



**Florida Surplus Lines Association, Inc.**

**By-Laws**

**Amended July 24, 2010**

## **BY-LAWS**

### **FLORIDA SURPLUS LINES ASSOCIATION, INC.**

#### **ARTICLE 1 – PURPOSE**

A. The purposes for which the Association is formed are as follows:

1. To encourage an exchange of information among members, and to disseminate educational information for the benefit of members and the betterment of the excess and surplus lines insurance industry.
2. to promote professionalism among members.
3. To maintain liaison with other segments of the insurance industry, particularly insurance commissioners, regulatory bodies, insurers and insurance producer groups.
4. To promote and support the independent insurance agency system.

B. In order to achieve these purposes the Association will:

1. Advance fellowship and mutual cooperation through personal contact of member firms at all levels.
2. Discuss and work for collective solutions to the problems peculiar to the excess and surplus lines insurance industry.
3. Coordinate and promote educational activities.
4. Foster good public relations with the insurance industry and the general public.
5. Maintain concern for regulatory and legislative changes affecting the insurance industry and participate in governmental activities, including legislative affairs, both state and national, which impact excess and surplus lines in Florida and to communicate such changes and all related issues to member firms.

#### **ARTICLE II – MEMBERSHIP**

A. There shall be two categories of membership, as follows:

1. Voting Membership

- a Regular Member - Any person, firm or corporation engaged in an insurance agency business, the organization of which includes at least one individual licensed as a surplus lines agent pursuant to the Florida Surplus Lines Law, Section 626.913-626.937, F.S., and has a permanent office located within the State of Florida

## 2. Non-voting Membership

- a Non-Resident Member – Any person, firm or corporation engaged in an insurance agency business, the organization of which includes at least one individual licensed as a non-resident surplus lines agent pursuant to the Florida Surplus Lines Law, Section 626.913-626.937, F.S., and does not maintain either residency or an office in the state of Florida.
- b Insurance Company - Any risk-bearing insurer engaged in the writing of insurance in the state of Florida on a surplus lines basis. For the purpose of qualifying for this class of membership, an underwriting management firm may be accepted if it has specific underwriting authority or is part of a corporate group which includes an insurance company writing in the state of Florida on a surplus lines basis.
- c Industry Associate - Any individual, firm, or organization that is not an insurance agency or company, but who supplies services to Regular Members and supports the excess/surplus lines insurance industry.
- d Life Members - Life membership is granted to each Past President of the Association who is no longer active in the insurance business and not affiliated with a Voting, Non-Resident, Insurance Company or Industry Associate Member. Life Members shall not be required to pay dues or assessments so long as they remain inactive in the insurance business and not affiliated with another class of member, other than an Honorary Member.
- e An Honorary Member is an individual nominated and elected by the Board of Directors. Honorary members shall not be required to pay dues or assessments and membership shall be subject to reconfirmation annually.

B. Conformity with the above definitions does not constitute automatic acceptance for membership.

### C. Application:

All applicants desiring membership in the Association shall complete an application formulated by the Membership Committee, which shall be submitted to the Membership Committee for their review and recommendation. Their recommendation will be submitted to the Board of Directors. Final approval is subject to a majority vote of the Board of Directors. Such approval shall not be unreasonably withheld.

### D. Membership Committee:

The Membership Committee shall maintain and periodically review rules of eligibility for membership, which requirements shall include, but not be limited to:

1. A good reputation in the industry.

2. Minimum period of time in surplus lines insurance business.
3. Knowledge of and willingness to abide by the code of ethics.

E. Removal:

All members must continuously maintain eligibility for membership or be subject to termination in accordance with the following:

1. The Membership Committee and the Board of Directors are empowered to request a new application at any time from any member for review and reaffirmation of eligibility.
2. Any membership in the Association may be terminated upon recommendation of the Membership Committee and by vote of the Board of Directors or Regular Members. Termination shall only become effective upon:
  - a A two-thirds vote of the Board of Directors or by
  - b A majority of eligible Regular Members present and voting in accordance with Article V, at any meeting scheduled in accordance with Article IV.
3. Any member whose eligibility is being reviewed or where termination has been recommended shall be given due notice and an opportunity to discuss and challenge the action.
4. Cause for termination of membership may include, but not be limited to: suspension, revocation or termination of any insurance license held by a member firm or a principal member thereof by any state regulatory body for cause; violation of these By-Laws; violation of the code of ethics; conduct prejudicial to the interest of the industry or the Association.

- F. The name "Florida Surplus Lines Association, Inc." and/or "FSLA", the Association's logo and other registered trademarks or service marks of the Association are the exclusive property of the Florida Surplus Lines Association, Inc. and may be used by members in good standing under standards that may be set by the Board of Directors.

The Board of Directors, within its discretion, may deem any use by a member of the name "Florida Surplus Lines Association, Inc." and/or "FSLA" or the Association's logo or of other registered trademarks or service marks to be inappropriate and may request in writing that the member modify or cease such inappropriate use. Any member receiving such written request by the Board of Directors shall comply with it immediately.

The use of the name "Florida Surplus Lines Association, Inc." and/or "FSLA" and the Association's logo, or other registered trademarks or service marks of the Association by non-members is prohibited unless authorized in writing by the Board of Directors.

### **ARTICLE III – DUES, ASSESSMENTS, FISCAL YEAR**

#### **A. Annual Dues:**

Annual Dues for all classes of membership shall be set by the Board of Directors and shall be payable annually for each fiscal year. Failure to render payment of dues within forty-five (45) days from the date shall constitute cause for termination of membership.

#### **B. Assessments:**

The Board of Directors shall have authority to make assessments against members as may be needed to conduct the business of the Association.

#### **C. Fiscal Year:**

The Fiscal Year of the Association shall be from January 1<sup>st</sup> to December 31<sup>st</sup>, both inclusive.

### **ARTICLE IV – MEETINGS OF MEMBERS**

#### **A. Annual Meeting:**

The annual Meeting of the Association shall be held at a time and place to be designated by the Board of Directors and announced to the membership at least thirty days (30) prior to the date of the meeting.

#### **B. Special Meetings:**

Special Meetings of the Association may be called by the President or the Board of Directors at any time; and shall be called by the President upon receipt of a written request by ten (10) Regular Members within thirty (30) days after the filing of such request with the President. The business to be transacted at any special meeting shall be stated in the notice thereof, and no other business may be considered at that time.

#### **C. Notice of Meetings:**

Written notice of any meeting of the Association shall be mailed to the last known address of each member not less than fourteen (14) nor more than ninety (90) days before the date of the meeting.

### **ARTICLE V – VOTING**

#### **A. Voting:**

At all meetings of the Association only Regular Members may vote and each Regular Member shall have one (1) vote, and may take part and vote in person only. Unless otherwise specifically provided by these By-Laws, a majority vote of those Regular Members present and voting shall govern.

B. Voting by Mail:

Proposals to be offered to the members for a mail vote, excepting election ballots shall first be approved by the Board of Directors. On any mail vote, no less than twenty-five percent (25% of all Regular Members shall cast a ballot to constitute a valid action and a majority of those voting shall determine the action.

C. Quorum of Members:

At an annual or special meeting of members, a quorum shall consist of twenty percent (20%) of the Regular Members.

## **ARTICLE VI – BOARD OF DIRECTORS**

A. Authority and Responsibility:

The governing body of this Association shall be the Board of Directors. The Board of Directors shall have supervision, control and direction of the affairs of the Association, its committees and publications; shall determine its policies or changes therein; shall actively prosecute its objectives and supervise the disbursement of its funds. The Board may adopt such rules and regulations for the conduct of its business as shall be deemed advisable.

B. Composition:

The Board of Directors shall consist of eight (8) Regular Members to include the President, President-Elect, the Secretary, the Treasurer, plus the Past President's Advisory Panel Representative; provided there is at least two (2) Directors from Area I, two (2) Directors from Area II and one (1) Director for Area III and one (1) Director from Area IV, as specified in Paragraph D and that all Directors must be licensed Florida Surplus Lines agents; and provided that except for the Past President's Representative, that not more than one (1) member of the Board of Directors shall be from the same or affiliated Regular Member firms. Any member of the Board of Directors whose affiliation changes during the term of office, except for the Past President's Representative, shall be required to tender a resignation as a Director at the time of such change.

C. Past President's Advisory Panel

All Past Presidents that are not elected to the Board will serve in a group known as the Advisory Panel. The Advisory Panel members shall meet annually during the Annual Meeting of the Association. The President shall select one member of the Advisory Panel to act as Chairman of the Advisory Panel for a term of one (1) year. The Chairman will act as the Past President's Advisory Panel Representative and be entitled to all rights and privileges of the Board with the exception of voting rights. The Chairman will be entitled to cast a vote only in the event of a tie vote by the Board.

D. Area of Directors:

Area I:

Southwest – this area shall consist of the counties of Monroe, Collier, Lee, DeSoto, Hendry, Charlotte, Glades, Sarasota, Manatee, Hillsborough, Pinellas, Pasco, Hernando, and Citrus.

Area II:

Southeast – this area shall consist of the counties of Dade, Broward, Palm Beach, Martin, Saint Lucie, and Indian River.

Area III:

Central – This area shall consist of the counties of Highlands, Hardee, Okeechobee, Polk, Osceola, Brevard, Orange, Lake, Seminole, Sumpter, Hernando, Marion and Volusia.

Area IV:

North – This area shall consist of the remaining counties of Florida.

E. Term:

Directors shall be elected for terms of two (2) years each.

F. Nominating Committee:

1. The Board of Directors shall request the President to select not later than ninety (90) days before the annual meeting, a Nominating Committee of at least three (3) members, each a Regular Member, with no more than one (1) from any single area as defined in Paragraph D.
2. The Nominating Committee shall be charged with proposing a slate of directors to be elected at the annual meeting. The slate of directors so nominated shall be presented to the Regular Members in writing at least thirty (30) days prior to the date of election. Any member of the Association may propose another member for nomination as a director by doing so in writing to the Nominating Committee at least sixty (60) days prior to the date of election.
3. The President shall charge the Nominating Committee with the selection of a slate of officers from the proposed slate of directors to be presented at the annual meeting. The slate of officers shall be presented to the Regular Members in writing at least thirty (30) days prior to the date of election. If the slate of officers includes a nomination for the office of President and that nomination is due to the office of President-Elect becoming vacant and being filled by appointment of the President within thirty (30) days of election, the thirty (30) days prior written notice to the membership requirement is waived. Any member of the Association may propose a current member of the Board of Directors, or a past member of the Board of Directors for nomination as an officer by so doing in writing to the Nominating Committee at least sixty (60) days prior to the date of election.

4. The Nominating Committee shall consider the size of firms represented and the geographic distribution of Regular Membership, for the purpose of populating the Board of Directors with a representative group of individuals.
5. The Nominating Committee shall at the annual meeting propose the names of the officers and directors to be elected for the ensuing two years, provided it shall have obtained the consent of all nominees before their names are placed in nomination. Nominations may also be made from the floor during the annual meeting and shall also be voted upon along with those nominees proposed by the Committee, provided the nominees from the floor consent to their nomination. Election of officers and directors shall be by majority vote of members present in person at the annual meeting.

G. Quorum of the Board:

At any meeting of the Board of Directors, no less than a majority of the members of the Board shall constitute a quorum for the transaction of the business of the Association and any such business thus transacted shall be valid providing it is affirmatively passed upon by a majority of those present.

H. Meetings of the Board:

A regular meeting of the Board of Directors shall be held no less than three (3) times during each administrative year at such time and at such place as the Board may prescribe. Notice of all such meetings shall be given to the directors not less than thirty (30) days before the meeting is held. Special meetings of the Board may be called by the President or at the request of any three (3) directors, by notice mailed, delivered, telephoned or telegraphed to each member of the Board of Directors not less than seventy-two (72) hours before the meeting is held.

I. Voting:

Voting rights of a director shall not be delegated to another, nor exercised by proxy.

J. Voting by Mail:

Action taken by a mail ballot of the members of the Board of Directors, in which at least a majority of such directors, in writing, indicate themselves in agreement, shall constitute a valid action of the Board if reported at the next regular meeting of the Board.

K. Vacancies and Removal:

Any vacancy occurring on the Board of Directors between annual meetings shall be filled by the Board of Directors. A director so elected to fill a vacancy shall serve the unexpired term of his predecessor.

The Board of Directors may, in its discretion, by affirmative vote of two-thirds of its members, remove any director for cause.



## L. Compensation

Directors and elected officers shall not receive any compensation for their services, however, Directors and elected officers may be reimbursed for extraordinary expenses incurred on behalf of the Association provided that such expense was specifically authorized by the Board prior to their being incurred. Ordinary expenses such as travel and hotel expenses incurred for attendance at board meetings are not extraordinary expenses and are not reimbursable.

## **ARTICLE VII – DUTIES OF OFFICERS**

### A. Officers:

The officers of the Association shall consist of a President, a President-Elect, a Secretary and a Treasurer. The term of each officer shall be for two (2) years.

### B. The Duties of the officers shall be as follows:

1. The President shall be in charge of the affairs of the Association. The President shall preside at all meetings of the Association and of the Board of Directors. The President shall appoint the chairmen of all committees.

2. The President-Elect shall assist the President and shall, as necessary and as directed by the President, act on the President's behalf. The President-Elect shall automatically succeed to the office of President upon the next election of officers. If the office of President-Elect is vacant or currently filled on the "acting basis" by an appointment of the Board of Directors, the office of President is to be elected from the slate of officers presented to the voting members at the next election of officers.

3. The Secretary shall be responsible for the records of the Association. The Secretary shall assist in the preparation and maintenance of minutes of all meetings of the Association and of the Board of Directors. The Secretary shall assist the President in the preparation of the agenda for all meetings and is responsible for mailing notices of meetings called in accordance with Article IV.

4. The Treasurer shall be responsible for the financial transactions of the Association and the care and safekeeping of its funds. All accounts shall be reviewed annually by an independent certified public accountant who shall prepare a financial statement which shall be submitted to the membership at each annual meeting and copies shall be available upon request. The position of Secretary and Treasurer may, at the discretion of the Board of Directors, be held by the same person.

5. Each officer, in addition to the specific duties aforementioned, shall perform such additional duties as may be required of the office or requested by the President or Board of Directors.

### C. Executive Committee

The Executive Committee shall consist of the officers and, at the option of the President, any other member of the Board of Directors.

The duties of the Executive Committee shall be:

1. To assist the President in the management of file affairs and business activities of the Association.
2. To advise the President on matters that require immediate action.
3. To report to the Board of Directors on all actions taken.

D. Other Committees

The President may designate working committees as needed. All committees shall have powers as may be assigned by the President. By giving notice to the President, committees are empowered to appoint or divide into necessary subcommittees.

All committees and subcommittees shall report their proceedings and activities to the President and Board of Directors.

### **ARTICLE VIII – INDEMNIFICATION**

- A. It is expressly provided that any and every person made a party to any action, suit or proceeding by or in the right of the Association to procure a judgment in its favor by reason of the fact that he, his testator or intestate, is or was a director or officer of this Association which he served as such at the request of this Association, may be indemnified by the Association to full extent permitted by law, against any and all reasonable expenses, including attorney's fees, actually and necessarily incurred by him in connection with the defense of such action or in connection with appeal therein, except in relation to matters as to which it shall be adjudged in such action, suit, or proceeding that such director or officer has breached his duty to the Association.
- B. It is further expressly provided that any and every person made a party to any action, suit or proceeding other than one by or in the right of the Association to procure in its favor, whether civil or criminal, including an action by or in the right of any other association of any type or kind, domestic or foreign, which any director or officer of the Association serviced in any capacity at the request of the Association, by reason of the fact that he, his testator or intestate, was a director or officer of the Association, or served such other association in any capacity, may be indemnified by the Association, to the full extent permitted by law, against judgments, fines, amounts paid in settlement, and reasonable expenses, including attorney's fees actually and necessarily incurred as a result of such action, suit or proceeding, or any appeal therein, if such person acted in good faith for a purpose which he reasonably believed to be in the best interest of the Association and, in criminal actions or proceedings, in addition, had no reasonable cause to believe that his conduct was unlawful.

### **ARTICLE IX – AMENDMENTS**

- A. By-Laws may be made, altered, amended or rescinded by majority vote of members present at any meeting of the Association, provided that a notice of intent to consider such action has been mailed to all members of the Association not less than thirty (30) days prior to the meeting.

- B. A proposal to make, alter, amend or rescind By-Laws may be submitted by the Board or by written request of any ten (10) Regular Members of the Association.

### **ARTICLE X – CODE OF ETHICS**

#### A. Members Pledge:

Every member of the Association, upon acceptance of membership, does pledge to support the Association and to faithfully observe and abide by the provisions of the charter, by-laws, rules, regulations and code of ethics.

#### B. Members of the Association agree:

1. To maintain high professional standards of efficiency, conduct, integrity, responsibility and service.
2. To exercise the utmost good faith in dealing with their principals, underwriters and assureds.
3. To refrain from maintaining or using the status of their profession or their association with this Association to attract business for personal financial gain in other lines of endeavor.
4. To refrain from maintaining or using their membership within this Association as a means of taking unfair advantage of competitors, or for any other purpose than for which this Association is intended.
5. To regard the business of insurance as an unusual opportunity for essential services to the public, and to conduct themselves with dignity, courtesy and the highest degree of fairness in their relations with members of the industry and the public at large.
6. To be governed by a spirit of cooperation, helpfulness and frankness in their relationships with fellow members to the end that each shall be better equipped through such cooperative measures and exchange of ideas, to better perform and function and to foster the advancement and prestige of their profession.

### **ARTICLE XI – AWARDS**

- A. The Association may recognize by suitable award, persons or organizations who or which have made great contributions to the field of surplus and excess lines of insurance.

### **ARTICLE XII - SEAL**

- A. The Corporate Seal of the Association shall be in the form of a circle and shall bear the name of the Association and year of its incorporation and shall indicate its formation under the laws of the State of Florida.



**Changes to FSLA By-Laws (minor changes such as corrections of typographical errors, spelling errors, etc. may not be enumerated on this synopsis.)**

Paragraph B. 2 – “specialty” is changed to Surplus Lines

Rationale: Intended to reflect the interest of the association is surplus lines. “Specialty Lines” today can have a different connotation.

5 – amend paragraph to “Maintain concern for regulatory and legislative changes affecting the insurance industry and participate in government, including legislative affairs, both state and national, which impact surplus lines in Florida and to communicate such changes and all related issues to member firms.

Rationale: Provides a better description of what the FSLA actually does.

Article II – Membership - Categories are redefined into Voting and Non-Voting classes and subclasses of non-voting members to reflect the differences in our membership.

Article III – B - Assessments

Removed the word “regular” so that it reads “The Board of Directors shall have the authority to make assessments against members as may be needed...”

Rationale: Allows the board to assess any or all classes of members, if they deem it appropriate.

Article VI – Board of Directors

B. Composition:

Changes the representation on the Board to allow two directors from Area I and Two from Area II, plus at least one from Area three and one from Area four. It also corrects, what appeared to be a drafting error concerning the requirements of the Past President’s Council representative and their ability to serve.

Rationale of change in board representation by area: This is more reflective of where the business is actually written. The percentage of surplus lines business written is overwhelming in Southeast and Southwest Florida.

C. Past President’s Advisory Panel –

Wording amended to clarify the role and voting rights of the PPR.

D. Areas –

Amended the number of territories from three (3) to four (4).

Rationale: Better reflects the distribution and population changes which have taken place in the past fifty years.

#### F. Nominating Committee

Change was necessary as there will be only three members on the committee and there are now four territories. Provides that members of the committee be Regular Members. Also corrects typo in Paragraph 1 as it referred to Paragraph C of Article VI and it should have read Paragraph D.

Paragraph F2 has the words "in writing" in italics. Italics have been eliminated as they serve no purpose.

Paragraph F3 second line, the word "form" is amended to read "from" – apparent typo

Paragraph F6 made no sense and differs from previous versions of the by-laws. It is assumed that this was a transcription error. Change puts it back to original intent.

Paragraph G – Quorum changed to no less than a majority of the members instead of 5 members.

Rationale: if we have resignations or deaths, it could be difficult to obtain a quorum using a fixed number.

#### Paragraph L – Compensation –

allowance is given for reimbursement for extraordinary expenses incurred by a director which was specifically authorized by the board.

#### Article VII - Duties of Officers

Revises definitions of officers and their duties to more accurately reflect what they are today.

Requires Treasurer to have annual accounts reviewed by a CPA who shall prepare financial statements.

Executive Committee: Allows the President to name an Executive Committee and to place any board member on the Executive Committee.

#### D. Committees –

This allows for committees to be appointed by the President and report to the President and Board.