

# Bylaws

Ophthalmic Mutual Insurance Company  
(A Risk Retention Group)

**OMIC**  
OPHTHALMIC MUTUAL  
INSURANCE COMPANY  
(A Risk Retention Group)

May 21, 2016

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**BYLAWS**  
of  
**OPHTHALMIC MUTUAL INSURANCE COMPANY**  
*(A Risk Retention Group)*

**I. OFFICES**

1. Principal Office. The principal office of the Company shall be located at such address within the State of Vermont as may be established from time to time by the Board of Directors.
2. Other Offices. The Company may have other offices within or outside the State of Vermont as the Board of Directors may from time to time determine.

**II. MEMBERSHIP**

1. Eligibility. Those eligible for membership in the Company are:
  - a. A person who (i) has a valid, unrestricted, unlimited, and unconditioned license, or who is otherwise lawfully authorized, to practice medicine in each state where he or she practices, (ii) is a member of the American Academy of Ophthalmology or an applicant for membership whose membership is thereafter accepted, and (iii) in the opinion of the Company is an acceptable risk for purposes of the insurance afforded by the Company.
  - b. A partnership, association, professional limited liability company, corporation, or other legal entity that (i) is at least 50% owned or controlled by ophthalmologists satisfying the criteria described in Section 1.a., above, or their immediate family members, and (ii) in the opinion of the Company is an acceptable risk for purposes of the insurance afforded by the Company.
  - c. A state licensed hospital or comparable health care facility (“hospital”) that (i) provides predominantly ophthalmic-related inpatient or outpatient health care services and (ii) in the opinion of the Company is an acceptable risk for purposes of the insurance afforded by the Company.
  - d. An outpatient surgical facility that (i) either (a) is at least 50% owned or controlled by ophthalmologists satisfying the criteria described in Section 1.a., above, or their immediate family members, or by entities satisfying the criteria described in Sections 1.b. or 1.c., above, or (b) provides predominantly ophthalmic-related surgery services, and (ii) in the opinion of the Company is an acceptable risk for purposes of the insurance afforded by the Company.
  - e. An Eye Bank that (i) has as its medical director or at least one of its board members an ophthalmologist satisfying the criteria described in Section 1.a., above, and (ii) in the opinion of the Company is an acceptable risk for purposes of the insurance afforded by the Company.
2. Acceptance for Membership. An eligible person or eligible entity described in Section 1 of this Article may become a member of the Company (a "Member") by:
  - a. Demonstrating eligibility for membership in the Company;

- b. Applying and being accepted for any insurance offered by the Company and paying the initial premiums, taxes, and fees due therefor; and
  - c. Making the required surplus contribution(s), if any, to the Company, which at such time is a condition precedent to obtaining insurance through the Company.
3. Insurance. The Company may issue policies of insurance providing coverage to Members and to others formally affiliated with or sponsored by Members and acceptable to the Company.
4. Term of Membership.
- a. The effective date of membership is the original effective date of the Member's insurance policy or the date the Member is first added to the policy, whichever is later.
  - b. Membership of a person or entity in the Company may be terminated by the Company upon:
    - (1) Termination of all policies of insurance issued by the Company to such Member or termination of all of the Member's coverages under any policies of insurance issued by the Company;
    - (2) Breach of any obligations imposed upon such Member by these Bylaws as they may from time to time be amended;
    - (3) The failure of a Member to meet the membership eligibility requirements set forth in Section 1 of this Article; or
    - (4) The failure of the Member to pay when due any surplus contribution, premium, or other taxes or fees due for any policy of insurance issued by the Company to such Member or for any of the Member's coverages under any policy of insurance issued by the Company.
  - c. Membership of a person in the Company may also be terminated by the Company upon:
    - (1) Revocation, restriction, limitation, condition, suspension, expiration, or surrender of such Member's license to practice medicine in any state where he or she practices;
    - (2) The death of such Member; or
    - (3) The relocation of such Member's principal practice of medicine to a state in which the Company does not offer insurance.
  - d. Membership of an entity in the Company may also be terminated by the Company upon:
    - (1) Revocation, restriction, limitation, condition, suspension, expiration, or surrender of the license to practice medicine of any partner, member, or shareholder of such entity Member in any state where such partner, member, or shareholder practices;
    - (2) The dissolution of such entity Member; or

(3) The relocation of the principal practice of medicine of the entity Member to a state in which the Company does not offer insurance.

e. The policy of insurance or coverage under a policy of insurance for the terminated Member shall be cancelled by the Company according to the terms and conditions of such policy following any termination of membership pursuant to this Section.

f. Any terminated Member may be reinstated by action of the Board of Directors upon such terms and conditions, including the payment of additional fees or insurance premiums, as the Board of Directors may from time to time require.

### III. MEETINGS OF MEMBERS

1. Annual Meeting. The annual meeting of the Members of the Company shall be held at any such place, either within or outside the State of Vermont, as may be ordered by the Chair, President, Secretary, or Board of Directors. In the absence of a resolution of the Board of Directors providing otherwise, the annual meeting of the Members shall be held in conjunction with the annual meeting of the American Academy of Ophthalmology. At each annual meeting of the Members, the Directors for the ensuing year shall be elected and the officers of the Company shall present their annual reports.

2. Special Meetings. Special meetings of the Members may be called by the Chair, President, Secretary, Board of Directors, or on a call signed by not less than 10% of all the votes entitled to be cast by Members of the Company. The Board of Directors may designate any place, either within or outside the State of Vermont, as the place for any special meeting called by the Board of Directors. If a special meeting is called by anyone other than the Board of Directors, the place of meeting shall be Burlington, Vermont. Calls for special meetings shall specify the place, date, time, and purpose(s) thereof, and no other business than that specified in the call shall be considered at any such meeting.

3. Notice of Meetings. Written notice stating the place, date, and time of the meeting, and, in case of a special meeting, the purpose for which the meeting is called, shall be delivered not less than 10 nor more than 60 days before the date of the meeting, either personally, by mail, or by electronic means, by or at the direction of the President, Secretary, officer, or person calling the meeting, to each Member of the Company. If requested by the person(s) lawfully calling such meeting, the Secretary shall give notice thereof, at the Company's expense.

4. Waiver of Notice. The attendance of a Member at any meeting waives the Member's right to objection to lack of notice, except where the Member attends a meeting only for the express purpose of objecting to the transaction of any business because the meeting was not lawfully called or convened. A Member may waive notice of a meeting required by these Bylaws before or after the holding of the meeting. The waiver must be in writing, signed by the Member, and delivered to the Company for inclusion in the minutes or filing with the corporate records.

5. Voting. At all meetings of Members, each Member is entitled to one vote, either in person or by proxy.

6. Quorum and Manner of Acting. A majority of all the votes entitled to be cast by Members represented in person or by proxy shall be necessary to constitute a quorum at any meeting of the Members. If a quorum is present, the affirmative vote of a majority of the votes of Members entitled to be cast and represented at the meeting will be the act of the Members, except in those cases where it is otherwise provided by law, these Bylaws, or by the Articles of Incorporation. In the absence of a quorum, those present may adjourn the meeting.

7. Action Without a Meeting. Any action required or permitted to be taken at a meeting of the Members or any other action which requires Member approval may be taken without a meeting if consent in writing, setting forth the action so taken, is signed by each Member entitled to vote.

8. Proxies. Any Member entitled to vote may be represented at any meeting of Members by duly executed proxy. The proxy shall be in writing, properly signed, and filed with the Secretary of the Company. If the proxy does not otherwise specify, no proxy shall be recognized unless executed within 11 months of the date of the meeting at which it is presented. A revocable proxy may be used that appoints the Secretary of the Company as the Member's proxy for the duration of the Member's membership unless the Member revokes such proxy in writing to the Company. Such Member may attend a Members' meeting in person and revoke such proxy for the duration of that meeting.

9. Order of Business. The order of business at the annual meeting, and so far as it is practicable at all other meetings of the Members, shall be as follows:

- a. Roll call.
- b. Proof of due notice of meeting.
- c. Reading and disposal of any unapproved minutes.
- d. Annual reports of officers.
- e. Election of Directors.
- f. Unfinished business.
- g. New business.
- h. Adjournment.

10. Record Date. For purposes of determining the Members entitled to notice of any meeting, to vote, or to give consent to action without a meeting, the Board of Directors may fix, in advance, a record date, which shall not be more than 70 days nor less than 10 days before the date of such meeting or such action without a meeting. Only Members of record at the close of business on that date are entitled to notice, to vote, or to give consent. If the Board of Directors does not so fix the record date:

- a. The record date for determining Members entitled to notice of or to vote at a meeting of Members shall be at the close of business on the business day preceding the day on which notice is given or, if notice is waived, at the close of business on the business day preceding the day on which the meeting is held.
- b. The record date for determining Members entitled to give consent in writing to action without a meeting, (i) when no prior action by the Board has been taken, shall be the day on which the first written consent is given, or (ii) when prior action of the Board has been taken, shall be at the close of business on the day on which the Board adopts the resolution relating to that action.

c. The determination of Members entitled to notice of or to vote at a meeting of Members shall apply to any adjournment of the meeting unless the Board fixes a new record date for the adjourned meeting. The Board shall fix a new record date if the meeting is adjourned for more than 45 days from the date of the original meeting.

#### IV. DIRECTORS

1. Number and Qualification. The property interests, business, and transactions of the Company shall be managed and conducted by a Board of Directors, which shall consist of at least 3 but not more than 18 persons. At least one of the Directors shall be a resident of the State of Vermont. Except as necessary to have at least one Vermont resident Director, all Directors shall be Members of the Company and, except in compelling circumstances, must be, when they begin their first Board terms, both (a) practicing ophthalmologists and (b) under the age of 65.
2. Nomination and Election. Directors shall be elected at the annual meeting of the Members. Prior to each annual meeting of the Members, the Board of Directors, acting on the recommendations of the Executive Committee or any Director, and the American Academy of Ophthalmology shall each nominate persons for the vacancies to be voted upon at the annual meeting. To the extent practicable, the Board of Directors shall be composed of persons two-thirds of whom shall be nominated by the Board of Directors and one-third nominated by the American Academy of Ophthalmology. The Board of Directors shall cause the names of all nominees to be included in the official notice of the annual meeting, except that in the event of the death or withdrawal from candidacy of any nominee, the person or group who nominated such nominee shall designate and announce a substitute nominee at any time prior to the election.
3. Classification. The Board of Directors shall be divided into three classes, each class to be as nearly equal in number as possible.
4. Term; Term and Age Limit. The term of office of Directors shall be three years, to be staggered so that only one class expires each year. Except as necessary to have at least one Vermont resident Director, no Director shall serve more than three full consecutive three-year terms. A Director's term of office shall expire on December 31st of the year in which such Director reaches the age of 70 years. However, the Executive Committee may waive the term or age limit if the Director provides a unique and valuable skill set to the Board of Directors. A Director's term will end prior to the expiration of his or her term upon earlier death, resignation, or removal. Even if a Director's term would otherwise have expired, the Director shall continue to serve until the Director's successor is elected and qualifies or until there is a decrease in the number of Directors.
5. Resignation. Any Director may resign at any time by giving written notice to the Board of Directors, Chair, President, or Secretary. Such resignation is effective when the notice is delivered unless the notice specifies a later effective date. Unless otherwise specified in the notice, the acceptance by the Board of Directors of such resignation is not necessary to make it effective.
6. Removal. Any Director may be removed from office, with or without cause, at any time, and another person may be elected to his or her place to serve for the remainder of his or her term, by a vote of three-quarters of the votes then entitled to be cast at any annual meeting or any special meeting of the Members called for that purpose. In case any vacancy so created shall not be filled by the Members at such meeting, the vacancy may be filled by the Directors as provided in Section 7 of this Article.



7. Vacancies. A vacancy in the Board of Directors exists in the event of the death, resignation, or removal of a Director or the termination of the Director's membership in the Company. Any vacancy occurring in the Board of Directors may be filled by the affirmative vote of a majority of the remaining Directors, even if less than a quorum, provided, however, that a vacancy may only be filled by a nominee designated by the same person or group who nominated his or her predecessor in office. A Director elected to fill a vacancy shall be elected for the unexpired term of his or her predecessor in office.

Any Directorship to be filled by reason of an increase in the number of Directors shall be filled by the affirmative vote of a majority of the Directors then in office or by an election at an annual meeting or at a special meeting of the Members called for that purpose. A Director chosen to fill a position resulting from an increase in the number of Directors shall hold office until the next annual meeting of Members unless the position was first filled at an annual meeting of the Members.

8. Meetings. Meetings of the Board of Directors shall be held whenever called by the Chair, the President, or by a majority of the members of the Board of Directors. The Board of Directors shall meet at least once a year in the State of Vermont. The Board of Directors shall meet at such other places or times as the Board may determine and specify in the respective notices or waivers of notice of such meetings.

9. Notice of Meetings. Notice of each meeting of the Board of Directors shall be mailed to each Director, at the address of the Director that appears in the records of the Company, at least two days before the day on which the meeting is to be held, or shall be given to the Director at such place by electronic means or delivered personally, no later than one day before the day on which the meeting is to be held. The notice of each meeting shall indicate briefly the purpose(s) thereof. No notice of place, date, time, or purpose of any meeting of the Board of Directors need be given to any Director who attends in person, unless the Director objects to holding the meeting and does not thereafter vote or assent to actions taken. Nor does notice need to be given to any Director who waives such notice in writing, executed and filed with the records of the meeting, either before or after the holding of the meeting. No notice need be given of any adjourned meeting of the Board of Directors.

10. Electronic Meetings. Members of the Board of Directors may participate in a meeting of the Board by telephone, web-based conferencing, or similar communication system so long as all persons participating in the meeting can hear or read one another's comments within the time period designated for the meeting. Such participation constitutes presence in person at a meeting.

11. Action Without a Meeting. Any action required to be taken at a meeting of the Board of Directors or any other action which requires Director approval may be taken without a meeting if consent in writing, setting forth the action so taken, is signed by all of the Directors.

12. Quorum and Manner of Acting. A majority of the members of the Board of Directors constitutes a quorum for the transaction of business at any meeting of the Board of Directors. Except as otherwise provided by law or these Bylaws, the act of a majority of the quorum present will be the act of the Board of Directors. In the absence of a quorum, a majority of the Directors present may adjourn the meeting until a quorum is held.

13. Duties. The Board of Directors shall exercise general direction over the affairs of the Company, receive and pass upon the reports of the officers, audit all bills and accounts against the Company, and fix or delegate authority to fix the compensation of officers and employees of the Company. The Board may direct

any officer(s) of the Company to transact any business which it may see fit to delegate. The Board of Directors may, from time to time, employ such persons as the Board may deem necessary for the carrying on of the business of the Company, any of whom may also be officers or Directors of the Company.

14. Compensation. The Board of Directors has the authority to fix the compensation of Directors. Directors shall be paid their expenses, if any, for attendance at each meeting of the Board of Directors. No such payment shall preclude any Director from serving the Company in any other capacity and receiving compensation therefor.

## V. COMMITTEES

1. General. Committees of the Board of Directors shall be standing or special. Each committee shall exercise such power and carry out such functions as are designated by the Articles of Incorporation, these Bylaws, or as delegated by the Board of Directors from time to time. Except as otherwise provided in the Articles, Bylaws, or in a Board resolution, such committees are advisory only and are subject to the ultimate control of the Board. The designation of such committees and the delegation thereto does not relieve the Board, or any member thereof, of any responsibility imposed by law.

2. Standing Committees. Standing committees shall consist of the Executive Committee, Finance Committee, Underwriting Committee, Claims Committee, Risk Management Committee, Audit Committee, Nominating Committee, and Reinsurance Committee, and such other standing committees as the Board of Directors may authorize from time to time.

a. Executive Committee.

(1) Composition. The Executive Committee shall consist of a maximum of six members, all of whom must be Directors. The Chair of the Board, who shall serve as the Chair of the committee, the Vice Chair, the Secretary, and the Treasurer shall serve on the Executive Committee ex officio, unless they have already served six years on the Committee.

(2) Nomination and Election. The non-ex officio Executive Committee members shall be elected annually by the Board of Directors, acting on the recommendations of the Nominating Committee.

(3) Term Limit. No Executive Committee member shall serve more than six full one-year terms, regardless of office held.

(4) Responsibility and Authority. The affairs and management of the Company shall be supervised by the Executive Committee, which shall have the power to transact all regular business of the Company during the period between meetings of the Board of Directors, subject to any prior limitations imposed by law, these Bylaws, the Articles of Incorporation, or the Board of Directors. The Executive Committee shall recommend to the Board nominees for Directors, President, and committee members, as well as the composition and Chair of each of the committees (except the Executive Committee, the Nominating Committee, and the Reinsurance Committee), including nominees to fill vacancies in any such positions. The Executive Committee, subject to any limitations imposed by the Board or these Bylaws, shall have the authority to act on behalf of the Company as to all reinsurance matters.

The Executive Committee shall review and evaluate no less than annually all relevant data regarding appropriate compensation levels for the President and perform such other functions regarding employee compensation as it shall determine. In this regard, the Executive Committee is empowered to engage independent compensation advisors as the committee deems appropriate. The Executive Committee shall also perform such other tasks as may be assigned by the Board from time to time.

b. Finance Committee.

(1) Composition. The Finance Committee shall consist of the Treasurer, who shall serve ex officio as the Chair of the committee, and at least four other members.

(2) Nomination and Election. The non-ex officio Finance Committee members shall be elected annually by the Board of Directors, acting on the recommendations of the Executive Committee.

(3) Responsibility and Authority. The Finance Committee shall be responsible for overseeing the management of the Company's assets and ensuring that financial records are in accordance with applicable accounting principles and laws. The Finance Committee shall see that an annual operating budget is prepared and submitted to the Board of Directors in a timely fashion. The Finance Committee shall examine periodic financial reports and receive explanations from the President, or the chief financial officer on the President's behalf, regarding variations from the budget. The Finance Committee shall review and recommend investment guidelines and policies, taking into account regulatory requirements, liquidity needs, prevailing and expected economic conditions, and other relevant considerations. The Finance Committee shall also review and advise the Board on the financial feasibility of proposed acts and undertakings referred to it by the Board and shall perform such other tasks as may be assigned by the Board from time to time.

c. Underwriting Committee.

(1) Composition. The Underwriting Committee shall consist of at least five members.

(2) Nomination and Election. The Underwriting Committee members and the Chair of the Underwriting Committee shall be elected annually by the Board of Directors, acting on the recommendations of the Executive Committee.

(3) Responsibility and Authority. The Underwriting Committee shall recommend to the Board of Directors the establishment and application of rating classifications for insurable risks, rules for treating adverse risk, and underwriting review criteria and shall perform such other tasks as may be assigned by the Board from time to time. The Underwriting Committee shall be the final level of appeal for Members who are declined, cancelled, or non-renewed.

d. Claims Committee.

(1) Composition. The Claims Committee shall consist of at least five members.

(2) Nomination and Election. The Claims Committee members and the Chair of the Claims Committee shall be elected annually by the Board of Directors, acting on the recommendations of the Executive Committee.

(3) Responsibility and Authority. The Claims Committee shall recommend establishment and application of appropriate case reserve policies and guidelines and monitor complaints about these policies and guidelines; review all claims and make recommendations as to the appropriate disposition thereof; identify frequent causes of claims and provide this information to the Underwriting Committee to ensure that underwriting standards properly reflect the risks involved; and perform such other tasks as may be assigned by the Board of Directors from time to time.

e. Risk Management Committee.

(1) Composition. The Risk Management Committee shall consist of at least five members.

(2) Nomination and Election. The Risk Management Committee members and the Chair of the Risk Management Committee shall be elected annually by the Board of Directors, acting on the recommendations of the Executive Committee.

(3) Responsibility and Authority. The Risk Management Committee shall recommend the development of loss prevention and educational programs for Members to reduce the frequency and severity of claims and shall perform such other tasks as may be assigned by the Board of Directors from time to time.

f. Audit Committee. A separate Audit Committee Charter describes the composition, responsibility, and authority of the committee.

g. Nominating Committee.

(1) Composition. The Nominating Committee shall consist of four members. The Chair of the Board shall serve on the Nominating Committee ex officio, however he or she may not be the Chair of the Committee and does not have voting rights. Two non-Executive Committee Directors and one non-Director committee member shall serve on the Nominating Committee.

(2) Nomination and Election. The Nominating Committee members and the Chair of the Nominating Committee shall be elected annually by the Board of Directors, acting on the recommendations of the Board Chair.

(3) Term Limit. No Nominating Committee member shall serve more than three full one-year terms, except the Board Chair serving ex officio.

(4) Responsibility and Authority. The Nominating Committee shall recommend to the Board nominees for all officer positions listed in Section VI.1. (except President), all elected Executive Committee members, and all elected Reinsurance Committee members. The Nominating Committee shall also elect the Chair of the Executive Committee and the Chair

of the Reinsurance Committee if no ex officio Chair is in the position. The Nominating Committee shall also perform such other tasks as may be assigned by the Board from time to time.

h. Reinsurance Committee.

(1) Composition. The Reinsurance Committee shall consist of a maximum of three members, all of whom must be Directors. The Chair of the Board, who shall serve as the Chair of the committee, shall serve on the Reinsurance Committee ex officio, unless he or she has already served six years on the Committee.

(2) Nomination and Election. The non-ex officio Reinsurance Committee members shall be elected annually by the Board of Directors, acting on the recommendations of the Nominating Committee.

(3) Term Limit. No Reinsurance Committee member shall serve more than six full one-year terms, regardless of office held.

(4) Responsibility and Authority. The Reinsurance Committee shall represent the OMIC Board of Directors in meetings with OMIC reinsurance broker(s) and representatives of reinsurance companies who underwrite reinsurance for OMIC and shall perform such other tasks as may be assigned by the Board from time to time. The Reinsurance Committee has no power to negotiate rates or make changes to any reinsurance program.

3. Special Committees. Special committees may be appointed by the Chair of the Board, with the approval of the Board of Directors, for such special tasks as circumstances warrant. A special committee shall limit its activities to the accomplishment of the tasks for which it is appointed and shall have no power to act except as is specifically conferred by action of the Board. Upon completion of the task for which it is appointed, such special committee shall stand discharged.

4. Qualification. Except in compelling circumstances, all committee members must be, when they begin their first committee terms, both (a) practicing ophthalmologists and (b) under the age of 65. The Chair of each committee shall be a Director.

5. Term; Term Limit. The term of office of committee members shall be one year. No non-Director committee member shall serve more than six full consecutive one-year terms on any one or combination of committees. If a committee member is elected to the Board of Directors, however, he or she may continue to serve on committee(s) through his or her tenure on the Board. See the above committee descriptions for other term limit restrictions. A committee member's term will end prior to the expiration of his or her term upon earlier death, resignation, or removal. Even if a committee member's term would otherwise have expired, the committee member shall continue to serve until the committee member's successor is elected and qualifies or until there is a decrease in the number of committee members.

6. Resignation. Any committee member may resign at any time by giving written notice to the Board of Directors, Chair, President, or Secretary. Such resignation is effective when the notice is delivered unless the notice specifies a later effective date. Unless otherwise specified in the notice, the acceptance by the Board of Directors of such resignation is not necessary to make it effective.

7. Removal. Any committee member may be removed from office for any reason at any time by the Chair of the Board, subject to approval by the Board of Directors.
8. Vacancies. Any committee vacancy shall be filled for the unexpired portion of the committee member's term in the same manner as provided in the case of the original appointment.
9. Meetings. Each committee shall meet in any place and as often as is necessary to perform its duties. Meetings shall be held whenever called by the Chair of the committee, the President or his or her designee, or by a majority of the members of the committee. The President, or his or her designee, shall act as secretary of each committee and shall, among other things, at the conclusion of each meeting, prepare a written record of the committee's proceedings, recommendations, and actions for review by the Board.
10. Notice of Meetings. Notice of each committee meeting shall be mailed to each committee member, at his or her address that appears in the records of the Company, at least two days before the day on which the meeting is to be held, or shall be given to the committee member at such place by electronic means or delivered personally, no later than one day before the day on which the meeting is to be held. The notice of each meeting shall indicate briefly the purpose(s) thereof. No notice need be given to any committee member who attends in person or waives such notice in writing.
11. Electronic Meetings. Members of any committee may participate in a meeting of the committee by telephone, web-based conferencing, or similar communication system so long as all persons participating in the meeting can hear or read one another's comments within the time period designated for the meeting. Such participation constitutes presence in person at a meeting.
12. Action Without a Meeting. Any action required to be taken at a meeting of the committee may be taken without a meeting if consent in writing, setting forth the action so taken, is signed by all of the committee members.
13. Quorum and Manner of Acting. A majority of the members of the committee constitutes a quorum at any meeting of that committee. Except as otherwise provided by these Bylaws, the act of a majority of the quorum present will be the act of the committee. In the absence of a quorum, a majority of the committee members present may adjourn the meeting until a quorum is held.
14. Expenditures. Except as otherwise provided in these Bylaws, or as delegated by the Board from time to time, any expenditure of corporate funds by a committee requires prior approval of the Board.
15. Compensation. The Board of Directors has the authority to fix the compensation of committee members. Committee members shall be paid their expenses, if any, for attendance at each meeting of the committee. No such payment shall preclude any committee member from serving the Company in any other capacity and receiving compensation therefor.

## **VI. OFFICERS**

1. Officers. The officers of the Company shall be a Chair of the Board, a Vice Chair, a President, a Secretary, a Treasurer, and such additional officers as may be appointed in accordance with the provisions of Section 2 of this Article. One person may hold any two offices (except the same person may not be both

President and Secretary), but no such officer shall execute, acknowledge, or verify any instrument in more than one capacity if such instrument is required by law, these Bylaws, or resolution of the Board of Directors to be executed, acknowledged, or verified by any two or more officers.

- a. The Chair of the Board. The Chair of the Board shall preside at all meetings of the Members and of the Board of Directors, and shall have such other duties as provided by these Bylaws and as may be assigned from time to time by the Board of Directors. The term of office for Chair of the Board shall be three years. The Chair of the Board shall not serve more than one full three-year term.
- b. The Vice Chair. The Vice Chair shall perform such duties as are assigned by the Board of Directors or Chair. The Vice Chair shall perform all the duties of the Chair in the case of the disability or absence of the Chair, and when so acting, shall have all of the powers of, and be subject to the restrictions upon, the Chair. The term of office for Vice Chair shall be one year. The Vice Chair shall serve no more than three full one-year terms.
- c. The President. The President shall be the chief executive officer of the Company and shall exercise detailed supervision over the business of the Company subject, however, to the control of the Board of Directors. He or she shall perform all duties incident to the office of President and such other duties as provided by these Bylaws and as from time to time may be assigned by the Board of Directors. The term of office for President shall be one year.

The President shall execute all deeds, conveyances, deeds of trust, bonds and other contracts requiring a seal, under the seal of the Company, except where required or permitted by law to be otherwise signed and executed and except where the signing and execution thereof shall be expressly delegated by the Board of Directors to some other officer or agent of the Company.

- d. The Secretary. The Secretary shall:
  - (1) Oversee the Company's Legal Counsel/Assistant Secretary, or his or her designee, in the discharge of the following duties:
    - (a) Keep the minutes of the meetings of the Members and the Board of Directors in books provided for that purpose.
    - (b) See that all notices are duly given in accordance with the provisions of these Bylaws or as required by law.
    - (c) Be custodian of the records and of the seal of the Company and see that such seal is affixed to all documents, the execution of which on behalf of the Company under its seal is duly authorized in accordance with the provisions of these Bylaws.
    - (d) See that the books, reports, statements, certificates, and all other documents and records of the Company required by law are properly kept and filed.
    - (e) Authenticate the records of the Company as necessary.

(2) In general, perform, or designate the performance of, all duties incident to the office of Secretary and such other duties as provided by these Bylaws and as from time to time may be assigned by the Board of Directors or Chair.

The term of office for Secretary shall be one year. The Secretary shall serve no more than three full one-year terms.

e. The Treasurer. The Treasurer shall:

(1) Oversee the Company's Chief Financial Officer (CFO)/Assistant Treasurer, or his or her designee, in the discharge of the following duties:

(a) Have charge and custody of, and be responsible for, all funds and securities of the Company.

(b) From time to time render a statement of the condition of the finances of the Company at the request of the Board of Directors.

(c) Receive and give receipts for monies due and payable to the Company from any source whatsoever.

(2) In general, perform, or designate the performance of, all duties incident to the office of Treasurer, and such other duties as provided by these Bylaws and as from time to time may be assigned by the Board of Directors or Chair. The Treasurer may be required to give a bond for the faithful performance of his or her duties in such sum and with such surety as may be determined by the Board of Directors.

The term of office for Treasurer shall be one year. The Treasurer shall serve no more than six full one-year terms.

2. Additional Officers. The Board of Directors may appoint officers additional to those listed in Section VI.1., or delegate to any officer listed in Section VI.1. the power to appoint and remove such additional officers. Additional officers will hold office for such period, have such authority, and perform such duties as the Board of Directors or appointing officer may designate.

3. Qualification. The Chair, Vice Chair, Secretary, and Treasurer must be Directors and Members of the Company. The American Academy of Ophthalmology EVP/CEO is not eligible for the Board Chair position. The President and any additional officers are not required to be Directors or Members of the Company.

4. Nomination and Election. The officers described in Section 1 of this Article shall be elected annually (unless an officer's term is not one year) by the Board of Directors, acting on the recommendations of the Nominating Committee, except for the President, who shall be nominated by the Executive Committee.

5. Term; Term Limit. The terms of office for officers described in Section 1 of this Article shall be as described in subsections 1.a. – 1.e., above. An officer's term will end prior to the expiration of his or her term upon earlier death, resignation, or removal. Even if an officer's term would otherwise have expired, the



officer shall continue to serve until the officer's successor is elected and qualifies.

6. Resignation. Any officer may resign at any time by giving written notice to the President or Secretary of the Company. Such resignation is effective when the notice is delivered unless the notice specifies a later effective date. Unless otherwise specified in the notice, the acceptance by the Board of Directors of such resignation is not necessary to make it effective.

7. Removal. Any officer described in Section 1 of this Article may be removed, with or without cause, by a majority vote of the Directors present at a meeting of the Board of Directors, whenever, in its judgment, the best interests of the Company will be served. The additional officers described in Section 2 of this Article may be removed, with or without a cause, by a majority vote of the Directors present at a meeting of the Board of Directors, or by the appointing officer, whenever, in their judgment, the best interests of the Company will be served.

8. Vacancies. A vacancy in any office described in Section 1 of this Article because of death, resignation, removal, disqualification, or any other cause shall be filled for the unexpired portion of the term by the Board of Directors. A vacancy in any additional office described in Section 2 of this Article may be filled by the Board of Directors or by any officer upon whom the Board of Directors has conferred such power.

9. Compensation. The officers of the Company shall receive such salary or compensation, if any, as is determined by resolution of the Board of Directors of the Company.

## **VII. RETURN OF PREMIUMS; SURPLUS CONTRIBUTIONS; NONASSESSABILITY**

1. Return of Premiums. Subject to any necessary approval of the Commissioner of Insurance of the State of Vermont, the Board of Directors shall return to the Members premiums which, in its discretion, are in excess of those amounts needed to cover the Company's losses and expenses, and to maintain reasonable reserves and capital. Such return of premiums may take the form of a reduction in renewal premiums, the payment of dividends on the policies, or both, and shall be made according to such criteria as the Board of Directors may determine from time to time.

2. Surplus Contributions.

a. The Board of Directors may, from time to time, require cash surplus contributions, in such amount as it deems appropriate, from applicants for insurance, as a precondition of membership in the Company and to the issuance of policies of insurance. In addition, surplus contributions may be made by policyholders on a voluntary basis. All surplus contributions shall be reflected separately on the financial statements of the Company and shall be evidenced by Surplus Contribution Certificates in the face amounts equal to the amounts contributed.

b. A single specialty professional entity may make surplus contributions on behalf of each individual physician applicant who belongs to such professional entity and practices ophthalmology through such professional entity. The Company will issue a Surplus Contribution Certificate to, and in the name of, the professional entity making a Surplus Contribution in this manner.

c. No interest or dividends shall be paid with respect to Surplus Contribution Certificates and they and any interest therein may not be sold, transferred, pledged, hypothecated, or otherwise

alienated, except (i) to the Company upon redemption as set forth in these Bylaws, (ii) to a single specialty professional entity by each individual Member belonging to such professional entity, (iii) in the event of dissolution or liquidation of a professional entity, by such professional entity to the individual Members belonging to such professional entity, and (iv) solely with regard to redemption rights, if any, pursuant to the laws of descent and distribution or by will. In the event of a transfer pursuant to subsections (ii) and (iii) of this paragraph, each transferor shall surrender such transferor's Surplus Contribution Certificate to the Company for cancellation and the Company shall issue a Surplus Contribution Certificate to each transferee in a face amount that is appropriate to evidence the particular transfer.

d. The Company shall redeem Surplus Contribution Certificates, if at all, only from such earned or contributed surplus as may be in excess of surplus required of the Company under Vermont law, and only in amounts which do not exceed the face amounts of such Certificates. Subject to such prior approval of the Commissioner of Insurance of the State of Vermont as may be required and to the discretion of the Board of Directors regarding reasonable reserves of the Company, upon surrender to the Company for cancellation, Surplus Contribution Certificates shall be redeemed to the Certificate holder upon the death, disability (as defined by the Board of Directors), or retirement (as defined by the Board of Directors) of any individual who is or was a Member of the Company, or upon the relocation of the principal practice of such individual to a state in which the Company does not offer insurance, in the amount of the face amount of any Surplus Contribution Certificate held by such individual, or in the amount allocated to such individual where a Surplus Contribution has been made on behalf of such individual by a professional entity. The Board of Directors may from time to time in its discretion, pursuant to sound insurance practices and subject to any necessary approval of the Commissioner of Insurance of the State of Vermont, adopt a plan or plans to redeem Surplus Contribution Certificates under additional circumstances. The Surplus Contribution Certificates may be redeemed, in whole or in part, as determined by the Board of Directors. The redemption of the Surplus Contribution Certificates may be in the form of premium reductions applied to one or more renewal policy terms, at the discretion of the Board of Directors.

e. Surplus Contribution Certificate holders shall have no right to require the redemption of their Surplus Contribution Certificates, in whole or in part, under any circumstances other than those described in this Section 2 of this Article.

3. Nonassessability. No Member shall be liable to any other Member or to the Company for the payment of losses or expenses of the Company beyond payment of premiums for insurance issued to such Member, except as otherwise required by law.

## VIII. INDEMNIFICATION AND INSURANCE

1. Indemnification. To the full extent permitted by Vermont law, the Company shall indemnify any current or former Director, or any officer, employee, or agent who is a committee member. The Company may also indemnify any other person who was or is a party, or is threatened to be made a party, to any civil, criminal, administrative, or investigative proceeding by reason of the fact that such person is or was a Director, committee member, officer, employee, or otherwise an agent of the Company, against expenses, judgments, fines, settlements, and other amounts actually and reasonably incurred in connection with such proceeding.

2. Insurance. The Company may purchase and maintain insurance on behalf of any person who is or was an officer, Director, employee, or agent of the Company or who is or was serving at the request of the Company as an officer, Director, employee, or agent of any other corporation, partnership, joint venture, trust, or enterprise against any liability asserted against him or her or incurred by him or her in any such capacity, or arising out of his or her status as such, whether or not the Company would have the power to indemnify such person against such liability under applicable law or the provisions of these Bylaws.

## IX. MISCELLANEOUS PROVISIONS

1. Seal. The seal of the Company shall consist of a circular die bearing the words "Vermont," the name of the Company, and the year "1993" cut or engraved thereon, which seal, as impressed at the end of this document, is hereby adopted as the seal of the Company as of the date of redomestication in the State of Vermont.

2. Reimbursement of Expenses. Any payment made to a Director, committee member, or officer of the Company such as salary, commission, bonus, interest, rent, or entertainment or travel expense incurred by him or her, which is disallowed in whole or in part as a deductible expense by the Internal Revenue Service or other properly constituted taxing authority, shall be reimbursed by such person to the Company to the full extent of such disallowance. In lieu of such reimbursement, subject to the determination of the Board of Directors, proportionate amounts may be withheld from his or her future compensation payments until the amount owed to the Company has been recovered.

3. Fiscal Year. The fiscal year of the Company shall be as the Board of Directors from time to time determines.

4. Confidentiality. The Board of Directors shall, to the extent permitted by law, adopt appropriate procedures to ensure that all information received relating to a Member, incident to such Member's application or otherwise, is kept confidential from the Board of Directors, except to the extent that members of the Board of Directors must review such information in accordance with their fiduciary obligations, and from all other persons other than those managers, employees, and agents required to have access to such information in the course of carrying out their professional responsibilities on behalf of the Company. If any such person, including a Director, obtains any confidential information in the course of his or her duties, he or she shall keep such information confidential and shall not divulge or use such information other than in the course of his or her professional or fiduciary duties.

5. Member's Right of Inspection. Any Member, in person or by attorney or other agent, upon reasonable notice, shall have the right during regular business hours and subject to reasonable demands of the business of the Company, to inspect and, at its own expense, to copy the minute book, the books of account, and any other book or document of the Company other than such documents or categories thereof (a) relating to underwriting and claims data pertaining to particular Members, and (b) as the Board of Directors from time to time designates as confidential.

6. Payment Orders. All checks, drafts, or other orders for payment of money, notes, or other evidences of indebtedness issued in the name of or payable to the Company and any and all securities owned by or held by the Company requiring signature for transfer shall be signed or endorsed per the Company's payment orders and contracts policies by the President or his or her designee(s), or such other person(s) as may be determined by these Bylaws or the Board of Directors.

7. Execution of Contracts. All contracts or instruments executed in the name of and on behalf of the Company shall be signed per the Company's payment orders and contracts policies by the President or his or her designee(s), or such other person(s) as may be determined by these Bylaws or the Board of Directors.

8. Bonding. All employees handling funds shall be properly bonded.

## X. AMENDMENTS

These Bylaws may be amended or repealed and new Bylaws may be adopted by a vote of at least two-thirds of all the votes entitled to be cast by Members or a vote of at least two-thirds of all the Directors unless the Members in amending or repealing a particular bylaw provide expressly that the Directors may not amend or repeal that bylaw. A bylaw that fixes a greater quorum or voting requirement for the Board of Directors may be amended or repealed (a) if originally adopted by the Members, only by the Members, or (b) if originally adopted by the Directors, either by the Members or by the Directors. The notices of the meeting of the Members or the Directors shall specify any proposed changes to the Bylaws.



**OMIC**  
OPHTHALMIC MUTUAL  
INSURANCE COMPANY  
(A Risk Retention Group)

*Sponsored by the  
American Academy of Ophthalmology*

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