

# Degree of Honor Protective Association

INCORPORATED UNDER THE LAWS OF THE STATE OF MINNESOTA

A National Fraternal Life Insurance Society

Amended and Restated Articles of Incorporation,  
2007



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**RESTATED  
ARTICLES OF INCORPORATION  
OF  
DEGREE OF HONOR PROTECTIVE ASSOCIATION**

The voting members of the National Lodge of the Degree of Honor Protective Association, upon the recommendation of the Board of Directors, hereby adopt the following Restated Articles of Incorporation pursuant to Chapter 64B of the Minnesota Statutes.

**ARTICLE I.  
NAME**

The name of this corporation is: Degree of Honor Protective Association.

**ARTICLE II.  
PURPOSES**

The purposes of this corporation are:

- (a) To conduct a fraternal benefit society as a not for profit through a subordinate lodge/service club system with ritualistic form of work, and having a representative form of government;
- (b) To operate for the benefit of members and their beneficiaries by providing benefits permitted by Chapter 64B of the Minnesota Statutes, as amended from time to time;
- (c) To operate for one or more social, educational, charitable, moral, patriotic and fraternal purposes for the benefit of members which may be extended to others;
- (d) To seek members who will subscribe to the Common Bond of this corporation in the form prescribed by the Board of Directors from time to time; and
- (e) To promote union, sympathy, friendship and fraternalism among members, their families and their beneficiaries.

**ARTICLE III.  
POWERS**

This corporation shall have the following powers:

- (a) To sue and be sued by its corporate name, subject to its dispute resolution procedures as set forth in the Bylaws;
- (b) To have and use a common seal which it may alter at its pleasure;
- (c) To acquire, own, sell, mortgage, lease, pledge, encumber, manage and otherwise deal in real and personal property;
- (d) To make and amend Bylaws, rules, regulations and general laws for government of this corporation as permitted by law;
- (e) To organize, continue and terminate subordinate lodges/service clubs which shall have and enjoy such powers, privileges and obligations as are prescribed in the Bylaws, rules, regulations and laws of this corporation;
- (f) To acquire, hold, invest, segregate and disburse funds of the corporation, as may be prescribed in the Bylaws, transact all other business named in these Restated Articles of Incorporation, the Bylaws, rules, regulations and laws of this corporation now in force or hereafter enacted;
- (g) To have and exercise all powers afforded by law to a corporation of this type and character;
- (h) To have and exercise such other and further powers as are necessary and incidental to carry into effect the objectives and purposes of this corporation.

**ARTICLE IV.  
NO PECUNIARY GAIN**

This corporation shall not afford pecuniary gain, incidentally or otherwise, to its members.

**ARTICLE V.  
PERPETUAL EXISTENCE**

The existence of the corporation shall be perpetual.

**ARTICLE VI.  
PRINCIPAL OFFICE**

The principal office and registered office of this corporation shall be located at 400 Robert Street North, Suite 1600, St. Paul, Minnesota 55101-2029.

**ARTICLE VII.  
MEMBERSHIP**

The members of this corporation shall be as prescribed in the Bylaws.

**ARTICLE VIII.  
NO PERSONAL LIABILITY**

The officers, directors and members of this corporation shall not be personally liable for any benefits provided by this corporation.

**ARTICLE IX.  
BOARD OF DIRECTORS**

(a) The Board of Directors shall be the supreme legislative and governing body of this corporation under the laws of the State of Minnesota. The number, qualifications, term of office, method of selection, powers, authority and duties of the directors of this corporation, the time and place of their meetings, and such other provisions with respect to them as are not inconsistent with the express provisions of these Articles shall be as specified in the Bylaws of this corporation.

(b) A director's personal liability to this corporation, the National Lodge or members for monetary damages shall be eliminated to the full extent permitted by law, provided, however, the liability of a director shall not be limited or eliminated:

(1) for any breach of the director's duty of loyalty to the society, the National Lodge, or its members;

(2) for acts or omissions not in good faith or that involve intentional misconduct or a knowing violation of law;

(3) for any transaction from which the director derived an improper personal benefit; or

(4) for any act or omission occurring prior to the date when a provision in the articles eliminating or limiting liability became or becomes effective.

**ARTICLE X.  
INDEMNIFICATION**

This corporation shall indemnify its members, directors, officers, employees and agents to the full extent permitted by applicable law.

**ARTICLE XI.  
AMENDMENT**

The Articles of Incorporation may be amended in the manner prescribed by the Bylaws.

**ARTICLE XII.  
EFFECTIVE DATE**

These Restated Articles of Incorporation shall take effect upon signature of the Commissioner pursuant to Minnesota Statute 64B.11 subd. 2.

# **Degree of Honor Protective Association**

INCORPORATED UNDER THE LAWS OF THE STATE OF MINNESOTA

A National Fraternal Life Insurance Society

Amended and Restated Bylaws  
2009



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**AMENDED AND RESTATED BYLAWS  
OF  
DEGREE OF HONOR PROTECTIVE ASSOCIATION  
2009**

**NAME**

**The name of this corporation is Degree of Honor Protective Association and may be referred to as “Degree of Honor.”**

**CHAPTER I. COMMON BOND**

- I. The Board of Directors shall prescribe a Common Bond which states the unique standards uniting the benefit members of the Degree of Honor Protective Association (hereafter the "Association") in fraternalism. The Common Bond may be revised as the Board of Directors determines in its discretion by the affirmative vote of two-thirds (2/3) of the Directors.

**CHAPTER II. MEMBERSHIP**

II.1 Types of Members

II.1.1 Members (hereafter "Member" or "Insured Member" or "Benefit Member") are adults who meet the qualifications for an Insured Member and who have been issued a benefit contract by the Association.

II.1.2 Young Members (hereafter "Young Members") are persons less than eighteen (18) years of age on whose behalf benefit contracts have been issued by the Association.

II.1.3 Social Members (hereafter "Social Members") are persons of any age who meet the qualifications for Social Members, but who have not been issued benefit contracts by the Association.

II.2 Qualifications

II.2.1 To become an Insured Member a person must: (a) be at least age eighteen (18) at the time of application for any benefit contract; (b) affirm the Common Bond of the Association; and (c) be issued a benefit contract.

Notwithstanding the foregoing, a young member who has a benefit contract in force and attains age eighteen (18) shall become a regular member.

II.2.2 To become a Social Member a person must apply for Social Membership, subscribe to the Association's Common Bond, and pay the appropriate dues.

II.2.3 Each application for an adult benefit contract shall also include a completed application for membership in the Association unless the proposed insured or applicant is already a member.

### II.3 Termination of Membership

Membership of an Insured Member shall automatically terminate upon failure to maintain at least one benefit contract in force. An Insured Member may continue the benefit contract in force even if membership in the Association is terminated. Membership of a Social Member shall automatically terminate upon failure to comply with the prescribed requirements.

### II.4 Voting Rights

II.4.1 Adult Insured Members shall be entitled to elect members of the Board of Directors, nominate qualified candidates for the Board of Directors and participate in other corporate and insurance affairs of this fraternal benefit society in accordance with these bylaws.

II.4.2 Social Members shall not have a voice nor the right to vote in the corporate and insurance affairs of this fraternal benefit society.

II.4.3 Voting by proxy shall not be permitted.

II.4.4 A voting member shall be entitled to only one (1) vote.

### II.5 Membership Rights Not Assignable. Membership rights in the Association are personal to the member and are not assignable.

## **CHAPTER III. BOARD OF DIRECTORS**

### **III.1 Supreme Governing Body**

The supreme governing body shall be a board of directors made up of benefit members of this fraternal benefit society.

### **III.2 Composition of the Board**

The Board of Directors shall consist of at least seven (7) but not more than nine (9) Directors, one of whom shall be the CEO/National President. With the exception of the CEO/National President, the Directors shall be elected by the Insured Members as provided in these Bylaws, to serve until their successors are duly elected and installed, or until death, disability, resignation or removal from office. The nominated Directors receiving the greatest number of votes shall be elected. The CEO/National President is appointed by the Board of Directors, as provided in these Bylaws.

### **III.3 Term**

With the exception of the CEO/National President, the Directors shall be elected to serve a term of four (4) years or until their successors are elected and installed, or until the death, disability, resignation or removal from office. The Directors shall have staggered terms.

### **III.4 Tenure**

The Directors shall serve no more than four (4) consecutive terms, in addition to any terms of less than four (4) years to which the Director may be elected or appointed.

### **III.5 Chair of the Board**

A Chair of the Board shall be elected to a term of one year by a vote of two-thirds (2/3) of the Directors. The Chair shall preside at all meetings of the Board and shall perform such other duties as may be specifically assigned from time to time by the Board. If the Chair is unable to serve, the Directors shall appoint an Interim Chair or a Substitute Chair. Appointment of a Substitute Chair shall require a two-thirds (2/3) vote of the Directors.

### III.6 Quorum of the Board

A quorum at any meeting of the Board shall consist of a majority of the Directors. Any action may be taken by the affirmative vote of two-thirds (2/3) of the Directors unless otherwise prescribed in the Articles of Incorporation or Bylaws.

### III.7. Vacancy of the Board

Any vacancy for an unexpired term as Director may be filled by the affirmative vote of two-thirds (2/3) of the remaining Directors at any lawful meeting. In the event of a vacancy, a special meeting of the Board may be called for the purpose of filling such vacancy.

### III.8 Nominations of the Board / Election of Board

III.8.1 Nominating / Election Committee. Prior to nominations for election of new directors, the board shall set the size of the incoming board. Pursuant to these bylaws, the board shall be composed of no fewer than seven (7) members and no more than nine (9). The Directors to be elected shall be nominated by a Nominating / Election Committee, consisting of not less than three (3) and not more than five (5) persons of whom no more than two (2) persons shall be Directors whose terms are not expiring that year. The committee member who is not a Director must be an Insured Member. The Board of Directors, by a two-thirds (2/3's) vote, shall appoint the Nominating / Election Committee within a time period to be specified by the Board. The Board of Directors shall also appoint the Chair of such committee. The Nominating / Election Committee shall prepare a slate of no fewer than three (3) candidates that meet the qualifications as established by the Association. In addition, any Insured Member may nominate a candidate for the Board of Directors. Social Members may not nominate candidates for the Board of Directors. Candidates nominated by Insured Members shall meet all qualifications as set forth by the Association. The Nominating Committee shall review the qualifications of these candidates and approve those for inclusion on the ballot that meet the established qualifications. Such candidates must be submitted within a time period specified by the Board. Candidates nominated by the Committee and those qualifying candidates nominated by the membership shall comprise the slate of candidates to be included on the election ballot. The ballot shall be submitted for consideration by the membership within a time period specified by the Board. The Nominating / Election Committee shall also preside over the election of the Directors which shall occur by mail. The Committee shall be charged

with administering the election process, counting the ballots and declaring nominees elected as Directors.

III.8.2 Nominations. Nominations for the elected Directors shall be made in a report of the Nominating / Election Committee, in writing, and filed with the Committee Chair. In addition to nominations from the Nomination / Election Committee, nominations may be made by any Insured Member. Nominations by Insured Members shall be made to the Nomination/Election Committee Chair in the manner and time period as specified by the Board. The Board of Directors shall have the right to endorse candidates, if it so chooses.

### III.9 Director Candidate Qualifications.

III.9.1 Prior to nomination, all nominees shall be Insured Members in good standing as determined by the Board of Directors from time to time. No nominee for the office of Director shall be related by blood or marriage to the CEO/National President, any of the other Directors, any other nominee for Director (but not including any honorary or advisory Director), nor shall any person be elected or appointed to fill a vacancy on the Board who is so related.

III.9.2 Nominees for Director must also satisfy the qualifications for Director as established by the Association from time to time. These qualifications shall be published and distributed by the Nomination/Election Committee.

### III.10 Honorary/Advisor Director

The Board of Directors or the CEO/National President in consultation with the Board of Directors may appoint honorary or advisory members of the Board to serve at the pleasure of the Board. Any such Director may have a voice but no vote, if invited, at any meeting, or portion thereof, of the Board.

### III.11 Meetings of the Board

Regular meetings of the Board of Directors shall be held not less than quarterly each calendar year at such times and places as it may determine. The CEO/National President or any two (2) Directors may call special meetings. A conference among Directors by means of communication through which the Directors may simultaneously hear each other during the conference is a Board meeting if the same notice is given of the conference as would be required for a meeting, and if the number of Directors participating in the conference would be sufficient to constitute a quorum at a meeting. Participation in a meeting of the Board of Directors or any subordinate body

by these means constitutes presence in person at the meeting.

### III.12 Powers of the Board

The Board of Directors is the supreme legislative and governing body of the Association. Except as otherwise provided by the Articles of Incorporation or these Bylaws, the Board of Directors shall set policy and strategy, provide oversight of the management and affairs of the Association, and perform such other duties as required by the laws of the State of Minnesota and other states for which the Association is licensed.

### III.13 Compensation of the Board

The Board, upon recommendation of the Association's Audit Committee, shall establish reasonable compensation for the Directors for their services to the Association. Reasonable compensation shall be set by affirmative vote of two-thirds (2/3) of the Directors.

### III.14 Removal or Resignation

Any Director may be removed from office at any time, for any reason or no reason, by the affirmative vote of two-thirds (2/3) of the remaining Directors. Any Director of the Association may resign at any time by giving written notice to the CEO/National President. Such resignation shall take effect at the time specified therein or, if the time is not specified, upon receipt thereof.

### III.15 Executive Committee

The Executive Committee shall consist of the CEO/National President and two other persons appointed by the Board, one of whom is a Director and the other a regular member or Director. The Executive Committee shall have all powers of the Board of Directors between meetings of the Board. A quorum shall consist of not less than two (2) members at any meeting of the Executive Committee. Any action may be taken by at least two (2) affirmative votes at any meeting. Any action may be taken in writing by minutes of action executed by all such members. Written notice of any action of the Executive Committee shall be given to all other Directors within thirty (30) days of the next regularly scheduled meeting of the Board of Directors. The Board may affirm, reverse or revise any action of the Executive Committee.

### III.16 Investment Committee.

The Investment Committee shall have such powers and duties as are delegated by the Board of Directors. The CEO/National President shall appoint the members of the Investment Committee and may replace a member at any time and for any reason or no reason. Written notice of any action of the Investment Committee shall be given to all other Directors within thirty (30) days of the next regularly scheduled meeting of the Board of Directors. The Board may affirm, reverse or revise any action of the Investment Committee.

### III.17 Audit Committee

The Board shall appoint an Audit Committee. The Audit Committee shall be comprised of no fewer than three (3) individuals. At least two (2) individuals must be “outside individuals”. An “outside individual” is defined as an individual who is not a Director, CEO/National President, Officer, employee or agent of the Association. The CEO/National President may appoint an employee of the Association, in a non-voting, resource capacity to assist the committee. Such committee shall be responsible for the oversight of the following: the auditors of the Association, the audit of the financial statements of the Association, and the internal control systems and procedures of the Association, and shall have such other purposes and powers as may be delegated by the Board from time to time. The Audit Committee shall also provide the Board, at least annually, with a review of their compensation structure and a recommendation for Director compensation going forward.

### III.18 Law and Governance Committee

The Board shall appoint a Law and Governance Committee to periodically review the Articles of Incorporation and Bylaws of the Association as well as consult with the Association’s General Counsel regarding legislative, regulatory and general legal matters. The Committee shall provide recommendations to the Board regarding their oversight and review and shall have such other purposes and powers as may be delegated by the Board from time to time. The Law and Governance Committee shall be comprised of no fewer than four (4) individuals. At least two (2) members of the Committee shall be members of the Board of Directors. One member shall be the Association’s General Counsel and the remaining Committee member or members shall be outside individuals. An “outside individual” is defined as an individual who is not a Director, CEO/National President, Officer, employee or agent of the Association.

### III.19 Nomination/Election Committee

As provided in Section III.8.1 above, the Board shall appoint a Nomination/Election Committee to confirm the qualifications of nominated candidates for director, recommend a slate of candidates, assemble a ballot of committee nominees and those qualified nominees recommended by the membership and to carry out the related election procedures as prescribed by these Bylaws and procedures set forth by the Association.

### III.20 Financial Report to Membership

The Board of Directors shall cause to be prepared and presented to the Membership a synopsis of audited financial statement for the calendar year immediately preceding the year in which the report is made. The report shall be published in the Association's official publication and distributed by any electronic means as deemed appropriate by the Association. The report shall be published and otherwise distributed at least annually.

### III.21 Official Publication

The Board of Directors shall provide for an official publication of the Association and for the distribution thereof not less than annually.

### III.22 Indemnification

The Association shall indemnify the Directors for their decisions and acts in furtherance of the business and affairs of the corporation to the full extent permitted by law. A director's personal liability to this corporation or members for monetary damages shall be eliminated to the full extent permitted by law, provided, however, the liability of a director shall not be limited or eliminated:

- (1) for any breach of the director's duty of loyalty to the society or its members;
- (2) for acts or omissions not in good faith or that involve intentional misconduct or a knowing violation of the law; or
- (3) for any transaction from which the director derived an improper personal benefit.

### III.23 Surety Bonds

The Board of Directors shall require the CEO/National President, the Chief Financial Officer (CFO) and any other officers or employees of the Association as deemed appropriate that may be authorized to receive, disburse, invest or otherwise handle monies belonging to, or in the possession of, the Association to furnish bond of appropriate form and amount, the premium for which shall be paid by the Association.

### III.24 Rules and Regulations of the Board

The Board may adopt such rules and regulations for the conduct of its meetings and for the management of its affairs as it may deem proper, not inconsistent with the applicable law or with these bylaws.

### III.25 Conflicts of Interest

It is the policy of the Association to identify and manage conflicts of interest on the part of its directors, officers, employees, agents and consultants which might impair their independence of judgment or influence their decisions or actions with respect to the Association's business. The Board of Directors shall adopt rules and procedures for the required disclosure and evaluation of conflicts of interest by directors, officers and other such persons as the board may determine.

## **CHAPTER V. OFFICERS**

### IV.1 Officers

IV.1.1 A Chief Executive Officer (CEO) shall be appointed by the Board of Directors. A two-thirds (2/3) vote of the Directors is required for such appointment. The CEO shall also, by reason of such appointment as CEO, hold the office of National President concurrently with that of CEO. The CEO/National President shall have the general control and management of the Association's business and affairs to the full extent of the law, subject to the direction of the Board of Directors, with the authority to do all acts and make all appointments necessary in that regard. The compensation of the CEO/National President shall be fixed by the Board. The compensation of all other officers shall be fixed by the CEO/National President. Any person appointed as CEO/National President shall be a member in good standing who is not a paid employee or agent of any other fraternal benefit society. Any such nominee shall have demonstrated ability to serve as CEO/National

President and meet the qualifications as established by the Association from time to time.

#### IV.2. Indemnification

The Association shall indemnify the officers of the corporation for their decisions and acts in furtherance of the business and affairs of the corporation to the full extent permitted by law.

### **CHAPTER V. LODGES/SERVICE CLUBS**

#### V.1 Charter

Five (5) or more members of the Association who reside in any area may, under the supervision of the CEO/National President or other authorized officer of the Association, organize and institute a lodge/service club. When the institution has been completed, the CEO/National President shall issue a charter designating the lodge/service club by name and number. The existence of the lodge/service club shall continue until its charter is surrendered or revoked.

#### V.2 Membership

The membership of a lodge/service club shall consist of Insured and Social members.

#### V.3 Powers

Any lodge/service club shall have those powers as authorized by the Lodge/Service Club Bylaws. The affairs of a lodge/service club shall at all times be subject to the direction and control of the CEO/National President in consultation with the subordinate group representatives. No Insured Member or Social Member shall have or acquire any individual right or interest in any lodge/service club funds or other personal property.

#### V.4 Lodge/Service Club Bylaws

The Board of Directors shall establish uniform lodge/service club bylaws.

#### V.5 Incorporation Prohibited

Lodge/service club incorporation is prohibited.

## V.6 No Real Property

A lodge/service club shall not own, lease or mortgage any real property.

## **CHAPTER VI. INSURANCE**

### VI.1 Benefit Contract

The term "benefit contract" shall be synonymous with the term "certificate" or "policy."

### VI.2 Benefit Contracts Authorized

The Association is authorized to issue such benefit contracts under the statutes of the state of Minnesota as may be lawful for a fraternal benefit society and under the statutes of the states in which it may be authorized to transact business.

### VI.3 Benefit Contract

The Association shall issue to each owner of a benefit contract a certificate specifying the amount of benefits provided thereby. The certificate, together with any riders or endorsements attached to it, the laws of the Association, the application for membership, the application for insurance and declaration of insurability, if any, signed by the applicant, and all amendments to each thereof, shall constitute the benefit contract, as of the date of issuance, between the Association and the owner, and the certificate shall so state. A copy of the application for insurance and declaration of insurability, if any, shall be endorsed upon or attached to the certificate. All statements on the application shall be representations and not warranties. Any waiver of this provision shall be void. Any changes, additions, or amendments to the laws of the Association, duly made or enacted subsequent to the issuance of the certificate, shall bind the owners and the beneficiaries, and shall govern and control the benefit contract in all respects the same as though the changes, additions, or amendments had been made prior to and were in force at the time of the application for insurance except that no change, addition, or amendment shall destroy or diminish benefits that the Association contracted to give the owner as of the date of issuance.

### VI.4 Rules and Laws

The Board of Directors shall have the power to adopt such rules and laws as it deems necessary or desirable concerning the insurance affairs of the

Association. Any such rule or law may be enacted, modified or eliminated at any time. The CEO/National President shall be the final authority for any interpretation and application of such rules and laws.

#### VI.5 Non-Contractual Benefits

The Board of Directors may provide non-contractual benefits to members of the Association, their beneficiaries or families in such form as deemed necessary or desirable, provided the Board shall have the right to enact, modify or eliminate any such non-contractual benefits at any time and no person shall have a vested right to any such non-contractual benefits.

#### VI.6 Limitation on Rights of Beneficiary

No beneficiary shall have or obtain any vested interest in the proceeds in any benefit contract issued by the Association until such benefit becomes due and payable.

#### VI.7 Policy Liens

No lien or encumbrance on any benefits under a benefit contract shall be allowed by reason of payment of premium, cancellation of or security for a debt or otherwise, except by designation of beneficiary or assignment as permitted by the bylaws or rules and laws adopted by the Board of Directors.

#### VI.8 Maintenance of Legal Reserves

Assets having a value at least equal to the required legal reserves on the respective bases applicable to benefit contracts issued by the Association shall at all times be held for the fulfillment of promises made therein. If for any reason an impairment should occur in the legal reserves, the Board of Directors shall equitably apportion the amount of such impairment to the outstanding benefit contracts. If the applicable benefit contract does not contain a provision for such apportionment, the amount thus apportioned shall either be paid to the Association in cash by the respective insureds or owners thereof or, upon failure to so pay, said amount thus apportioned shall be deemed to have been loaned to the insured or owner upon the sole security, and not to exceed the extent of the reserve of such benefit contract. Said loan shall be a lien thereon, bearing interest as determined by the Board of Directors after consultation with the Association's actuary and shall be deducted in any settlement of such benefit contract by setoff. No insured or owner shall be personally liable for the payment of any lien thus established.

## VI.9 Ownership of Benefit Contracts for Young Members

Ownership rights shall be exercised by the owner designated in the Young Member's benefit contract both before and after the insured attains age eighteen (18). If the owner dies prior to the insured attaining age eighteen (18), unless a successor to the original owner has been designated, ownership shall automatically pass to a parent or legal guardian of the insured, as may be determined by the Association at its sole discretion, until the insured attains age eighteen (18), at which time the insured shall become the owner.

## VI.10 State Laws

The Association shall have and exercise all the powers afforded by law to a fraternal benefit society of its type and character relating to insurance, whether or not such powers are specifically stated in its benefit contracts or the Bylaws.

# **CHAPTER VII. FINANCIAL MATTERS**

## VII.1 Funds

All monies, investments and properties of the Association of whatsoever nature (excluding any funds of lodges/service clubs or other subordinate bodies of the Association) shall be accounted for in the General Fund.

## VII.2 The General Fund

VII.2.1 The General Fund shall consist of all monies, investments and properties belonging to the Association, and this Fund shall be credited with all income of the Association of whatsoever nature.

VII.2.2 The General Fund shall pay all benefits and expenses incurred, including those properly payable for Fraternal Services.

VII.2.3 No member, beneficiary or owner of any policy, nor any other person or organization shall have any vested or contractual right whatever in such Fund, except as may be provided by the Bylaws, or by the terms of benefit contracts issued by the Association or the Board of Directors.

VII.2.4 The Board of Directors may distribute as a dividend to any class of members an equitable portion of the surplus of the Association determined in such manner as prescribed by the Board.

### VII.3 Fraternal Services

Fraternal Services may be provided for benevolent, charitable, fraternal, educational and other such purposes in aid of members, their beneficiaries, families and others as provided by law. No one shall ever have or acquire any vested or contractual rights to such services.

VII.4 The funds of the Association, in whatever form, shall be invested in such authorized investments as authorized by law and as recommended by the Investment Committee and approved by the Board of Directors.

## **CHAPTER VIII. MISCELLANEOUS**

VIII.1 Indemnification. The corporation shall indemnify its members, directors, officers, employees and agents to the full extent permitted by applicable law.

### VIII.2 Resolution of Disputes

(a) Purpose. The purpose of this section is to prescribe the sole means to present and resolve grievances, complaints or disputes brought by members, certificate owners or beneficiaries, against the Association or its directors, officers, agents and employees. Procedures set forth in this section are meant to provide prompt, fair and efficient opportunities for dispute resolution, consistent with the fraternal nature of the Association, without the delay and expenses of formal legal proceedings.

(b) Scope. This section applies to past, current, and future benefit certificates, members, insureds, certificate owners and beneficiaries. 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 Association or its employees, officers, directors or agents. This section does not apply to claims or disputes made after the applicable statute of limitations has expired. This section does not apply to actions brought by the Association including but not limited to, actions for: declaratory judgment, determining proper payees, recovery of amounts due, and contesting insurance coverage or membership eligibility.

(c) Procedures. No lawsuits or any other actions may be brought for any claims or disputes covered by this section. This following are the steps and procedures for presenting and resolving disputes:

STEP1. APPEAL. Appeal of the dispute to a designated reviewer within the Association as appropriate to the dispute.

STEP2. MEDIATION. If step 1 does not result in a mutually satisfactory resolution, either party has the right to have the matter mediated in accord with the applicable mediation rules of the American Arbitration Association (or other neutral organization as agreed by both parties).

STEP3. ARBITRATION. If there is still no mutually satisfactory resolution the matter will be resolved by binding arbitration in accordance with the rules of the American Arbitration Association. The arbitrator(s) may award any actual damages incurred for which there is liability, but may not award attorneys' fees, or compensatory, exemplary, extra-contractual or punitive damages. The decision of the arbitrator(s) is binding and final. Additional procedural rules may be defined in policies established by the Association and made available upon request. If a claim or dispute is subject to law that prohibits parties from agreeing to submit future disputes to binding arbitration, arbitration results shall be non-binding, unless both parties voluntarily agree to binding arbitration after the claim or dispute has arisen.

(d) Costs. Fees and expenses of the mediator and/or arbitrator shall be paid out of a dispute resolution fund established by the Association. This does not include attorneys' fees, experts' fees or discovery costs, which each party shall bear as its own responsibility.

(e) Joinder of Disputes. No claim or dispute may be brought against the Association, or its directors, officers, agents or employees in a representative capacity, or on behalf of any "class" of persons or members. Claims of multiple persons may be jointed and presented under this section provided all affected members, certificate owners and beneficiaries consent in writing, or if the Association determines that joinder is appropriate.

### VIII.3 Choice of Law

Any dispute arising from the application or interpretation of the Bylaws, or the terms and conditions of insurance, or the provisions of any benefit contract, including the making of such contract, or in any way pertaining to either, directly or indirectly, shall be interpreted under the laws of Minnesota.

#### VIII.4 Venue

Any dispute arising from the application or interpretation of the Bylaws, or the terms and conditions of insurance, or the provisions of any benefit contract, including the making of such contract, or in any way pertaining to either, directly or indirectly, shall be venued in the State of Minnesota.

#### VIII.5 Waiver of Provisions

No state meeting, lodge/service club, Director, officer, employee or any agent shall have the power to waive any provision of the Bylaws.

### **CHAPTER IX. AMENDMENT OF BYLAWS**

These bylaws may be repealed or amended in whole or in part at any regular meeting of the board of directors for that purpose. The Board of Directors may, by the affirmative vote of two-thirds (2/3) of the Directors, amend or restate these bylaws. Notice of the proposed change shall be mailed or otherwise delivered to directors at least 30 calendar days before the date of the meeting. Any changes to these Bylaws shall be effective from the date of passage or at such other date as stipulated by the Board and shall be filed promptly for approval the Commissioner of Insurance of the state of Minnesota. After filing and approval, the changes shall be published in the official publication as prescribed in these bylaws.