Name

1.1 The name of the Corporation is "Independent Insurance Agents of Houston, Inc., DBA Houston Association of Insurance Agents", ("IIAH/HAIA").

Purpose

1.2 This Corporation is organized as a board of trade. More specifically, the Corporation is created solely as an organization described in Section 501 (c) (6) and exempt from taxation under Section 501 (a) of the Internal Revenue Code of 1954 of corresponding provisions hereinafter in effect. The Corporation is not organized for profit and no part of the net earnings of which inures to the benefit of any private member or individual. The purposes of the Corporation shall be:

- (1) To support and maintain the principles of the American Agency System, and by all reasonable means to promote the best interests of those agents in Harris County, Texas doing business through such system and those agents doing business through such system domiciled in the State of Texas, but outside Harris County, who voluntarily join the Corporation. The American Agency System is the production of insurance premiums and the servicing of insurance contracts by insurance agents who:
 - A) with regard to the preponderance of their agency business, operate on a commission basis and own their own accounts as independent contractors, and have ownership of their accounts and expirations by contract with their companies,
 - B) maintain their own offices,
 - C) are not restricted from placing insurance risks with more than one company.
- (2) To encourage and support those insurance principles, programs and regulations which are in the best public interest; to enlighten members as to the insurance laws of the State of Texas and to the rules and regulations for the writing of insurance as approved by the Commissioner of Insurance of the State of Texas; and to support and encourage all activities to reduce loss of life and property on streets, highways, in homes and places of employment.
- (3) To support a program of continuing education for member agents to assist them in attaining and maintaining the highest professional competence.
- (4) To encourage high standards of ethical and professional conduct by agents.
- (5) To promote a greater public understanding and knowledge of the insurance industry and its vital and necessary role in our society.
- (6) To generally promote the best interests of its membership by all reasonable and honorable means and to engage in such activities or purposes as shall be necessary, convenient, or incidental to any of the foregoing purposes including, but not limited to, the providing of an employment bureau services for its members.
- (7) And, for the better accomplishment of the aforesaid objects and purposes, to support the policies of the Independent Insurance Agents of Texas ("IIAT").

ARTICLE II – Board of Directors

2.1 The management, affairs, business and general administration of the Corporation shall be vested in its Board of Directors, which may exercise all such powers of the Corporation and do all such lawful acts and things as are not by statute, or by the Articles of Incorporation, or by these Bylaws directed or required to be exercised or done by the members.

2.2 The Board shall be composed of not less than ten (10) and not more than fifteen (15) persons, each of whom must be an active member of the corporation. Of the total directors, no more than three (3) shall be from an Affiliate Member firm as set forth in Section 4.4, Article IV of these bylaws. The number of Directors to serve for the coming year shall be determined by the Board at a regular or duly called special meeting of the Board, provided that the act of the Board in reducing the number of directors shall not reduce or shorten the term of any director then serving in office. A minimum of three (3) directors shall be chosen each year from among the members of the Association at its annual meeting to serve for a term of three (3) years each. Any member of the Board so chosen shall, to the extent there are directors with terms then expiring, replace those members whose terms expire. Directors shall be elected each year to take office on September 1st immediately following their election, with the term of each Director expiring on August 31st of a given year. The President, President-Elect, Vice President, and Treasurer shall serve as voting ex-officio members of the Board during their respective terms of office. In addition to the elected Directors, the Immediate Past President, if he does not have a balance of his term as Director remaining, the Secretary, and any active member who is currently an Officer or Director of the Independent Insurance Agents of Texas, or the Independent Insurance Agents of America, Inc. shall be ex-officio members of the Board to serve as advisors without a vote. No director who has served a full term shall be eligible for reelection to succeed himself or herself. The Directors holding office at the time of adoption of these bylaws shall be the Directors of this Corporation and shall serve for the balance of the term for which they were elected.

2.3 Any vacancy occurring on the Board shall be filled by appointment of the President, subject to ratification by an affirmative vote of a majority of the remaining Directors, though less than a quorum of the Board of Directors. A Director appointed to fill a vacancy shall be appointed for the unexpired term of his predecessor in office. Any appointed Director shall be eligible for election to his or her own term.

2.4 Directors shall be elected by a plurality vote of the Regular members by written ballot. Cumulative voting shall not be permitted.

2.5 Any Director or Officer may be removed from office, either with or without cause, at any time by a vote of three-fourths (3/4) of the remaining Directors, and may be recalled at any time with or without cause by a vote of two-thirds (2/3) of the Regular members of the Corporation present at any special meeting called for that purpose or at the annual meeting.

2.6 At least sixty (60) days prior to the annual business meeting of the Association, the President, with the advice and consent of the Board of Directors, shall appoint a three (3) member Nominating Committee, none of whom are officers or members of the Board. The Nominating Committee shall select from the active Regular/Affiliate members, a slate of nominees for election to the Board whose names shall be submitted to all Regular members with a notice of the election meeting to be held on a date and at a place to be selected by the Board of Directors. Nominations for election of members to the Board shall also be allowed from the floor during the election meeting.

2.7 Regular meetings of the Board of Directors may be held at such time and place as shall from time to time be determined by the Board.

2.8 Special meetings of the Board of Directors may be called by the President, or shall be called by the Secretary on the written request of two (2) Directors. Members of the Board of Directors shall be given at least twenty-four (24) hours prior notice either personally delivered in writing, electronically, by facsimile, or by telephone of a special meeting called pursuant to this section.

2.9 At all meetings of the Board a majority of the Directors then in office shall constitute a quorum for the transaction of business, and the act of a majority of the Directors present at any meeting at which there is a quorum shall be the act of the Board, except as otherwise specifically provided by statute, or by the Articles of Incorporation, or by these Bylaws.

2.10 In the event of any disagreement arising out of a decision or action of the Board, wherein a member is dissatisfied therewith, such member may request a hearing before the Board. The Board shall vote whether or not the complaining member's petition shall be brought before the full membership. If a majority of the Board shall rule in favor of submitting the question to the full membership, the President shall call a meeting of the members. Upon a vote of two-thirds (2/3) of those voting at said meeting of the membership, the findings, decision or order of the Board in issue may be overruled, reversed, remanded and set down for further consideration, or a final decision may be rendered by said two-thirds (2/3) vote. Otherwise, the decision of the Board shall stand as final.

Discipline by Directors

2.11 The Board shall investigate alleged breaches of the Bylaws, rules, regulations, ethics, and business practices thereunder, including conduct unbecoming a member. The Board shall have full authority to discipline any member including expulsion as provided in Section 4.17 of Article IV.

ARTICLE III - General Officers

3.1 The officers of the Corporation, chosen from the Regular Member Directors of the Board, shall be elected by the Board of Directors at the annual business meeting of the newly elected Board and shall consist of a President, President-elect, Vice-President, Secretary, and Treasurer. The Board may also elect additional Vice-Presidents, and one or more assistant secretaries and assistant treasurers. The offices of Secretary and Treasurer may be held by the same person. All officers are to serve for the fiscal year that follows their election.

(a) For the office of Vice President, any Regular Member Director of the Board, serving on the Board at the time of the elections, shall be eligible for election to this office.

(b) For the office of President-elect, any Regular Member Director of the Board, serving on the Board at the time of the elections, shall be eligible for election to this office.

(c) For the office of President, only the current President-elect shall be eligible for election to this office, unless such person is unable or unwilling to assume such office or to fulfill the duties thereof; in which case, only a current Vice-President shall be eligible for election to such office, unless he is unable or unwilling to assume such office or duties; in which case, any Regular Member Director of the Board, serving on the Board at the time of the election, shall be eligible for election to this office.

3.2 The Board may appoint such other officers and assistant officers and employees or contractors as it shall deem necessary. Such Board appointees shall hold their offices for such terms and shall have authority and exercise such powers and perform such duties as shall be determined from time to time by the Board of Directors by resolution not inconsistent with these Bylaws.

3.3 The compensation, if any, of all officers, employees, or contractors of the Corporation shall be fixed by the Board. The Board shall have the power to enter into contracts for the employment and compensation of officers and employees for such terms as the Board deems advisable.

3.4 Any employee or contractor employed or appointed by the Board may be removed at any time by the affirmative vote of a majority of the Board, but such removal shall be without prejudice to the contract rights, if any, of the person so removed. Employment or appointment of any employee or contractor shall not itself create contract rights. Any vacancy occurring shall be filled by the Board of Directors, as the Board may deem necessary.

The President

3.5 The President shall be the Chief Executive Officer of the Corporation, shall have general and active management responsibilities of the business of the Corporation and shall see that all orders and resolutions of the Board are carried into effect. The President shall preside at all meetings of the members and Board. The President shall name a Nominating Committee on or before June 1st of each year and such other committees as he/she shall deem necessary and desirable for approval of the Board. The President shall be Chairman of the Executive Committee, and an ex-officio member of all committees of the Corporation except the Nominating Committee.

The President-elect

3.6 The President-elect shall be the successor of the President at the end of the President's term of office. In the event of the President's absence or disability, the President-Elect shall perform the duties and have the authority and exercise the powers of the President. The President-Elect shall be a member of the Executive Committee, and shall be an ex-officio member of such committees to which he/she is assigned by the President. The President-Elect shall perform such other duties and have such other authority and powers as the Board of Directors may from time to time prescribe or as the President may from time to time delegate.

The Vice-President

3.7 The Vice-President, unless otherwise determined by the Board, shall in the absence or disability of the President-Elect, perform the duties and have the authority and exercise the powers of the President-Elect. The Vice-President shall perform such other duties and have such other authority and powers as the Board may from time to time prescribe or as the President may from time to time delegate. The Vice-President shall be a member of the Executive Committee, and shall be an ex-officio member of such committees to which he/she is assigned by the President.

The Secretary

3.8 The Secretary shall attend all meetings of the Association and of the Board of Directors and of the Executive Committee and all meetings of the members and record all of the proceedings of the Board and of the members, and shall perform like duties for the committees of the Corporation when required. The Secretary shall give, or cause to be given, notice of all meetings of the members and special meetings of the Board, and shall perform such other duties as may be prescribed by the Board or President, under whose supervision he/she shall be. The Board may, at its discretion, employ a full time paid Secretary who may be designated as Executive Secretary, or as the Board may determine. In addition, he/she shall assist the Treasurer and shall provide a bond in such form as the Board may require in the amount of \$25,000, or more.

The Treasurer

3.9 The Treasurer shall be the custodian of the funds of the Corporation and shall submit unaudited financial statements to the Board at each regularly scheduled Board of Directors meeting. Prior to September 1st, each year, the Treasurer shall also submit a proposed budget to the Board for consideration and recommendation to the next Board to be elected. The Treasurer shall be a member of the Executive Committee.

The Executive Committee

3.10 The Executive Committee of the Board shall be composed of the President, President-Elect, Vice-President, and the Treasurer. The Immediate Past President and Secretary of the Corporation shall be ex-officio members without a vote. The Executive Committee shall have the power to take official action on any matter of a sufficiently urgent nature as would preclude the calling of a full meeting of the Board. At meetings of the Executive Committee, a majority of the Executive Committee shall constitute a quorum for the transaction of such urgent official action. The act of a majority of the Executive Committee, present at any meeting at which there is a quorum, shall be the act of the Executive Committee, except as may be otherwise specifically provided by statute, or by the Articles of Incorporation, or by the Bylaws. Any action taken by the Executive Committee must be reported to and ratified by the Board at its next regular meeting.

ARTICLE IV- Classes of Members, Qualifications and Rights

Classes of Members-Regular Members

4.1 The regular membership of the Corporation shall be composed of insurance agents transacting any type of insurance business in accordance with the principles of the American Agency System, as set forth in Article I, Section 1.2, (1), to include officers of a chartered corporation licensed by the Texas Department of Insurance as a general or limited lines property and casualty agent holding the position of Chairman of the Board, Vice-Chairman of the Board, President, Vice-President, Secretary, or Treasurer; who are of good business reputation and who have had experience and training and are otherwise qualified in the respective lines of insurance which they write; who are familiar with the insurance laws of this state and have complied with the provisions thereof; and who are familiar with the terms, provisions and conditions of the policies and contracts which they sell, negotiate or effect. Persons or firms of good standing and duly licensed in the State of Texas as general or limited lines property and casualty agents, and who are actively engaged in the business of insurance as agents for one or more fire, marine, casualty or surety insurance companies, and who subscribe to the Articles of Incorporation and the Code of Ethics of the Corporation, and these Bylaws shall be eligible to apply for Regular membership in the Corporation.

4.2 Any person or firm who holds substantially the same ownership, control, or management interest in two or more agencies within the Corporation's jurisdictional limits which are eligible to be Regular members shall be required to pay dues based on a basis established by the Board of Directors of all such agencies combined, regardless of whether such agencies operate under the same name or address. However, if the other agency (or agencies) in which the person or firm holds substantially the same ownership, control, or management interest are also Regular members of the Corporation, then each of the member agencies shall pay dues based on a basis established by the Board of Directors.

Retired Members

4.3 Any person or firm who has in the past three (3) years been a member, or any person who has served as President at any time, of the Independent Insurance Agents of Houston or Professional Insurance Agents-Greater Houston Area, and who have disposed of their interest in and are no longer affiliated with an agency, shall be eligible to apply for retired member status in the Corporation. Membership shall be limited to former owners and retired licensed employees of a member agency. A retired member shall have no voting rights and may not serve on the Board or hold any office, but a retired member will receive mailings and attend local functions at member rates.

Affiliate Members

4.4 Any person or firm who has a bonafide interest in or renders a service to the general insurance industry, and who will further the interest of the Corporation and the American Agency System in a capacity other than an insurance agent/agency and who is not eligible to join as a regular member shall be eligible to apply for affiliate membership in the Corporation. An affiliate member shall have no voting rights or hold any office.

4.5 No person or firm shall be eligible for affiliate membership in the Corporation if such person or firm holds ownership, control or a management interest in an insurance agency which is eligible to apply for regular membership in the Corporation, unless such agency is, in fact, also a regular member of the Corporation.

4.6 Applicants for membership shall complete an application in such form as determined by the Board, signed by at least one owner of the applicant entity. Such form shall be submitted to the Membership Committee. The Membership Committee shall investigate each application, then determine whether or not the applicant meets the membership requirements of the Corporation as set forth in Sections 4.1, 4.2, 4.3, 4.4, and 4.5 of Article IV, and Section 5.1 of Article V. The Board shall then vote on each applicant for membership and an applicant shall be elected to

regular membership upon receiving the affirmative vote of at least a majority of the members on the Board. The Secretary shall give to each applicant, upon his admission as a member, notice thereof in writing. Such member shall become an active member upon satisfaction of the dues and fee requirements of Article V. If an application for membership is rejected, the applicant shall be given reasons for that denial and shall have the procedural right to a hearing as provided in Section 4.7 of Article IV.

4.7 A rejected applicant desiring a hearing shall be afforded one by making a request in writing to the Secretary of the Corporation. The President of the Corporation shall, within a reasonable time, call a special meeting of regular members and the applicant shall be voted upon by the regular members. In the event there is an affirmative vote of sixty percent (60%) of those regular members present in person or by proxy, and qualified to vote, the applicant shall be declared a member of the Corporation; provided, however, this provision shall not apply to an applicant who does not qualify or comply with the requirements for membership as set out in Sections 4.1, 4.2, 4.3, 4.4, and 4.5 of Article IV and Section 5.1 of Article V.

4.8 Should this Corporation merge with any other agents' association which has been in existence for two (2) or more years and which has at least ten (10) or more active member agencies, the Board of Directors of this Corporation is hereby given specific authority to waive applications for membership by the members of the merging association and to elect to active membership a qualified agency, provided said agency has submitted such information as the Board of Directors of this Corporation may require within thirty (30) days following the merger. Merging association members will be subject to the same eligibility requirements and terms and conditions of membership as existing members.

4.9 Membership may be canceled, upon thirty (30) days advance written notice by a member in good standing, his heirs or authorized legal representative. Membership shall terminate and forthwith cease upon dissolution of an agency partnership, corporation, or business. No such termination of membership shall impair or discharge any financial obligation then owing to the Association by such member. Where a change occurs in the name of an agency, or in the partners, stockholders or co-owners, involving no other change in an agency holding membership in good standing, the membership may, at the discretion of the Board, be continued in force; subject, however, to such requirements as the Board may deem necessary to establish continued eligibility.

Meetings of Members

4.10 Meetings of members for any purpose may be held at the registered office of the Corporation or at such other place as shall be stated in the notice of the meeting. Each Regular member agency shall be entitled to one vote on all matters presented to the membership.

4.11 The annual meeting of the members of this Corporation shall be held on a date and at a place to be selected by the Board of Directors.

4.12 Regular meetings of the members of the Corporation shall be held periodically.

4.13 Special meetings (other than the annual meeting and regular periodic meetings) of the members of the Corporation may be called by the President, or special meetings shall be called by the President upon the written request of at least fifteen (15) members qualified to vote, or upon the direction of three fourths (3/4) of the Board.

4.14 Notice of all meetings shall be sent to all members qualified to vote not less than ten (10) days nor more than fifty (50) days before the date of the meeting. The notice of special meetings called pursuant to the preceding section shall clearly state the object thereof, and any action taken shall be limited thereto.

4.15 Fifteen (15) percent of Regular members present in person, or represented by written proxy, shall constitute a quorum. A quorum is required for the transaction of business. Votes may be cast at meetings by written proxy.

4.16 Any notice to members shall be personally delivered in writing, electronically, by facsimile or by telephone to the members at their respective addresses appearing on the books of the Corporation.

Expulsion of a member

4.17 A member may be expelled by a two-thirds (2/3) vote of the Board only after all of the following have occurred:

- 1) The member must be given notice of the specific reasons for expulsion.
- 2) The member shall have the right to a hearing before the Board upon written request by the member.
- 3) The member shall have the right to be represented by counsel in a hearing before the Board.
- 4) The member shall have the right to present evidence in his defense at the hearing before the Board.
- 5) The member shall have the right to cross-examine any witness at the hearing before the Board.
- 6) Any member of the Corporation expelled pursuant to this section shall have the right to appeal such decision of the Board to the membership in accordance with Section 2.11 of Article II.

ARTICLE V- Membership Dues

5.1 The basis on which the dues are established and the schedule of dues shall be determined by the Board of Directors, and must be paid in accordance with that schedule. Agencies with multiple locations must report the dues basis for all branch offices within this Association's jurisdiction, and pay dues in accordance with these Bylaws. Each active member shall accurately report the required information as determined by the Board of Directors. This report will be accomplished by an annual census survey. Affiliate and retired members shall pay dues as determined by the Board of Directors. The Board shall have the authority to amend regular, affiliate and retired member dues after fifteen (15) days written notice to the membership, by an affirmative vote of three-fourths (3/4) of the Directors.

5.2 On or before June 1st of each year, the President shall appoint a Dues Classification Committee to be made up of at least five (5) regular members and whose appointment shall be ratified by a majority of the Board. This committee shall secure and review information concerning each active member's dues category for the next fiscal year. The information required of each active member shall be accurately provided from each active member on such form in such manner as may be prescribed by the Board. The Dues Classification Committee shall have the authority to approve dues category for any active member for the coming fiscal year. In the event the Dues Classification Committee is unable to reconcile the census of a particular member with its approved dues classification, the Dues Classification Committee shall refer such matter to the Board for discipline as stated in Section 2.12 of Article II.

5.3 The Board is hereby granted the authority and power to impose such penalties as may be necessary to penalize any member firm that does not comply with the payment schedule established by the Board. Such penalties shall be applied uniformly to all members and shall be in every case non-discriminatory.

ARTICLE VI- Amendments

6.1 These Bylaws may be amended at any annual meeting of the members, or at any special meeting of the members called for that purpose, by an affirmative vote of three-fifths (3/5) of the members present in person or by proxy and qualified to vote, provided the proposed amendments shall have been endorsed by the Board of Directors by fifty (50) days prior to the meeting at which such amendment is to be acted upon. The Secretary shall mail a copy of the proposed

amendment to all members of the Corporation at least ten (10) days prior to such meetings as part of the notice of such meeting.

ARTICLE VII- Indemnification

7.1 Directors, Officers, Employees, Agents and Trustees of the Corporation, past, present, and future shall be indemnified by the Corporation against loss and reasonable expense, including court costs, attorney fees and incidental expenses, necessarily incurred by any of them in connection with the defense of any action in court or in a proceeding to which such Director, Officer, Employee, Agent or Trustee, is made a part by reason of any act or omission, done under authority, or color of authority, given by the Board of this Corporation, provided: 1) that such act or omission be in a good faith exercise of the Director's, Officer's, Employee's, Agent's or Trustee's duties as such, and within the scope of his duties as such; 2) such act or omission be not in violation of the Constitution and Bylaws of the Corporation; and 3) such item of expense be submitted to the Board of this Corporation and approved by it before such item of expense is incurred. The right of indemnity shall extend to the heirs, executors and administrators of such Directors, Officers, Employees, Agent and Trustees of the Corporation, and such indemnity shall not be deemed exclusive of any other rights to which such Director, Officer, Employee, Agent or Trustee may be entitled, under any bylaws, agreement, insurance policy, vote of members or otherwise.

ARTICLE VIII- General Provisions

Fiscal year

8.1 The fiscal year of the corporation shall be September 1 through August 31.

Annual Statements

8.2 The Board shall make available to any active member, upon request, a full and clear statement of the business and condition of the Corporation.

Checks

8.3 All checks or demands for money and notes of the Corporation shall be signed by such officer, or officers or such other person or persons as the Board may from time to time designate.

Books and Records

8.4 The Corporation shall keep correct and complete books and records of account and shall keep minutes of the proceedings of its members and Board, and shall keep at its registered office, a record of its members, giving the names and addresses of all members.

Code of Ethics

8.5 The Board shall have authority to promulgate a Code of Ethics which shall govern the actions of all members when dealing with the public or with one another. Such Code of Ethics shall also set forth a minimum of standards which shall be maintained by all members at all times.