

BYLAWS

ARTICLE I GENERAL RULES

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.
2. When considering requests for insurance, this Association shall follow methods and procedures that are consistent with good management and underwriting. Management shall establish underwriting guidelines.
3. A reinsurance program shall be formulated by the President or its designee and submitted to the Board of Directors to be reviewed annually.
4. 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 a population greater than 2,500 per the last federal census or other population as may be amended from time to time by law. Rural property remains classified as rural when the insurance is continuous without lapse of coverage for more than 60 days.

ARTICLE II POLICY COVERAGES AND PREMIUMS

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 President or its designee 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.
2. The President or its designee 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.
3. No policy issued by the Association shall subject a policyholder to a contingent liability.

**ARTICLE III
MEMBER'S RIGHTS AND DUTIES**

1. A church, organizational member, or other jointly owned property may vote 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.
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, attend the meetings of the Local Chapter, and participate in exercising the member's rights (including voting as set forth herein).
3. A member must allow authorized representatives of the Association onto the premises to inspect insured property.
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**

1. The President or its designee shall have the authority to: (a) charter Local Chapter(s) as it deems appropriate, (b) assign a Local Chapter number, and (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.
2. The elected officers of the Local Chapter shall be the Local Chapter President, the Local Chapter Secretary-Treasurer (referred to as the Local Chapter Secretary), and such other officers that the members of the Local Chapter deem necessary. Any elected officer of a Local Chapter shall be a member of the Local Chapter. Members shall elect the officers of a Local Chapter for a term not to exceed three years. If the office of the Local Chapter President becomes vacant, the Local Chapter Vice President shall advance to that position for the remainder of the elected term. Should there be no Local Chapter Vice President at the time the office of the Local Chapter President becomes vacant, the Local Chapter Secretary will appoint a qualified member to fill such vacancy until such time when a successor is duly elected by the membership of the Local Chapter. If the office of Local Chapter Secretary becomes vacant, the Local Chapter President will appoint a qualified member to fill such vacancy until such time as a successor is duly elected by the membership of the Local Chapter. If the office of any remaining office becomes vacant, the Local Chapter 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.

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 President or its designee.
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.
5. Each chartered Local Chapter shall hold an annual policyholder meeting at a time as prescribed by the Board of Directors 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. Notification of the time and place of the meeting must be given to all the members of the Local Chapter. All members must be notified by the method selected by the Board of Directors from time to time. Such notice should state if the business to be conducted at the meeting includes the election of Director(s) 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; voting by mail and/or voting electronically constitutes a member's presence at a meeting for purposes of the quorum requirement. The notifications will be handled by the home office with the Agent of Record being billed for expenses of the same. The home office should be notified at least thirty (30) days prior to the date of the meeting as to the date, time, and location of the meeting. Voting may take place by any method(s) permitted by law which the Board of Directors selects from time to time. All election results from the Local Chapters and/or completed ballots from the Association members (if voting occurs outside of the Local Chapter meetings) must be received consistent with the return method prescribed by the President of the Association within that period of time established by the Board of Directors.
6. The Local Chapter meeting agenda should include:
 - a. Verification of members present
 - b. Welcome and opening remarks
 - c. Approval of minutes of the previous meeting
 - d. Financial report, if applicable
 - e. The following, if applicable:
 - i. Reports of committees
 - ii. Voting on amendments to Constitution if the voting is noticed to occur at the Local Chapter meeting
 - iii. Voting on Director(s) if the voting is noticed to occur at the Local Chapter meeting
 - iv. Election of Local Chapter officers
 - v. Appointment or election of committees
 - f. Unfinished business
 - g. New business
 - h. Discussion for the benefit of the Association

- i. Adjournment
7. 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 President 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.
8. 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 President or its designee.

ARTICLE V AGENTS OF RECORD

1. On matters relating to insurance, each Local Chapter will be represented by an Agent of Record who is appointed by the President or its designee. As a condition of appointment by the President or its designee, an Agent of Record shall agree to bear the expense of holding and conducting the Local Chapter's 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 annual Local Chapter meeting to the members, the expense of any meeting facilities, food, beverages, and door prizes.
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 President or its designee. Each Agent of Record shall serve in such capacity at the will of the President or its designee, and such Agent of Record's 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 President or its designee.
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.
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.

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

1. District meeting(s) may be called from time to time by the Board of Directors. If called, each District shall hold a District Meeting at a time and place established by the Board of Directors. Each Local Chapter Secretary shall be notified 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 of the Constitution.
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

1. Any resolutions authorized by Article XII of the Constitution as may be submitted by a Local Chapter must first be forwarded to the President for presentation to and consideration by the Board.
2. In conducting any meeting of the Board of Directors, the Chairperson 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 Chairperson 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.
3. 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.

4. A meeting of the Board of Directors may be conducted by means of conference telephone or similar communication equipment in which 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 OFFICERS

1. **Appointment:** The Board of Directors shall select and appoint the President for the Association. The President shall select and the Board of Directors shall approve the Secretary-Treasurer and any additional Officers as provided for in the Constitution. The President shall serve at the will of the Board, and any additional Officers shall serve at the will of the President.

2. **Duties:**

- a. **President:** The President shall be the Chief Executive Officer of the Association. The President shall have the responsibility for the general and active management of the Association and shall see that all orders and resolutions of the Board of Directors are carried into effect. The President may call special meetings of the Board of Directors. The President shall establish the duties of the Officers, may appoint assistants to the Officers, may appoint an attorney, and may establish such non-Board committees as the President deems appropriate. The President or its designee shall appoint the members of all non-Board committees. The President or any Board-authorized individuals shall sign all orders, certificates and other instruments necessary to carry out the purpose of this Association. The President shall discharge such other duties as may be imposed upon the President by this Constitution, the Bylaws, or the Board of Directors.

The Board of Directors shall fix the compensation of the President. In the event of a vacancy in the President position, the Board shall meet as soon as reasonably practical to fill such vacancy by majority vote.

- b. **Secretary-Treasurer:** The Secretary-Treasurer shall be the Chief Financial Officer of the Association. The Secretary-Treasurer shall keep full and accurate records and books of the financial condition of the Association and of the Association's receipts and disbursements and shall render to the President, and/or the Board of Directors upon request, an accounting of all the financial transactions taken on behalf of the Association and of the financial condition of the Association. The Secretary-Treasurer shall give, or cause to be given notice of all meetings of the Board of Directors, and shall perform such other duties as may be imposed by this

Constitution, the Bylaws, the Board of Directors, or the President. The Secretary-Treasurer shall prepare and keep the minutes of all meetings.

The Secretary-Treasurer, and any additional Officer as may be established by the President and approved by the Board of Directors, shall generally assist the President at the President's direction in the management of the Corporation, shall report to the President, and shall perform the duties and exercise the powers and responsibilities delegated by the President and as may be prescribed by the Board of Directors.

ARTICLE IX COMPLAINTS

1. Except for irregularities alleged to have occurred in the election of a Director which is addressed in the Constitution, 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. The President, after investigating the matter, may render a decision concerning such complaint and take such action as the President deems appropriate or may elect not to render a decision, but to refer the complaint and the President's findings to the Board of Directors Governance Committee. A decision rendered by the President 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 President by delivering a written notice of appeal to the chairperson of the Board of Directors Governance Committee within ten (10) days after receipt of the President's written decision.

In the event a complaint is made against the President as a Director, such complaint shall immediately be referred to the Board of Directors Governance Committee.

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 an 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.

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, sign 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 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 deems the complaint to be of a sufficiently serious nature, it shall bring the complaint before the Board of Directors Governance Committee. The President 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 X INDEMNIFICATION

The Association shall indemnify its present or former directors, officers, agents, and employees to the extent as permitted under Texas law. Where such indemnification is not required but permitted under Texas law, the Board of Directors may authorize the Association to satisfy a judgment and/or pay expenses other than a judgment, that are reasonable and actually incurred by the person in connection with a proceeding against the said person, present or former directors, officers, agents, or employees of the Association in accordance with such law. Permissive indemnification shall be allowed at the discretion of the Board of Directors and as permitted under Texas law. Further, the Association may purchase such amount of insurance from time to time as it deems appropriate in its sole discretion to indemnify or hold harmless an existing or former director, officer, agent, or employee against liability.

ARTICLE XI BOARD COMMITTEES

The Board shall establish from among its members such committees as the Board may deem from time to time appropriate. All Board committees shall operate pursuant to a Board-approved committee charter.

ARTICLE XII INTERESTED TRANSACTIONS

Except as may be otherwise provided by Texas law, no contract, act, or transaction of the Association with any person or persons, firm, trust, or association, or any other corporation shall be affected or invalidated by the fact that any director, officer, or shareholder of this Association is a party to, or is interested in, such contract, act, or transaction, or in any way connected with any such person or persons, firm, trust, or association, or is a director, officer, or shareholder of,

or otherwise interested in, any such other corporation, nor shall any duty to pay damages on account of this Association be imposed upon such director, officer, or shareholder of this Association solely by reason of such fact, regardless of whether the vote, action, or presence of any such director, officer, or shareholder may be, or may have been necessary to obligate this Association on, or in connection with, such contract, act, or transaction, provided that, if such vote, action, or presence is, or shall have been, necessary, such interest or connection (other than an interest as a non-controlling shareholder of any such other corporation) be known or disclosed to the Board of Directors of this Association.

ARTICLE XIII MAIL

Any reference to “mail” delivery herein shall include, but not be limited to, all of the following means and mechanisms of transmission: United States Postal Service, Federal Express, United Parcel Service, electronic mail transmissions, faxes, telephonic transmissions, and any and all other means of disseminating information that is currently in existence or may be developed for the same purposes, which are widely known and accepted means of dispersing data and information.

ARTICLE XIV 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.