

ROYAL NEIGHBORS OF AMERICA



INSURING LIVES • SUPPORTING WOMEN • SERVING COMMUNITIES™

BYLAWS AND ARTICLES OF INCORPORATION

REVISION
OF 2009

ROCK ISLAND, ILLINOIS

**BYLAWS
AND
ARTICLES OF INCORPORATION
OF**

**ROYAL NEIGHBORS
OF AMERICA**



INSURING LIVES • SUPPORTING WOMEN • SERVING COMMUNITIES™

FOR THE GOVERNMENT OF THE SOCIETY
AND ITS MEMBERS, AS REVISED,
AMENDED, AND ADOPTED AT A MEETING
OF THE BOARD OF DIRECTORS
HELD IN ROSEMONT, IL
AUGUST 25, 2009

2009 BYLAWS OF ROYAL NEIGHBORS OF AMERICA

ARTICLE I. The Society.

Section 1. **Name and Location.**—The name of the Society is Royal Neighbors of America, and its principal office is in the City of Rock Island, Illinois ("Home Office"). It is a fraternal benefit society organized, incorporated and transacting business under and by virtue of the laws of the State of Illinois, solely for the benefit of its members and beneficiaries and not for profit, operating on a lodge system with ritualistic form of work, having a representative form of government and providing benefits in accordance with the laws of the State of Illinois.

Section 2. **Objectives and Purposes.**—The objectives and purposes of the Society are as stated in the Articles of Incorporation of the Society.

ARTICLE II. Membership.

Section 1. **Membership.**—The membership classes and the membership requirements of the Society are as follows:

(a) **Membership Classes.** The members of the Society shall be divided into classes, to be known as "beneficial members," "general members," and "youth members." Collectively, these classes shall be known as "members." The Board of Directors shall establish policies and procedures setting forth the conditions and requirements of membership and the processes of applying for membership.

(b) **Membership Definitions.**

(i) **Beneficial Membership.** Any member who is not younger than the minimum age for general membership and who is an insured under, or a recipient of a settlement agreement benefit by reason of, any benefit certificate issued by the Society, or who is the initial beneficial owner of an annuity certificate issued by the Society, shall be a beneficial member.

(ii) **General Membership.** Any member who is not younger than the minimum age for general membership and who is not an insured under, or a recipient of a settlement agreement benefit by reason of, any benefit certificate issued by the Society, or who is not the initial beneficial owner of an annuity certificate issued by the Society, shall be a general member.

(iii) Youth Membership. Any member who is younger than the minimum age for general membership shall be a youth member.

(c) **Membership Eligibility and Rights.**

(i) Beneficial Membership. Individuals who are general members or have all of the qualifications prescribed in these bylaws or rules established by the Board of Directors for eligibility to general membership shall be eligible to beneficial membership in the Society by complying with all other conditions and requirements of these bylaws or those rules and regulations pertaining to rights, privileges, admission, and expulsion of beneficial members as determined by resolution by the Board of Directors. Beneficial members have the right to vote in the corporate and insurance affairs of the Society in accordance with these bylaws. Beneficial members also may participate in the business and the affairs and activities of the subordinate member units or lodges in which they are members and may hold office therein.

(ii) General Membership. Individuals who are not less than sixteen (16) years of age at their nearest birthday shall be eligible to general membership in the Society by complying with all other conditions and requirements of these bylaws or those rules and regulations pertaining to rights, privileges, admission and expulsion of general members as determined by resolution by the Board of Directors, provided, that the Board of Directors may hereafter, by resolution duly adopted, decrease the minimum age for eligibility to general membership to any other minimum age now or hereafter permitted by the laws of Illinois when it deems such decrease to be in the best interests of the Society. General members may participate in the business and the affairs and activities of the subordinate member units or lodges in which they are members and may hold office therein, but they shall not have the right to vote in the corporate and insurance affairs of the Society.

(iii) Youth Membership. The Society may offer insurance, annuity, and other products or fraternal benefits to or for the benefit of children younger than the minimum age for general membership. Any person who is younger than the minimum age for general membership shall be eligible to youth membership in the Society by complying with all other conditions and requirements of these bylaws or those rules and regulations pertaining to admission of youth members as determined by resolution by the Board of Directors. Youth members may participate in the affairs and activities of the subordinate member units or lodges in which they are members, but they shall not have the right to vote in the corporate and insurance affairs of the Society. The Board of Directors of the Society shall have power and authority by resolution duly adopted to make proper rules and regulations and to do all things necessary for the governance of youth members and for the transfer of youth members to beneficial or general membership. Any youth member who is an insured under, or a recipient of a settlement agreement benefit by reason of, any benefit certificate issued by the Society, or who is the initial beneficial owner of an annuity certificate issued by the Society, shall become a beneficial member on the earliest benefit certificate anniversary to occur when the youth member is sixteen (16) years of age at the nearest birthday of the youth member.

ARTICLE III.
Board of Directors.

Section 1. **Number and Composition.**—The number of Directors shall be set by a majority vote of the Board at a number no less than seven (7) and no more than eleven (11). The Directors shall be composed of two (2) executive officers of the Society, one of whom shall be the President, who by virtue of being President shall be a member of the Board, and one of whom shall be another executive officer of the Society recommended by the President and approved by a majority vote of the elected members of the Board, and the remainder shall be outside Directors each of whom shall be elected as provided in these bylaws.

Section 2. **Powers and Duties.**—The Board of Directors shall be the supreme governing body of the Society under the laws of the State of Illinois. Except as otherwise provided by law, these Articles of Incorporation, or these bylaws, the Board of Directors shall set policy and strategy, provide oversight of the management and affairs of the Society, and perform such other duties as devolve upon it by the laws of the State of Illinois or these bylaws.

Section 3. **Qualifications.**—Directors must be beneficial members of the Society, shall have demonstrated devotion to the purposes of the Society and shall satisfy the qualifications for Board members established by the Society from time to time. These qualifications shall reflect the complexity and magnitude of the business and affairs of the Society and shall therefore include expertise in corporate governance, financial accounting and insurance, among others. In no event, however, shall an outside Director (i) be or have been an employee, field representative, sales agent or broker of the Society, (ii) be the spouse (including a partner to a legally recognized civil union) or former spouse (including a partner to a legally recognized civil union) of a current or former employee, field representative, sales agent or broker of the Society, (iii) be a current corporate officer, employee, field manager, sales agent, broker, or director of any other fraternal benefit society or organization issuing any line of insurance products offered by the Society, or (iv) be an immediate family member (parent, spouse (including a partner to a legally recognized civil union), natural or adopted child, sibling) of any person in any of the prohibited categories enumerated above. All of the outside Directors shall be women.

Section 4. **Term.**—Each outside Director shall be elected for a term of no more than three (3) years, the length of the term determined upon recommendation of the Governance Committee and approved by the Board prior to the Director's election. The term of each outside Director shall continue until a successor is elected, or until the Director's death, resignation or removal. The terms of the outside Directors shall be staggered so that the number of outside Directors whose terms expire at the same time shall never equal or exceed a majority of the number of outside Directors.

Section 5. **Tenure.**—No outside Director shall serve for more than three (3) terms, in addition to any partial term to which the outside Director may be elected or appointed; provided, however, that a former outside Director may be eligible for reelection if such Director has not served as a Director of the Society for a period of at least one year. In the event a

former outside Director is reelected after not serving as a Director of the Society for a period of at least one year, a new period of tenure shall commence from the date of such reelection.

Section 6. Nomination and Election of Outside Directors.

(a) **Nomination by Governance Committee.**—The governance committee shall prepare a slate of candidates to serve as outside Directors who meet the qualifications set forth in Article III, Section 3 of these bylaws and shall submit its candidates to the Board for approval no later than the May regular Board meeting. If any members of the governance committee are eligible candidates for the next election of outside Directors, such members shall be recused from performing any of the duties or responsibilities of a member of the governance committee with regard to such nomination and election of outside Directors. In such event, the Board shall appoint an equal number of additional members to the governance committee whose sole responsibility shall be to perform the duties and responsibilities of the governance committee with regard to such nomination and election of outside Directors.

(b) **Nomination by Beneficial Members.**—Two hundred (200) or more of the beneficial members may also nominate candidates who meet the qualifications set forth in Article III, Section 3 of these bylaws to succeed those outside Directors whose terms of office are expiring by filing with the Secretary of the Society by no later than April 1 a certificate signed and acknowledged by each such beneficial member setting forth the full names and addresses of the candidates nominated, the printed name, address and signature of each beneficial member signing the certificate, and the date each such beneficial member signed the certificate, and by filing with such certificate the written acceptance of such nomination by each nominee named in such certificate. All certificates must be received by the Secretary of the Society at its Home Office no later than April 1. The governance committee shall determine whether any candidate nominated by the beneficial members under this Section meets the qualifications set forth in Article III, Section 3 of these bylaws. Any such candidate who is unqualified in the sole judgment of the governance committee may not serve as an outside Director, and consequently shall not be slated on the ballot of candidates for the position of outside Director.

(c) **Nominees Qualified.**—All persons nominated to serve as Directors must meet the qualifications set forth in Article III, Section 3 of these bylaws at both the time of the nomination and the time of the election. Any candidate that is not nominated by the governance committee in the manner provided in paragraph (a) above or by beneficial members in the manner provided in paragraph (b) above shall not be elected.

Section 7. Election.—All nominations in accordance with Article III, Section 6 of these bylaws shall be placed before the beneficial members for a vote. Election shall be by written or electronic ballot, or such other methods and procedures as the Board shall select. Beneficial members to receive ballots for the annual election of outside Directors will be those on record in good standing as of March 31 of such election year. Except as otherwise provided in these bylaws, the slate of candidates and ballots shall be sent to each beneficial member no later than June 15. Except as otherwise provided in these bylaws, no ballot received by the Society after July 15 shall be counted in such election. Directors shall be elected by a plurality of the

votes cast by the beneficial members. Each beneficial member shall have one vote for each Board position subject to election. Cumulative voting is not permitted. Voting by proxy is not permitted. In the event of a tie, such tie will be determined by lot.

Section 8. **Election Oversight.**—The governance committee shall preside over the election of outside Directors, and shall be charged with presiding over the counting of the ballots and declaring the nominees elected as outside Directors. The terms of the newly elected outside Directors shall commence immediately following the declaration of the election results.

Section 9. **Meetings.**

(a) **Regular Meetings.**—The Board shall hold regular meetings at least quarterly in the months of February, May, August, and November, or as soon as possible thereafter as may be convenient to the Board, or as may be determined by the Board at any regular meeting. At the August regular meeting (the "Annual Meeting"), the Board shall set the date and place of each regular meeting of the Board through the next Annual Meeting. No notice other than this action shall be required of any regular meetings of the Board.

(b) **Special Meetings.**—Special meetings of the Board shall be held whenever called by the Chairperson or the President, or by written request to the Secretary by any four (4) Directors then in office.

(c) **Place of Meetings.**—Regular, special, and adjourned meetings shall be held at the Home Office of the Society, unless the President or the Board designates an alternative location, and provides notice thereof at a regular meeting or in the manner specified in paragraph (d) below.

(d) **Notice.**—Notice of any special meeting shall be transmitted to each Director by the Secretary, directed to the address of the Director as noted in the records of the Society at least ten (10) days before the date on which the meeting is to be held 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 thereon prepaid. If sent by facsimile or electronic means, such notice shall be deemed to be delivered upon transmission. Unless otherwise provided by law, by the Articles of Incorporation, or by these bylaws, the purpose of any regular or special meeting shall be set forth in the notice of any such meeting.

(e) **Waiver of Notice.**—Except in the case of a removal of a Director for cause, a Director may waive the right to receive notice of a meeting. Whenever any type of notice is required to be given to any Director under the Articles of Incorporation or these bylaws or any provision of law, a waiver thereof in writing, signed at any time, whether before or after the time of meeting, by the Director entitled to such notice shall be deemed equivalent to the giving of such notice. The attendance of a Director at a meeting shall constitute a waiver of notice of such meeting, unless that Director objects at the beginning of such meeting or promptly upon arrival at such meeting to the transaction of any business because the meeting was not lawfully called or convened and thereafter does not vote or assent to action at the

meeting. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the Board need be specified in the waiver of notice of such meeting.

(f) **Quorum.**—Except as otherwise provided by law or by the Articles of Incorporation or by these bylaws, a majority of the number of Directors fixed in accordance with these bylaws, shall constitute a quorum for the transaction of the Society's affairs and business. If a quorum is not present at any meeting of the Board, the Directors present at such meeting may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present.

(g) **Voting.**—Except as otherwise provided by law or by the Articles of Incorporation or by these bylaws, the act of a majority of Directors present at a meeting at which a quorum is present shall be the act of the Board.

(h) **Conduct of Meetings.**—A majority of the Board of Directors at its Annual Meeting shall elect a Chairperson of the Board and a Vice-Chairperson of the Board from among its members for a term of up to one year. The Chairperson, or in the absence of the Chairperson, the Vice-Chairperson, shall preside at all meetings of the Board and perform such other duties as may be designated by the Board. The Secretary of the Society shall act as secretary of all meetings of the Board, but in the Secretary's absence the presiding officer of the meeting may designate an assistant secretary or any other person to act as secretary of the meeting.

(i) **Meetings by Electronic Communication.**—Members of the Board of Directors or of any committee of the Board of Directors may participate in and act at any meeting of the Board or any such committee through the use of a conference telephone or other communications equipment by means of which all persons participating in the meeting can hear each other. Participation in such meeting shall constitute attendance and presence in person at the meeting of the person or persons so participating.

Section 10. **Unanimous Consent Without Meeting.**—Any action required or permitted by the Articles of Incorporation or by these bylaws or by any provision of law to be taken by the Board of Directors at a meeting or by resolution, may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the Directors entitled to vote with respect to such action.

Section 11. **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 applicable law or with these bylaws.

Section 12. **Resignations.**—Any Director of the Society may resign at any time by giving written notice to the President or to the Secretary. Such resignation shall take effect at the time specified therein or, if the time is not specified, upon receipt thereof; and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 13. **Removal; Cause.**—An outside Director may be removed from office for Cause by an affirmative vote of two-thirds (2/3) of the Directors then in office at a meeting of the Board called for that purpose or at a regular meeting of the Board provided reasonable prior notice of the proposed removal is given to each Director. "Cause," for purposes of this Section and Article IV, Section 8 of these bylaws, with respect to executive officers, shall include (i) material violations of these bylaws, the Articles of Incorporation, or any code of ethics or any conflict of interest policy adopted by the Society, (ii) a breach of fiduciary duty owed to the Society, its members, or its beneficiaries, (iii) willful misconduct or gross negligence in the performance of the Director's or the executive officer's duties, (iv) habitual absenteeism, current chronic alcoholism or any other form of current addiction after notice and opportunity to cure, if such alcoholism or addiction, in the reasonable opinion of the Board, impairs the Director's or executive officer's ability to perform their duties in any material respect for the Society, (v) an adjudication or a plea of guilty or *nolo contendere* to any felony, or any misdemeanor involving fraud, deceit or moral turpitude, and (vi) in the case of an outside Director, failure to attend 50% of the meetings of the Board of Directors within a twelve (12) month period. Cause shall be determined in the reasonable discretion of the Board, excluding the person subject to removal for Cause.

Section 14. **Vacancy.**—Any vacancy occurring in the Board, including a vacancy created by an increase in the number of Directors, may be filled (i) in the case of the replacement of a Director, for the unexpired term of the Director being replaced and (ii) in the case of any vacancy created by an increase in the number of Directors, for the term, not to exceed three (3) years, approved by the Board. In each case, the vacancy shall be filled by the affirmative vote of a majority of the Directors then in office or remaining in office, as the case may be. Any person who fills a vacancy on the Board of Directors shall meet the qualifications established by the Society from time to time.

Section 15. **Director Compensation.**—The Board, by affirmative vote of a majority of the Directors then in office, and irrespective of any personal interest of any of its members, may establish reasonable compensation of all Directors for services to the Society as Directors, officers or otherwise, or may delegate such authority to an appropriate committee. In its determination of reasonable compensation, the Board or such committee shall develop a compensation philosophy, policy and programs to attract, retain and motivate the performance necessary for the Society's current and long-term success.

Section 16. **Committees.**—(a) The Board shall designate an executive committee, audit committee, governance committee, compensation committee, and investment committee, each of which shall have such purposes and powers as delegated by the Board of Directors. Each such standing committee shall have three or more Directors, and a majority of each committee shall be Directors.

(b) The Board may designate additional committees or advisory bodies for such purposes and with such powers as the Board deems necessary. The Board shall have the power to appoint and to change the members of any committee or body at any time, to fill vacancies on committee or body, and to discharge any committee or body, either with or without cause, at any time. Except as specifically provided in the resolution of the Board or in

these bylaws, a committee or body designated pursuant to this Section shall not have the power or authority to act on behalf of the Board in managing the business and affairs of Society. A majority of the members of a committee or body shall constitute a quorum for the transaction of committee business. Each such committee or body shall fix its own rules governing the conduct of its activities and shall make such reports to the Board of its activities as the Board may request.

(c) The standing committees of the Board of Directors shall have the following purposes and powers:

(i) Executive Committee. The executive committee shall exercise the authority of the Board of Directors between meetings of the Board, but only to the extent (1) necessary to take action on unanticipated business that requires action between Board meetings, and (2) such action is not contrary to the prior restrictions of the Board. The Chairperson of the Board shall serve as the chairperson of the executive committee. The members of the executive committee shall be the Chairperson of the Board, the Vice-Chairperson of the Board and the President.

(ii) Audit Committee. The audit committee shall be responsible for the oversight of the auditors of the Society, the audit of financial statements of the Society, and the internal control systems and procedures of the Society, and shall have such other purposes and powers as may be delegated by the Board from time to time.

(iii) Governance Committee. The governance committee shall be responsible for the oversight and review of the performance of the Board of Directors and of the individual Directors and executive officers of the Society and their adherence to those policies and procedures established by the Board of Directors, shall periodically review these bylaws and the Articles of Incorporation of the Society to provide its recommendations to the Board, shall perform all responsibilities provided for under these bylaws regarding the nomination, designation and election of candidates to serve as outside Directors, and shall have such other purposes and powers as may be delegated by the Board from time to time.

(iv) Compensation Committee. The compensation committee shall be responsible for the oversight, development and implementation of compensation policies and procedures, as well as compensation levels, for the Board of Directors and executive officers of the Society, and shall have such other purposes and powers as may be delegated by the Board from time to time.

(v) Investment Committee. The investment committee shall be responsible for the development and oversight of the investment policies and strategies of the Society, and shall have such other purposes and powers as may be delegated by the Board from time to time, or as otherwise required by the Illinois Insurance Code.

Section 17. **Conflict of Interest Policy.**—It is the policy of the Society to identify and manage conflicts of interest on the part of its directors, officers, employees and agents which might impair their independence of judgment or influence their decisions or actions with respect

to the Society's business. The Board of Directors shall by resolution adopt rules for the required disclosure and evaluation of conflicts of interest by directors, officers, and such other persons as the Board of Directors may determine. Failure of a Director to comply with the terms of any conflicts of interest policy established by the Board shall be cause for removal of a Director under Article III, Section 13 of these bylaws.

ARTICLE IV.
Executive Officers.

Section 1. **Title and Appointment.**—The executive officers of the Society shall consist of the President, a Vice President, a Treasurer, a Secretary, and such other vice presidents, assistant secretaries, assistant treasurers, or other executive officers as recommended by the President and approved by the Board from time to time. Except for the office of President, any executive officer position may be combined with another executive officer position or with any other title or position with the Society. The President shall be appointed by the Board of Directors. The other executive officers of the Society shall be appointed by the President and approved by the Board of Directors.

Section 2. **Terms of Executive Officers.**—The Board of Directors shall appoint the President. The President shall recommend to the Board, for its consideration and approval, persons to serve as the other executive officers of the Society, including an executive officer to serve as a member of the Board of Directors. Each executive officer shall hold office until a successor is approved by the Board or until the executive officer resigns or is removed in accordance with these bylaws.

Section 3. **President and Chief Executive Officer.**—The President and Chief Executive Officer (the "President") shall serve as the chief executive officer of the Society, shall have general supervision and direction of the day to day business and affairs of the Society, and shall perform all duties incident to such position and such other duties as may be prescribed by the Board from time to time. The President shall have the authority to discipline and dispose of charges against Chapters, and shall have the authority, for cause, to declare vacant any office in a Chapter except as otherwise provided in any rules and policies relating to the Chapters established by the Board. The President shall revoke Chapter charters, when necessary, for the violation of any rules and policies of the Society. The President shall have the authority, subject to the approval of the Board, to appoint the other executive officers of the Society. The President shall also have the authority, subject to such rules and policies as may be prescribed by the Board of Directors, to appoint such other officers, agents and employees of the Society as the President shall deem necessary, to prescribe the powers, duties and compensation of such officers, agents and employees, and to delegate authority to them. The President shall have the authority to sign, execute, and acknowledge, on behalf of the Society, all policies, deeds, mortgages, bonds, stock certificates, contracts, leases, reports, and all other 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 except as otherwise provided by law or the Board, the President may authorize

the Vice President or other executive officer or agent of the Society to sign, execute, and acknowledge such documents or instruments in the President's place and stead.

Section 4. **Vice President.**—The Vice Presidents, in the order designated by the Board, or, lacking such designation, then in the order designated by the President (or if there be no such designation, then in the order of their historical election or appointment) shall in the absence or disability of the President, perform the duties and exercise the powers of the President and shall perform such duties as are given to them by these bylaws or as may from time to time be assigned to them by the President or the Board of Directors. In case of the death or resignation of the President, the Vice Presidents, in the order of their designation or as otherwise provided above, shall perform all duties of the President until a successor shall be duly appointed as provided in these bylaws.

Section 5. **Secretary.**—The Secretary may attend meetings of the Board of Directors and shall record all of the proceedings of such meetings in a book to be kept for that purpose and perform like duties for the standing committees of the Board when required. The Secretary shall give, or cause to be given, notice of all special meetings of the Board of Directors. The Secretary shall have custody of the corporate seal of the Society and shall have authority to affix it to any instrument requiring the seal, and when so affixed, the seal may be attested by the signature of such officer. The Secretary shall have custody of the corporate records and files of the Society. The Board of Directors may give general authority to any other officer to affix the seal of the corporation and to attest the affixing by signature. The Secretary shall perform all other duties customarily performed by secretaries of corporations and such other duties, not in conflict with the Articles of Incorporation or these bylaws, as may be delegated or mandated by the Board of Directors or the President.

Any assistant secretary (or if there be more than one, the assistant secretaries in the order determined by the Board of Directors, or if there be no such determination, then in the order of their historical election or appointment) shall, in the absence of the Secretary or in the event of the disability of the Secretary, perform the duties and exercise the powers of the Secretary and shall perform such other duties and have such other powers as the Board of Directors, the President, or the Secretary may from time to time prescribe.

Section 6. **Treasurer.**—The Treasurer shall be the chief financial officer of the Society and shall have charge and custody of and be responsible for all funds and securities of the Society. The Treasurer shall receive and give receipts for moneys due and payable to the Society from any source whatsoever, and deposit all such moneys in the Society's name in such banks, trust companies or other depositories as the Board of Directors may designate. No funds of the Society shall be withdrawn from any such depository except upon check, draft or order signed or authorized in such manner and by such officers, employees or agents of the Society as may be authorized by the Board of Directors from time to time; provided, however, that any funds of the Society may be transferred from any such depository to any other such depository by the Treasurer. Every such withdrawal upon check, draft or order not signed by the Treasurer shall be promptly reported to the Treasurer. The Treasurer shall keep full and accurate records of such receipts, deposits, and any other transactions related to the Society in books belonging to the Society. The Treasurer shall deliver regular reports to the Board of

Directors and, when requested by the Board, an account of the financial transactions of the Society. The Treasurer shall perform all other duties customarily performed by treasurers of corporations and such other duties, not in conflict with the Articles of Incorporation or these bylaws, as may be delegated or mandated by the Board of Directors or the President.

The assistant treasurer (or if there shall be more than one, the assistant treasurers in the order determined by the Board of Directors, or if there be no such determination, then in the order of their historical election or appointment) shall, in the absence of the Treasurer or in the event of the disability of the Treasurer, perform the duties and exercise the powers of the Treasurer and shall perform such other duties and have such other powers as the Board of Directors, the President or the Treasurer may from time to time prescribe.

Section 7. **Other Executive Officers.**—Any other executive officer recommended by the President and approved by the Board, as provided for under these bylaws, shall perform such duties and have such powers as the Board of Directors or the President may from time to time prescribe.

Section 8. **Executive Officer Compensation.**—Reasonable compensation of all executive officers (other than the President) shall be recommended by the President and approved by the Board or by an appropriate Board committee to which such authority may be delegated by the Board. Reasonable compensation of the President shall be approved by the Board, or by an appropriate Board committee to which such authority may be delegated by the Board. In its determination of reasonable compensation, the Board or such committee shall develop a compensation philosophy, policy and programs to attract, retain and motivate the performance necessary for the Society's current and long-term success.

Section 9. **Removal of Officers.**—Any executive officer of the Society may be removed by the Board or the President with or without Cause, as defined in Article III, Section 13, or as provided in any applicable employment or other contract to which such officer and the Society are parties, whenever in the judgment of the Board or the President the best interests of the Society will be served thereby, but such removal shall be without prejudice to the contract rights, if any, of the person so removed. The President may be removed by the Board with or without Cause, as defined in Article III, Section 13, or as provided in any applicable employment or other contract to which the President and the Society are parties, whenever in the judgment of the Board the best interests of the Society will be served thereby, but such removal shall be without prejudice to the contract rights, if any, of the President. Appointment of an officer or agent shall not of itself create any contract rights.

Section 10. **Vacancies.**—A vacancy in any executive office by reason of death, resignation, removal, disqualification of an executive officer, or any other reason shall be filled by the President for the unexpired portion of the term, subject to the approval of the Board of Directors, or the President may recommend that such executive office remain vacant, subject to the approval of the Board of Directors. Any vacancy in the office of President for any reason shall be filled by the Board.

ARTICLE V.
Chapters and Member Units.

Section 1. **Chapters.**—The subordinate member units or lodges of the Society shall be regularly chartered subordinate bodies of the Society and shall be referred to in these bylaws as "Chapters." The Chapters shall hold regular meetings at least once a month in furtherance of the purposes of the Society and may admit to its membership any person who is eligible for membership under the provisions of these bylaws or under those rules established by the Board of Directors. The Board of Directors is authorized to establish, revise and amend the rules, regulations and policies relating to and governing the Society's Chapters and the issuance of Chapter charters. The Board of Directors may adopt other names by which member units may be designated to distinguish between the nature and character of these member units and the rules, regulations and policies pertaining to each designated type of member unit.

ARTICLE VI.
Funds.

Section 1. **Designation.**—Except as otherwise provided in these bylaws, the Society shall maintain two funds which shall be kept under separate designations, as follows: (1) Insurance Fund and (2) Fraternal Fund. The moneys and other assets of said funds need not be separately deposited or invested but each fund may be deemed to have its proportionate share in the assets of the Society and all accretions thereto. Any of said funds may be subdivided and subordinate funds or accounts maintained for specific purposes within the limitations of these bylaws. Such other funds or accounts may be maintained as the Board of Directors may from time to time prescribe.

Section 2. **Insurance Fund.**—The Insurance Fund shall be maintained by crediting thereto all receipts and income of the Society other than such receipts or income as these bylaws provide shall be credited to the Fraternal Fund. It shall be used to meet the adult and youth certificate liabilities, supplementary contract liabilities, reinsurance premiums and all expenses of the Society other than such expenses as these bylaws provide shall be paid from the Fraternal Fund. It also may be used to promote the interests and development of the Society.

Section 3. **Fraternal Fund.**—The Fraternal Fund shall be maintained by transferring thereto from the Insurance Fund such amount each year as authorized and directed by the Board of Directors. The Fraternal Fund may be used in such manner and be disbursed upon such terms and conditions as the Board of Directors may prescribe to (i) provide financial assistance, or other aid or relief, for sick, disabled or needy members, and youth members, and (ii) provide such other benevolent, charitable, educational, or fraternal benefits for members and youth members as the Board of Directors may authorize and direct from time to time. The

Fraternal Fund also may be used to provide such financial assistance to Chapters as the Board of Directors may authorize from time to time.

Section 4. **Investment of Funds.**—All moneys held by the Society belonging to any of its funds, except such amounts as may be necessary to pay current liabilities from month to month, may be invested by the Board of Directors in such securities as now are or hereafter may be authorized by the laws of the State of Illinois relating to investment of funds of a fraternal benefit society. Any such securities may be converted into cash for the use of the fund from which invested when in the judgment of the Board of Directors it becomes expedient or necessary.

ARTICLE VII.
Indemnification; Official Bonds.

Section 1. **Indemnification.**

(a) The Directors and the executive officers shall not be personally liable for any benefits provided by the Society.

(b) Any person shall be indemnified and reimbursed by the Society for expenses reasonably incurred by, and liabilities imposed upon, such person in connection with or arising out of any action, suit or proceeding, whether civil, criminal, administrative or investigative, or threat thereof, in which the person may be involved by reason of the fact that such person is or was a director, officer, employee or agent of the Society or of any firm, corporation or organization which such person served in any capacity at the request of the Society. A person shall not be so indemnified or reimbursed (i) in relation to any matter in such action, suit or proceedings as to which such person shall finally be adjudged to be or have been guilty of breach of a duty as a director, officer, employee or agent of the Society; or (ii) in relation to any matter in such action, suit or proceeding, or threat thereof, which has been made the subject of a compromise settlement; unless in either such case the person acted in good faith for a purpose the person reasonably believed to be in or not opposed to the best interests of the Society and, in a criminal action or proceeding, in addition, had no reasonable cause to believe that the conduct of such person was unlawful. The determination whether the conduct of such person met the standard required in order to justify indemnification and reimbursement in relation to any matter described in clauses (i) or (ii) of the preceding sentence may only be made by the Board of Directors by a majority vote of the Directors then in office, excluding any person who is a party to such action, suit or proceeding or by a court of competent jurisdiction. The termination of any action, suit or proceeding by judgment, order, settlement, conviction or upon a plea of no contest as to such person shall not in itself create a conclusive presumption that the person did not meet the standard of conduct required in order to justify indemnification and reimbursement. The foregoing right of indemnification and reimbursement shall not be exclusive of other rights to which such person may be entitled as a matter of law and shall inure to the benefit of such person's heirs, executors and administrators.

(c) The Society may purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the Society, or who is or was serving at the request of the Society as a director, officer, employee or agent of any other firm, corporation or organization.

Section 2. **Official Bonds.**—Before assuming the duties of their respective offices the treasurer, or any officer, employee or agent of the Society designated by the Board of Directors, shall be covered by an indemnity bond, or agreement, in an amount as determined by resolution of the Board of Directors, executed by such surety, guaranty or indemnity company as may be approved by the Board of Directors, indemnifying the Society for all loss sustained through any fraudulent or dishonest act or acts of such officer. The premiums for such indemnity shall be paid by the Society, and the Board of Directors may require that the amount of such indemnity for any such officer shall be increased from time to time.

ARTICLE VIII.
Plans of Protection.

Section 1. **Benefit Certificates and Benefits.**—The Society shall have authority to offer insurance, annuity and other products and fraternal benefits upon such plan or plans as shall be authorized by the laws of the State of Illinois relating to fraternal beneficiary societies. Such benefit certificates shall provide in effect, among other things, that the existing and all future bylaws and all future amendments thereto shall constitute a part of the contract.

Section 2. **Eligibility.**—Benefit certificates may be made payable to such person or persons, entity or interest as may be permitted under the laws of Illinois; provided, that no person, entity or interest shall be designated as a beneficiary in any benefit certificate unless such person, entity or interest is eligible to be so designated under the applicable state laws.

Section 3. **Certificates Issued Prior to September 1, 1919.**—(a) All beneficial members in good standing on October 1, 1935, or who thereafter may reinstate as provided in these bylaws, holding one or more benefit certificates which became effective prior to September 1, 1919, except youth members, shall be subject to the provisions of this Section. To each such certificate shall be allocated and apportioned a reserve credit, effective October 1, 1935, in an amount equal to thirty-nine percent (39%) of the whole life net level premium tabular reserve thereon as of said date, on the basis of the National Fraternal Congress Table of Mortality and four percent (4%) interest. The funds represented by such allocated reserve credits, when and as thus determined, shall be considered trust funds on an equal basis with the reserves accumulated upon other forms of certificates and shall be maintained along with other accumulated certificate reserves in the Insurance Fund in trust for and applied to the protection and discharge of the certificate obligations of the Society.

(b) From and after October 1, 1935, all such certificates shall be placed and carried forward on the annual renewable term or accumulation plan by crediting each such certificate with the apportioned reserve credit as herein provided and thereafter continuously

with the amounts contributed on such certificate on and after October 1, 1935, and with interest for each year at approximately the net rate earned and by charging each such certificate with the costs of insurance continuously from and after October 1, 1935, as herein provided. The cost of insurance thus chargeable shall be the member's share of death losses according to the experience of the Society, calculated by calendar years, taking into consideration the age and amount at risk, which amount at risk shall be the amount of the death benefit less the existing credit. Until such time as the cost of insurance on any such certificate exceeds the existing credit thereon, including the current month's premium, the regular monthly contribution or premium thereon shall be the rate specified therefor in the bylaws of the Society in effect on September 1, 1935. If at any time the cost of insurance on any such certificate exceeds the existing credit thereon, including the current month's premium, the regular monthly contribution or premiums required thereafter on such certificate shall be the monthly cost of insurance (one-year term rate) for the attained age and the amount of insurance in force. Such costs of insurance shall be in accordance with tables of one-year-term monthly rates to be effective throughout consecutive twelve-month periods, commencing July 1 of each calendar year. Each such table shall be constructed upon the approximate mortality experience of the Society during the calendar year preceding the effective date of the table and the rates established thereby shall apply to each such certificate according to the attained age of the certificate holder at nearest birthday on the effective date of the table.

(c) Notwithstanding the foregoing provisions of paragraph (b) of this Section, if the cost of insurance on any such certificate has exceeded the existing credit thereon prior to July 1, 1962, the regular monthly contribution or premiums required on such certificate on and after July 1, 1962, shall be determined by the attained age of the member on said date, and if the cost of insurance on any such certificate has not exceeded the existing credit thereon prior to July 1, 1962, but thereafter exceeds such credit, the regular monthly contribution or premiums thereafter required on such certificate shall be determined by the attained age of the member at the time the cost of insurance on such certificate exceeds the existing credit thereon, all according to the following table of monthly contribution or premiums rates:

Attained Age	Monthly Premium Per \$1,000
76	\$4.71
77	4.96
78	5.22
79	5.51
80	5.82
81 and over	6.14

(d) Notwithstanding the foregoing provisions of paragraphs (b) and (c) of this Section and regardless of whether or not the existing credit on any such certificate has been or hereafter is exhausted, the regular monthly contribution or premiums required on such

certificate on and after August 1, 1974, shall be the rate specified therefor in the bylaws of the Society in effect on September 1, 1935.

Section 4. Certificates Issued After September 1, 1919.—Every certificate owner holding a benefit certificate for new insurance which was issued on or after September 1, 1919, or which is hereafter issued, shall be liable for and shall pay for same a regular monthly premium at the rate specified in said certificate, which rate, however, shall be subject to correction in case of any misstatement of age or gender in the application therefor. In the event no rate is specified in any such certificate, the regular monthly premium for same shall be the rate specified therefor in the bylaws at the time said certificate was issued. On and after November 1, 1935, the rate specified in all benefit certificates issued for new insurance shall be such as may be prescribed by the Board of Directors and authorized by the laws of the State of Illinois. Valuation shall be made annually as of December 31 of every calendar year of all certificates in force issued subsequent to September 1, 1919. Such valuation shall be based upon standards of mortality and interest employed in the calculation of contribution rates or any higher standards authorized by the Board of Directors; provided, however, that maintenance of the required reserves as determined by any such valuation on higher standards shall not in any way change or affect the contractual rights of any certificate owner. Assets at least equal to the required reserves on all such outstanding certificates, based upon the standards of mortality and interest employed in the calculation of the contribution rates thereon, shall be maintained at all times in the Insurance Fund.

Section 5. Misstatement of Age or Gender.—If the age or gender of the member has been misstated, the amount payable under a benefit certificate issued on or after September 1, 1919, shall be such as the premiums paid would have purchased at the correct age and gender; provided that, if the correct age was not an insurable age under the Society's laws, then the only amount payable thereunder shall be a sum equal to the net premiums paid less any indebtedness thereon.

Section 6. Exchange of Certificates.—The Society shall have power and authority to prescribe the terms and conditions governing the exchange of certificates and conversion of insurance from one plan to another, provided that evidence of insurability shall be required for any exchange or conversion on which the amount at risk will be increased.

Section 7. Nonforfeiture and Surrender Values.—The Society shall have power and authority to provide for extended term insurance, reduced paid-up insurance, premium loans, cash loans and cash surrender values upon any and all benefit certificates heretofore or hereafter issued, in such amount or amounts as to each such certificate as may be determined by the Board of Directors, not to exceed in value, however, an amount equal to the reserve accumulated thereon.

Section 8. Rules and Regulations.—The Society hereby is authorized to make such further rules and regulations as it may deem proper and necessary in relation to beneficial members and their certificates and in relation to admitting new members and exchanging certificates held by members under any plan for certificates upon any other plan.

ARTICLE IX.
Beneficiaries.

Section 1. **Eligibility.**—Benefit certificates may be made payable to such person or persons, entity or interest as may be permitted under the laws of Illinois; provided, that no person, entity or interest shall be designated as a beneficiary in any benefit certificate unless such person, entity or interest is eligible to be so designated under applicable state laws.

Section 2. **Prior Death.**—If the death of any beneficiary designated by name in a benefit certificate heretofore or hereafter issued on the life of any member shall occur prior to the death of such member, and there is no contingent beneficiary designated therein to receive the benefits in such event, the amount made payable to such deceased beneficiary shall be payable in equal shares to the surviving beneficiaries named in said certificate, if any there be, or if no beneficiaries survive the member, then (i) to the member's spouse (ii) if no spouse, to the member's child or children equally, and in case there are deceased children or child, the lawful issue of such shall take the share of such deceased parent, per stirpes; (iii) if no children or child or lawful issue of any deceased children or child, to the member's mother; (iv) if no mother, to the member's father; (v) if no father, to the member's surviving brothers and sisters equally; and (vi) if no surviving brothers or sisters, to the executors or administrators of the estate of the member provided that, in the case of clause (vi), if the owner of the certificate is other than the member, such benefits shall be payable to such owner. In construing the foregoing provisions of this Section, no distinction shall be made between relatives of the whole blood and those of the half blood, the words "child" and "children" wherever used herein shall be construed to include a legally adopted child or children, and the word "spouse" whenever used herein shall be construed to include a partner to a legally recognized civil union. In determining unnamed beneficiaries, all decisions upon questions of fact made by the Society in good faith, based on proof by affidavit or other written evidence satisfactory to the Society, shall be conclusive and fully protect the Society in acting in reliance thereon.

Section 3. **Contemporaneous Death or Disqualification.**—Where the member and a beneficiary have died and there is no sufficient evidence that they have died otherwise than simultaneously, or in the event of the disqualification or ineligibility of any beneficiary under the provisions of these bylaws or otherwise at the time of the death of the member, the amount made payable to such deceased, disqualified or ineligible beneficiary shall be payable in the same manner as if the member had survived such beneficiary.

Section 4. **Death of Member by Hand of Beneficiary.**—If any member of this Society shall die by the hand of any beneficiary of such member, except by accident or as a result of justifiable or excusable homicide, whether such beneficiary be sane or insane, the right of any such beneficiary to receive any benefits under any and all benefit certificates heretofore or hereafter issued on the life of such member shall be forfeited and the benefits which otherwise would have been payable to such beneficiary shall be payable in the same manner as if such beneficiary had died prior to the death of the member.

Section 5. **Benefits Due a Minor or Incompetent.**—Any benefits due any member or beneficiary who is a minor or has been legally adjudged to be incompetent and who does not have a duly appointed and qualified legal guardian may be transferred to, and held on deposit for such minor or incompetent in the Supplementary Contracts Account of the Insurance Fund. While being so held in the Supplementary Contracts Account, interest shall be payable by the Society on such benefits at such rate as may be determined from time to time by the Society.

Section 6. **Change of Beneficiary.**—At any time while a certificate is in force and the insured is living, the beneficiary or the method of payment of benefits may be changed by filing with the Society at its Home Office a written request in form satisfactory to the Society. No such change will take effect unless recorded by the Society at its Home Office. When so recorded, whether or not the insured be then living, the change will take effect as of the date the request was signed, but without prejudice to the Society on account of any payment made or other action taken by it before receipt of such request at its Home Office. The Society may require that the certificate be returned to the Home Office for endorsement of any such change. Any attempt to change the beneficiary or the method of payment of benefits of a benefit certificate by will or other testamentary document shall be absolutely null and void.

Section 7. **Substitute Certificate.**—If a certificate has been lost or destroyed, a substitute certificate may be issued upon receipt of a waiver of all claims thereunder, executed by the member upon form furnished by the Society.

Section 8. **Assignments.**—No assignment of a benefit certificate shall be binding on the Society unless and until it has been executed in writing and filed with the Society at its Home Office. Any such assignment shall be subject to any indebtedness to the Society on the benefit certificate. The Society shall assume no responsibility as to the validity or sufficiency of any assignment.

ARTICLE X.

Certificate Owners - Premiums.

Section 1. **Assessments or Premiums.**—Each certificate owner, as a condition precedent to continuing in force any benefit certificate heretofore or hereafter issued to such owner, shall be liable for and shall pay an assessment or premium thereon in each and every month hereafter unless otherwise specifically provided by the terms of such certificate. The rate of each such assessment or premium for each such certificate shall be the rate specified therein, except as otherwise provided in these bylaws. Assessments or premiums on any benefit certificate may be paid in advance on a quarterly, semiannual or annual basis, if the certificate so provides, or, if the certificate does not so provide, on such basis and with allowance of such discount as the Board of Directors, by resolution duly adopted, may authorize. Whenever assessments or premiums have been paid for any period beyond the end of the month in which the death of the member occurs, the portion of such assessments or premiums applicable to such period shall be added to and paid as a part of the proceeds of the certificate. All assessments or premiums shall be due and payable at the beginning of the calendar month (or

if payable on a quarterly, semiannual or annual basis, at the beginning of the first calendar month in such period) without further notice than that contained in this Section, and, except as otherwise specifically provided by the terms of such certificate, the entire calendar month at the beginning of which such assessment or premium is due shall constitute a period of grace during which payment of the same may be made. During such grace period the benefit certificate shall remain in force but if the member shall die within said grace period the monthly assessment or premium shall be deducted in any settlement under the certificate.

The requiring of assessments or premiums for each and every calendar month hereafter from each and every certificate owner of the Society, as in this Section provided, means that an assessment for each and every calendar month hereafter is hereby levied upon each and every certificate owner of the Society for each and every benefit certificate held by such owner unless otherwise specifically provided by the terms of such certificate. The words "assessment" and "premium," as used in these bylaws and in the benefit certificates issued by the Society, are used interchangeably and mean the monthly assessment hereinabove specified.

Section 2. Open Contract.—Every benefit certificate so long as it shall be in force in whole or in part shall have the quality of an open contract. If the Society's reserves should become impaired, the Board of Directors shall levy a special assessment on all certificate owners for their equitable shares of any such deficiency as determined by the Board of Directors. No member shall be personally liable for payment of any such special assessment, but if any certificate owner does not pay any such special assessment to the Society within the time specified in the levy thereof, same shall be charged against the certificate of such certificate owner as a lien with interest at the rate not to exceed the lesser of the rate used for computing certificate reserves or five percent (5%) per annum. If the total amount of any lien or liens and interest thereon charged against any benefit certificate under the provisions of these bylaws or otherwise shall at any time equal or exceed the amount of the reserve on such certificate, then such certificate shall ipso facto be and become absolutely null and void. In lieu of or in combination with such lien on the certificate, the owner may accept a proportionate reduction in benefits under the certificate. The Society may specify the manner of the election and which alternative is to be presumed if no election is made. Any surplus accumulated in the Insurance Fund at any time may be equitably allocated by the Board of Directors to the credit of the certificate owners equitably entitled thereto and be refunded to such certificate owners in cash or applied in such other manner as their certificates may provide or as may be directed by the Board of Directors. Any refund or dividend that may be payable at the death of a member shall be paid to the same persons and in the same manner as the face amount of the benefit certificate.

Section 3. Notice of Special Assessment.—Whenever the Board of Directors shall levy a special assessment, the Secretary shall promptly prepare a notice thereof, which notice shall be published in the issue of the official publication of the Society next following the levy of such special assessment and such publication shall conclusively charge each and every certificate owner with such notice and no other notice shall be required.

Section 4. Taxation.— If by virtue of the laws of any state or other taxing authority the Society at any time or times shall be required to pay any tax, license fee or other charge based upon the dues or premiums paid by any certificate owners, the Board of Directors hereby is authorized to add to the dues and premiums otherwise payable under these bylaws by each

such owner such portion of the total tax, license fee or other charge as the Society is required to pay on account of the dues or premiums paid by such owner, and the payments thereafter due and payable by all such owners hereby are declared to be the regular dues and premiums increased by the amounts so added; or the Board of Directors may direct that the amounts so added shall be charged as liens against the certificates of such owners, with interest at the same rate charged on premium loans, or shall be deducted from any dividends otherwise due and payable to such owners. The amounts to be so added shall be determined by the Board of Directors and its determination thereof shall be final and conclusive. All penalties provided in these bylaws for the nonpayment of dues or premiums shall likewise be applicable to the nonpayment of any amounts so added as aforesaid unless the Board of Directors directs that such amounts be charged as liens against the certificates of such owners or be deducted from any dividends otherwise due and payable to them.

Section 5. Suspension of Benefit Certificates.—If any certificate owner shall fail to pay an assessment or premium on any benefit certificate held by such certificate owner within the calendar month as provided for in these bylaws or within the grace period provided in the certificate, if such grace period is longer, the rights and benefits of such certificate owner under such certificate shall ipso facto stand suspended and during such suspension such benefit certificate shall be null and void except only as to such benefits as may be specifically provided for under the nonforfeiture provisions, if any, thereof or of any resolution heretofore or hereafter adopted by the Board of Directors applicable thereto. Notice of any such suspension may be given by the Secretary in such manner as the Board of Directors may from time to time authorize. The giving of or failure to give such notice shall not have the effect of waiving the suspension or of making the Society liable for any benefits under the suspended certificate except for such benefits as may be specifically provided for under the nonforfeiture provisions, if any, thereof or of any resolution heretofore or hereafter adopted by the Board of Directors applicable thereto.

Section 6. Reinstatement Within Sixty Days.—Unless the cash surrender value has been paid, any benefit certificate which has become suspended by reason of the failure of the certificate owner to pay any assessments, premiums or dues may be reinstated by the payment within sixty (60) days from the date of such suspension of all arrearages of every kind, including all assessments, premiums and dues thereon, such reinstatement taking place at the time of payment thereof to the Society at its Home Office, provided that the person named as the Insured (or Annuitant) in the certificate is then in good health and mentally normal, and whenever such payment is tendered for the purpose of reinstatement, such tender shall be construed and held to be a representation that the named Insured (or Annuitant) is then in good health and mentally normal.

Section 7. Reinstatement if Suspended More Than Sixty Days.—Unless the cash surrender value has been paid, any benefit certificate which has been suspended for more than sixty (60) days by reason of failure to pay any assessments, premiums or dues may be reinstated within five (5) years from the date of suspension, but only by complying with the following requirements and conditions:

(a) The person named as the Insured (or Annuitant) in the certificate shall furnish evidence of insurability satisfactory to the Society.

(b) The owner of the certificate shall pay the total amount of all arrearages, including assessments, premiums and chapter dues; provided, that if the certificate has been in suspension for more than six (6) months such amount shall not include any chapter dues in arrears, except the chapter dues for the current month, but must include interest at the rate of six percent (6%) on all assessments or premiums in arrears.

(c) If the evidence of insurability is approved by the Society, the suspended benefit certificate thereupon shall be reinstated. If the evidence of insurability is disapproved or rejected by the Society, the Society shall so notify the owner of the certificate and the amount of arrearages so paid shall be refunded. No such benefit certificate shall be reinstated unless and until the evidence of insurability is approved by the Society and the amount of all arrearages paid.

ARTICLE XI.
Claims.

Section 1. **Due Proof Required.**—Upon the death of a beneficial member, due proof of death shall be submitted by the beneficiary or beneficiaries to the Secretary. All expenses of preparing or procuring such due proof of death shall be defrayed by the beneficiary or beneficiaries.

Section 2. **Limitation of Actions.**—No action at law or in equity shall be brought or maintained on any claim arising out of any benefit certificate or youth certificate before the expiration of ninety (90) days after the receipt by the Society of all required proof nor unless brought within three (3) years after the cause of action has accrued; provided, that where such limitation of time is prohibited by the laws of the state wherein such certificate is issued, then and in that event no action at law or in equity shall be brought or maintained on any such certificate unless commenced within the shortest limitation permitted under the laws of such state.

ARTICLE XII.
Miscellaneous Provisions.

Section 1. **Official Publication.**—The Board of Directors shall provide for publication and distribution of an official magazine in which any notice, report, or statement required by law to be given to members, including notice of election, may be published.

Section 2. **Bylaws - Amendments.**—The Board of Directors may, by the affirmative vote of a majority of the Directors then in office, amend or restate these bylaws, provided that due notice of the proposed change is given prior to the meeting at which such action is to be

taken. Upon such affirmative vote, or on a date specified by such vote as the effective date of any amendment or restatement of these bylaws, such amended or restated bylaws shall take effect and become in full force the bylaws of the Society, and shall remain in full force as such bylaws until repealed, amended or restated in the manner set forth in these bylaws. The officers shall cause the bylaws, as amended, to be filed with the appropriate offices in the State of Illinois or any other applicable jurisdiction to effect and record such amendment or restatement. Any such amendment or restatement to the bylaws, or a synopsis thereof, or any resolution adopted by the Board of Directors under any provision of these bylaws pertaining to benefit certificates of the Society or the rules, regulations and policies relating to and governing the Society's Chapters and the issuance of Chapter charters, when adopted, shall be published in the Society's official magazine.

Section 3. **Contract.**—The contract between the Society and a certificate owner shall include the Articles of Incorporation of the Society; the benefit certificate issued to the owner, together with any endorsements or riders which may be attached thereto; the application for the benefit certificate signed by the applicant, a copy of which shall be attached to the benefit certificate and made a part thereof; the bylaws of the Society; and all present and subsequent amendments to each thereof. However, no subsequent change, addition or amendment to the Articles of Incorporation or the bylaws of the Society shall destroy or diminish benefits which the Society contracted to give the owner as of the date of issuance of the benefit certificate.

Section 4. **Waiver of Bylaws Prohibited.**—No Chapter or officer or member of any Chapter is authorized or permitted to waive any of the provisions of the bylaws of this Society which relate to the contract between the certificate owner and the Society, whether the same be now in force or hereafter enacted. Neither shall any knowledge or information obtained by, nor notice to, any Chapter or officer or member thereof, or by or to any other person, be held or construed to be knowledge of or notice to the Society or to the officers thereof, until after said information or notice be presented in writing to the Secretary of the Society.

Section 5. **Decisions and Appeals Therefrom.**—The decision of the President on all questions involving the construction of these bylaws or any rules or policies of the Society shall be final and binding upon all officers and members, unless reversed or modified by the Board of Directors. Any party aggrieved by any decision of the President may, within sixty (60) days after the rendering of such decision, appeal therefrom to the Board of Directors.

Section 6. **Printed Copy of Bylaws Admissible in Evidence.**—Any printed copy of the bylaws of this Society, duly certified under seal thereof by the Secretary, shall be admissible in evidence in any case or proceeding between any member and the Society, or the beneficiary or beneficiaries of any member and the Society and shall be prima facie proof that such bylaws were duly adopted by the Society at the time they purport to have been adopted, and were in force from and after the date fixed therein for the going into effect thereof and until the same shall have been shown to have been amended or repealed.

Section 7. **Rules of Order.**—The rules contained in the current edition of *Robert's Rules of Order Newly Revised* shall govern the Society in all cases to which they are applicable

and in which they are not inconsistent with these bylaws, the Articles of Incorporation, or any special rules of order the Society may adopt.

Section 8. **Gender.**—Unless the context otherwise requires, in these bylaws any pronoun in the feminine or masculine gender shall be construed to include both genders.

Section 9. **Severability.**—If any provision of these bylaws or the application of such provision to any circumstances is determined to be invalid, the remainder of these bylaws or the application of the provision to other circumstances shall not be affected thereby.

Section 10. **Fiscal Year.**—The Society's fiscal year shall be the calendar year.

Adopted on: August 25, 2009

Effective on: The conclusion of the Board of Directors meeting on August 25, 2009.

APPENDIX
2009 BYLAWS

ROYAL NEIGHBORS
OF AMERICA



INSURING LIVES • SUPPORTING WOMEN • SERVING COMMUNITIES™

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CERTIFICATE OF INCORPORATION.

ARTICLES OF INCORPORATION,
AS AMENDED NOVEMBER 9, 2005

CERTIFICATE OF INCORPORATION

STATE OF ILLINOIS
INSURANCE DEPARTMENT
BRADFORD K. DURFEE, Superintendent

TO ALL TO WHOM THESE PRESENTS SHALL COME---GREETING:

WHEREAS, A CERTIFICATE OF ASSOCIATION, duly signed and acknowledged, having been filed in the Insurance Department of the State of Illinois, on the 21st day of March, A.D. 1895, for the organization of the

ROYAL NEIGHBORS OF AMERICA

under and in accordance with the provisions of an act entitled "An act to provide for the organization and management of fraternal beneficiary societies for the purpose of furnishing life indemnity or pecuniary benefits to beneficiaries of deceased members or accident or permanent indemnity disability to members thereof; and to control such societies of this State and of other states doing business in this State, and providing and fixing the punishment for violation of the provisions thereof, and to repeal all laws now existing which conflict herewith," approved and in force June 22, 1893, a copy of which certificate is hereto attached.

Now, therefore, I, Bradford K. Durfee, Insurance Superintendent of the State of Illinois, by virtue of the powers vested in me and the duties imposed upon me by the act aforesaid, do hereby certify that the said

ROYAL NEIGHBORS OF AMERICA

is a legally organized Fraternal Beneficiary Society under the laws of this State.



IN TESTIMONY WHEREOF, I hereunto subscribe my name and affix the seal of my office, at Springfield, State of Illinois, this 21st day of March, A.D. 1895.

BRADFORD K. DURFEE,
Insurance Superintendent.

ARTICLES OF INCORPORATION
of
ROYAL NEIGHBORS OF AMERICA
(as Amended November 9, 2005)

1. Name. The name or title by which such corporation shall be known in law is ROYAL NEIGHBORS OF AMERICA.

2. Place of Business. The principal business office shall be located in Rock Island, County of Rock Island, State of Illinois.

3. Incorporators. The names and residences of the incorporators are those persons and addresses specified on the original articles of incorporation of the Society filed with the Insurance Department of the State of Illinois on March 21, 1895.

4. Objectives and Purposes.

(a) Objectives. This corporation is a fraternal benefit society under the laws of the State of Illinois and is formed and carried on for the sole benefit of its members and beneficiaries and not for profit, operating on a lodge system with a ritualistic form of work, having a representative form of government and providing benefits in accordance with the laws of the State of Illinois. The object for which this corporation is formed and maintained is to support and encourage charitable community service; to promote fraternal relations among its members; to provide life, accident, health, disability or other types of insurance or other benefits for its members and their dependents; to make provisions for the payment of life indemnity or pecuniary benefits to the beneficiaries of deceased members; and to make provision for the payment of insurance or other benefits upon the lives of children of the ages permitted and authorized by the laws of the State of Illinois now in force or as such laws may hereafter be amended and changed, in amounts not to exceed the limits fixed by such laws. It may also provide for the payment of other benefits permitted and authorized and shall have all other powers granted by the laws of the State of Illinois now in force or as such laws may hereafter be amended and changed.

(b) Purposes. Without limiting the generality of the foregoing, the purposes of the Society are as follows:

(1) To support and promote the association of women and their families through membership in the Society and in local member units of the Society.

(2) To provide meaningful opportunities for friendship, self-help, and community service.

(3) To foster self-actualization for women and those they love through fraternal and charitable activities in local member units and to provide financial security through insurance, annuity and other products and fraternal benefits provided by the Society.

(4) To operate for any other social, intellectual, educational, charitable, benevolent, moral, fraternal, patriotic or religious purposes for the benefit of its members and others which may be approved by the Board of Directors.

(5) To engage in any other lawful act or activity for which it is authorized as a fraternal benefit society organized under 215 ILCS 5/282.1 et. seq., as now in force or as such laws may hereafter be amended and changed, or the laws of any other jurisdiction in which it is authorized to act.

5. The Board of Directors. The Board of Directors shall be the supreme governing body of the Society under the laws of the State of Illinois. Except as otherwise provided by law, these Articles of Incorporation, or the Bylaws, the Board of Directors shall set policy and strategy, provide oversight of the management and affairs of the Society and perform such other duties as devolve upon it by the laws of the State of Illinois or the Bylaws. The number, qualifications, method of election, and terms of the Directors shall be established in accordance with the Bylaws.

6. Membership. The rights, privileges, and qualifications for membership of the Society shall be set forth in the Bylaws.

7. Amendment of Articles. The Board of Directors, may, by the affirmative vote of a majority of the Directors then in office, amend or restate these Articles of Incorporation, provided that due notice of the proposed change is given prior to the meeting at which such action is to be taken. Upon adoption, such changes shall be filed with the Director of Insurance of the State of Illinois and shall be published in the Society's official publication as prescribed in the Bylaws.

Adopted on: November 9, 2005

Effective on: The conclusion of the Board of Directors meeting on November 9, 2005.

The following Index is to assist you in locating information within the bylaws. The Index is not a part of the bylaws and should not be seen as modifying any terms or provisions of these bylaws.

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