

BYLAWS

Article I

General Rules

Par. 1. Only policyholders of Germania Farm Mutual Insurance Association shall be qualified to be a member of the Association and entitled to vote in any election held pursuant to the Constitution and Bylaws of the Association.

Par. 2. When considering requests for insurance, this Association shall follow methods and procedures that are consistent with good management and underwriting. The Cabinet shall establish underwriting guidelines.

Par. 3. A reinsurance program shall be formulated by the Cabinet and submitted to the Board of Directors to be reviewed annually.

Par. 4. For rating purposes, the state shall be divided into territories.

Par. 5. The property now and hereafter to be insured shall be divided into two classes, Country (rural) and City property. Under the provisions applicable to Farm Mutual Insurance Companies under the Texas Insurance Code of the State of Texas, city property shall be any property in an incorporated city having 2,500 or more population per the last federal census. Rural property remains classified as rural when the insurance is continuous without lapse of 60 days.

Article II

Policy Coverages and Premiums

Par. 1. The premium due on each policy shall be paid annually on the policy's effective date, or if approved by the Association, may be paid in installments. Premium notices will indicate the method of payment available, the amount of payment, and the payment due date. Payments not received in the home office of the Association by the due date shall subject the policy to cancellation. The Cabinet shall develop policies and procedures consistent with applicable laws, rules and regulations governing Farm Mutual Insurance companies in the State of Texas concerning the cancellation of policies of insurance and the refund of premiums. Agent of Record will be notified of all policies of its members being billed and canceled.

Par. 2. The Cabinet shall approve such insurance coverages to be afforded the members; provided however, in no event shall such coverages exceed that authorized to be issued by Farm Mutual Insurance Companies under the Texas Insurance Code. The Association is authorized to require, at its option, that all or a percentage of the money paid for a loss be used to replace or repair damaged or destroyed property.

Par. 3. No policy issued by the Association shall subject a policyholder to a contingent liability.

Article III

Member's Rights and Duties

Par. 1. Each member shall be entitled to one vote. When community property is insured, only one spouse may vote the membership. A church, organizational membership or other jointly owned property may be voted by a duly appointed representative. A member in good standing may transfer from one Local Chapter to another upon written request from the member to the home office.

Par. 2. Each member must abide by the Constitution, Bylaws, rules and regulations of the Association and the Local Chapter. The member should, to the best of the member's ability, further the interests of the Association and attend the meetings of the Local Chapter.

Par. 3. A member must allow authorized representatives of the Association onto the premises to inspect insured property.

Par. 4. A member of this Association shall not endorse, participate in or recommend any other insurance or product whereby the Association is used as a means of promotion.

Article IV

Local Chapters

Par. 1. The Cabinet or its designee shall have the authority to: (a) charter Local Chapter(s) as it deems appropriate, (b) shall assign a Local Chapter number, (c) appoint the initial officers of the Local Chapter who shall serve in such position until such officer's successor is duly elected by the members of the Local Chapter, and (d) assign the Local Chapter to a District, whereupon the Local Chapter will be considered a member of such District with full voting privileges.

Par. 2. The elected officers of the Local Chapter shall be the President, and Secretary-Treasurer (referred to as the Local Chapter Secretary), and such other officers that the members of the Local Chapter deem necessary. Members shall elect the officers of a Local Chapter for a term not to exceed three years. If the office of the President becomes vacant, the Vice President shall advance to that position for the remainder of the elected term. Should there be no Vice President at the time the office of the President becomes vacant, the Secretary will appoint a qualified member to fill such vacancy until its successor is duly elected by the membership of the Local Chapter. If the office of Secretary becomes vacant, the President will appoint a qualified member to fill such vacancy who shall serve until its successor is duly elected by the membership of the Local Chapter. If the office of any remaining office becomes vacant, the President may appoint a qualified member to fill such vacancy who shall serve until a successor is duly elected by the membership of the Local Chapter.

The Local Chapter officers are responsible for operating the Local Chapter in a manner consistent with good management practices and in compliance with the provisions and aspects of the Association's Constitution, Bylaws, rules and regulations. The Local Chapter Secretary is the addressee

of all correspondence to the Local Chapter on matters not relating to insurance.

Par. 3. The Local Chapter shall act on the reports of its officers and perform such other duties as shall be imposed upon it by the Constitution, the Bylaws, the Board of Directors of the Association, or the Cabinet of the Association.

Par. 4. A Local Chapter may maintain account(s) for purposes other than insurance agency operations as may be determined by the Local Chapter. No assessment or fee of any kind shall be charged by the Local Chapter to a member without prior Association approval.

Par. 5. Each chartered Local Chapter shall hold an annual meeting in the month of April and at such other times as may be called by the Local Chapter President or the President of the Association. A meeting is defined as the assembly of the members for the purpose of conducting the business of the Local Chapter. Notice of time and place of the meeting must be given to the members. All members must be notified by mail. The mailing of such notice will be handled by the home office with the Agent of Record being billed for expenses of the same. The home office must be notified at least thirty (30) days prior to the date of the meeting as to the date, time and location of the meeting. Such notice must state if the business to be conducted at the meeting includes the election of the District Director, the election of a Cabinet officer, or the voting on amendment(s) to the Association's Constitution. At least five members must be present to have a quorum and conduct any business. The election results must be received in the office of the Association no later than 5:00 p.m. Central Standard Time on the fifth (5th) day of May of the same year; provided however, if such day falls on a weekend or legal holiday, then by 5:00 p.m. Central Standard Time on the following business day.

Par. 6. Unless otherwise directed by the Board of Directors, voting for confirmation of the Association's Cabinet officers, District Directors, and Local Chapter officers will be done at the April meeting. The Local Chapter should allow any candidate for District Director to appear at the April Local Chapter meeting when a District Director is being elected. Prior to the voting on a District Director, any candidate in attendance should be provided an opportunity to speak to the members of the Local Chapter for a period of time not exceeding three minutes. The failure or refusal of a Local Chapter to allow a candidate for District Director to appear or speak at the Local Chapter meeting shall not invalidate the election results.

When more than one candidate is vying for the position of District Director, the following provisions shall apply:

All voting members must sign a Local Chapter Voter Registration Form and must be present during the business session. Voting must be by secret ballot. The Local Chapter President must appoint a ballot committee of at least three members, excluding the Local Chapter President and Secretary. The election results shall be reported on the form promulgated by the home office (the "election report"). The election report must be signed by all members of the ballot committee, along with the Secretary and the President, and immediately mailed or otherwise delivered to the home office. The Local Chapter Registration Form(s) must be signed by the Local Chapter Secretary. Director election ballots and the Local Chapter Registration Form(s) must be retained by the Local Chapter for 90 days.

When only one candidate is vying for the position of District Director, the President and Secretary shall complete and sign the election report and immediately mail or otherwise deliver the election report to the home office. None of the remaining provisions in the immediately preceding paragraph as pertain to a contested District Director race shall apply.

Par. 7. The Local Chapter meeting agenda should include:

- A. Verification of members present
- B. Reading of minutes of the previous meeting
- C. President's report
- D. Financial report, if applicable
- E. The following, if applicable:
 - 1. Reports of committees
 - 2. Voting on amendments to Constitution
 - 3. Voting on confirmation of Association Cabinet officers
 - 4. Voting on District Director(s)
 - 5. Election of Local Chapter officers
 - 6. Appointment or election of committees
 - 7. Unfinished business
- F. New business
- G. Discussion for the benefit of the Association
- H. Adjournment

Par. 8. Notwithstanding the provisions of these Bylaws, which allow for the organization and operation of a Local Chapter, nothing herein contained shall restrict or prevent the Cabinet from taking any action respecting such Local Chapter, including without limitation, the dissolution of such Local Chapter or the suspension of or the placing of restrictions on the Local Chapter, notwithstanding the fact that any such action taken may have an adverse effect upon the Local Chapter, including, but not limited to, its continuing operation and any agreements entered into by the Local Chapter.

Par. 9. Whenever a Local Chapter is dissolved, the charter of the Local Chapter is canceled, and the Local Chapter shall be of no further force or effect. Existing members of the dissolved Local Chapter may be transferred to one or more existing Local Chapters in the manner prescribed by the Cabinet.

Article V

Agents of Record

Par. 1. On matters relating to insurance, each Local Chapter will be represented by an Agent of Record who is appointed by the Cabinet or its designee. The Agent of Record shall be the addressee of all correspondence on matters relating to insurance and shall act as the contact for field personnel and Association staff. As a condition of appointment by the Cabinet, an Agent of Record shall agree to bear the expense of holding and conducting the Local Chapter's April annual meeting as required of

each Local Chapter in Article IV, Paragraph 5 of these Bylaws. Such expenses of the Agent of Record shall include but not be limited to the reimbursement of the Home Office for the mailing of the notice of such April Local Chapter meeting to the members, the expense of any meeting facilities, food, beverages and door prizes.

Par. 2. In addition to the licensing requirements of the State of Texas, each Agent of Record must fully comply with the terms and provisions of the Agent's Agreement, with all continuing education requirements, and such other requirements as may be prescribed from time to time by the Cabinet. Each Agent of Record shall serve in such capacity at the will of the Cabinet or its designee, and such Agent's of Record authority to write insurance and bind coverage for the Association may be terminated in whole or in part, at any time, with or without cause, by the Cabinet or its designee.

Par. 3. The Agent of Record and all officers, managers and employees of the Agent of Record shall timely and completely comply with all laws, rules and regulations, including without limitation the Constitution, these Bylaws, all underwriting guidelines, and all other rules and regulations of the Association, and shall not expose the Association to any claim, litigation, administrative proceeding, fine, or penalty, in whole or in part, because of failure to so comply.

Par. 4. No Agent of Record, nor any officer, manager or employee of an Agent of Record shall have the power to waive any provision of the Constitution, Bylaws or provisions of the insurance policies of this Association.

Par. 5. The Association, at its option, may elect to own the policy expirations and policy renewals of any or all of its members; or the Association may elect to allow an Agent of Record to own the policy expirations and renewals on the business placed by such Agent with the Association.

Par. 6. Agents of Record may be eligible for bonus and incentive plans as may be established by the Board of Directors.

Par. 7. The Board of Directors may from time to time establish policies and/or procedures to facilitate an Agent of Record(s) sale of its business assets upon the termination of such Agent of Record(s) authority to write insurance and bind coverage for the Association.

Article VI

Districts

Par. 1. Each District shall hold an annual District Meeting at a time and place established by the Board of Directors. Additional District meeting(s) may be called from time to time by the Board of Directors. The Cabinet shall notify each Local Chapter Secretary within the District of the time and place of such meeting; and of its duty to appoint a voting delegate to attend such meeting as prescribed in Article VII, Paragraph 2 of the Constitution.

Par. 2. The delegate appointed by the Secretary of the Local Chapter to represent the Local Chapter at a District Meeting shall be compensated as prescribed by the Board of Directors.

Article VII

Board of Directors

Par. 1. Any resolutions authorized by Article XII of the Constitution as may be submitted by a district must first be referred to the executive session of the Board of Directors for its consideration.

Par. 2. In conducting the annual meeting of the Board of Directors, the President may accord to a member not on the program an opportunity to speak once on any subject not exceeding three minutes, and on any business pending before the Board of Directors. The President must first secure the consent of the Board of Directors, and if there is no objection this may be done in a summary method without requiring any formal vote. If there is an objection, it will require a majority vote to grant the privilege. The attorney for the Association will act in the capacity of parliamentarian.

Par. 3. When the Board of Directors at its regular meeting is required to nominate an individual for a Cabinet officer position pursuant to Article VII, Par. 1 of the Constitution, if there be more than two nominees for any position to be voted upon, and if no one receives a majority on the first ballot, then the two receiving the highest number of votes shall enter a run-off with the one receiving the most votes in the run-off being declared the nominee.

Par. 4. Any action required or allowed to be taken at any meeting of the Board of Directors may be taken without a meeting, and without prior notice, if such action so taken is adopted by not less than the minimum number of Directors as would have been necessary to vote affirmatively to take such action. Evidence of a Director's adoption of such action shall be recorded and may be in the form of a written consent, electronic consent, telephonic consent, or other means reflecting such consent.

Par. 5. A meeting of the Board of Directors may be conducted by means of conference telephone or similar communication equipment where all persons participating in such meeting can hear each other. Participation in a meeting held pursuant to this paragraph shall constitute presence in person at such meeting except where a person participates in such meeting for the express purpose of objecting to the transaction of any business on the ground that the meeting is not lawfully called or convened.

Article VIII

Complaints

Par. 1. In the event a complaint is made against a member of the Board of Directors, the same must be in writing, duly signed by the complainant, and mailed to the President of this Association, who shall within sixty (60) days bring the complaint before a meeting of the Cabinet. The Cabinet shall meet in a body to investigate the matter. The Cabinet after investigating the matter may render a decision concerning such complaint and take such action as the Cabinet deems appropriate or it may elect not to render a decision, but to refer the complaint and its findings to the Board of Directors Governance Committee. A decision rendered by the Cabinet shall be final unless: (a) the decision calls for the removal of the Director from the Board of Directors, or (b) the Director against whom the complaint is filed desires to appeal the decision of the Cabinet to the Board of Directors Governance

Committee by delivering a written notice of appeal to the President of the Association and the chairperson of the Board of Directors Governance Committee within ten (10) days after receipt of the Cabinet's written decision.

The party against whom the complaint has been made shall have the right to appear before the Board of Directors Governance Committee and to be represented by counsel. The Governance Committee may hear the testimony of witnesses and consider such other evidence as the Governance Committee, in its discretion, may elect to hear and/or consider. The Association may engage attorney(s) of its choice. A decision rendered by the Governance Committee shall be final unless the decision calls for the removal of the Director from the Board of Directors. In such event, the Governance Committee shall provide a written report of its findings to the Board of Directors. Any action of the Board of Directors to expel one of its members must be agreed upon by a vote of a two-thirds majority of all of the members of the Board of Directors. The party complained of shall not have the right to vote on any action taken by the Board of Directors on the complaint. The decision of the Board of Directors shall be final and obeyed by all parties involved.

Par. 2. Should any complaint be made against a Local Chapter, a Local Chapter officer or an Agent of Record, the party making such complaint shall set out in writing the cause of such complaint, signing his/her name thereto, and deliver the complaint to the President of the Association, The President of the Association shall forward a copy of the complaint to the party against whom the complaint has been made or to the President and Secretary of the Local Chapter when a complaint is made against a Local Chapter.

The President of the Association shall review the complaint and shall have the option to dismiss the complaint without further inquiry or to attempt to effect a solution to the satisfaction of all parties involved. The decision of the President shall be final. If the President of the Association deems the complaint to be of a sufficiently serious nature, he shall bring the complaint before a meeting of the Cabinet. The President of the Association shall select a time and place for the Cabinet to meet to investigate the complaint. The Cabinet may take such action concerning the complaint as it deems to be in the best interest of the Association. Any decision rendered by the Cabinet shall be final. If the Cabinet deems the complaint to be of a sufficiently serious nature, it shall bring the complaint before the Board of Directors, while sitting in Executive Session. The Cabinet shall make a report to the Board of Directors regarding the complaint. The Board of Directors shall render such decision as a two-thirds majority of all members of the Board of Directors deems to be in the best interest of the Association. The decision of the Board of Directors shall be final and obeyed by all parties involved.

Article IX

Indemnification

The Association shall indemnify its present or former Directors, officers, agents or employees to the extent and as required under the Texas Business Corporation Act. Where such indemnification is not required, but permitted under Texas law, the Board of Directors may authorize the Association to pay expenses incurred by, or to satisfy a judgment or fine rendered or levied against, present or former Directors, officers, agents or employees of the Association in accordance with such law.

Article X

Board Committees

The board shall establish from among its members an Audit Committee, Compensation Committee, Governance Committee, Legislative Committee, Pricing Committee, and such other committees as the Board may deem from time to time appropriate. All Board committees shall operate pursuant to a Board approved committee charter.

Article XI

Amendment to Bylaws

The power to alter, amend or appeal these Bylaws or adopt new Bylaws shall be vested in the Board of Directors of the Association.