



# Privilege Underwriters Reciprocal Exchange

## Powers of The Subscribers' Advisory Committee

The Subscribers' Advisory Committee ("Committee") of Privilege Underwriters Reciprocal Exchange, a Florida domestic reciprocal insurance company offering personal insurance coverages ("PURE"), is a committee established to serve on behalf of the Subscribers of PURE as the contractual counterparty to PURE Risk Management, LLC ("PRM"), the attorney-in-fact for PURE, on matters of interest to the Subscribers, and pursuant to Section 629.201, Florida Statutes. This document sets forth the terms and conditions upon which the Subscriber's Advisory Committee shall operate.

### Powers of the Committee

The Committee shall be authorized to:

- 1 Supervise the finances of PURE by reviewing PURE's financial reports and other financial information provided by or on behalf of PURE to the Florida Office of Insurance Regulation;
- 2 Supervise PURE's operations to the extent necessary to assure conformity with the Subscriber's Agreement and Power of Attorney, and make recommendations to PRM on operational issues;
- 3 Procure the audit of the accounts and records of PURE and of PRM at the expense of PURE and periodically review the performance of the selected independent certified public accountants and review the scope and results of the annual independent audit and any internal audit of PURE's financial statements;
- 4 Exercise subscriber rights for all subscribers as the contractual counterparty to PRM;
- 5 Adopt Governance Rules not inconsistent with the Subscriber's Agreement and Power of Attorney and these Powers of the Subscribers' Advisory Committee.

The Committee shall have no power or authority to bind PURE to any insurance policy, to enter into any other contractual obligation on behalf of PURE or PRM, or to otherwise conduct business on behalf of or in the name of PURE or PRM.

### Membership and Terms

- 1 The number of members of the Committee shall be selected under such rules as the Subscribers adopt but in no event shall the Committee be comprised of fewer than three (3) or more than twelve (12) members.
- 2 The term of each member of the Committee shall be for one year. The Committee shall be selected, and vacancies on the Committee filled, in compliance with Section 629.201, Florida Statutes.
- 3 The Committee shall have the authority to remove and replace elected members of the Committee for cause, as determined by Committee in consultation with PRM, and appoint replacements for elected members, at any time.
- 4 In any event, not less than two-thirds of the Committee shall be subscribers, other than PRM, or any person employed by, representing, or having a financial interest in PRM.
- 5 Newly created Committee positions resulting from an increase in the number of Committee members, created in accordance with the Governance Rules of the Committee, and any vacancies on the Committee resulting from death, resignation, disqualification, removal or other cause shall be filled only by the affirmative vote of a majority of the remaining Committee members then in office, even though less than a quorum of the Committee, or by a sole remaining Committee Member. Any elected Committee member appointed in accordance with the preceding sentence shall hold office until the next annual election of Committee members and until such Committee member's successor shall have been elected and qualified, or until such Committee member's earlier death, resignation or removal. No decrease in the number of Committee members constituting the Committee shall shorten the term of any incumbent Committee member, unless he or she is removed for cause.
- 6 Members of the Committee will be reimbursed for all reasonable expenses associated with attending meetings of the Committee, at the expense of PURE. In addition, for consideration of the counsel and service to be provided by each member of the Committee to PURE, each member shall receive, at the expense of PURE, a reasonable and customary per-meeting fee. Nothing contained herein shall be construed to preclude any member from receiving compensation for services rendered to PURE or PRM in any other capacity, subject to the requirements set forth above

## Role of the Committee

- 1 In carrying out its responsibilities, the Committee shall not be deemed to provide any expert or special assurance as to the quality or trustworthiness of management of PRM and candidates to serve as management or employees of PRM, PURE's financial statements or any professional certification as to the independent auditor's work.
- 2 The Committee is empowered to investigate any matter brought to its attention with full access to all books, records, facilities and personnel of PURE or PRM. If a majority of the members of the Committee agree, with the consent of the Chief Executive Officer of PRM, which consent shall not be unreasonably withheld, the Committee may retain outside counsel, auditors or other experts to advise the Committee at the expense of PURE.

## Meetings of the Committee & Quorum

- 1 Meetings of the Committee shall be held at such times and places within or without the State of Florida as set forth in the Governance Rules of the Committee.
- 2 Advance notice of meetings shall be given in the manner and to the extent provided in the Governance Rules of the Committee. A majority of the members of the Committee shall constitute a quorum for the transaction of business and the acts of a majority of the members present and voting at a meeting at which a quorum is present shall be the acts of the Committee.
- 3 Any action required or permitted to be taken at a meeting of the Committee may be taken without a meeting if, prior or subsequent to the action, consent thereto is signed by all of the members and is filed with the records of the Committee and the Secretary of PRM.

## Indemnification of Committee Members

- 1 To the fullest extent permitted by law, a member of the Committee shall not be personally liable to PURE or subscribers for monetary damages and the personal liability of Committee members shall be eliminated to the fullest extent permitted by law.
- 2 PURE shall indemnify any Committee member who was or is a party to, or is threatened to be made a party to, or who is called as a witness in connection with any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, including an action by or in the right of PURE, by reason of the fact that the member is or was a member of the Committee. This indemnification shall include expenses, including attorneys' fees, judgment, fines and amounts paid in settlement, actually and reasonably incurred by the Committee member in connection with some action, suit or proceeding unless the act or failure to act giving rise to the claim for indemnification is determined by a court to have constituted willful misconduct or recklessness.
- 3 PURE shall pay expenses incurred by a Committee member in defending an action or proceeding referred to herein in advance of the final disposition of such action or proceeding upon receipt of an undertaking by or on behalf of such person to repay such amount if it shall ultimately be determined that he or she is not entitled to be indemnified by PURE.
- 4 The indemnification and advancement of expenses provided by or granted pursuant to this agreement shall not be deemed exclusive of any other rights to which those seeking indemnification or advancement of expenses may be entitled under any agreement, contract or otherwise, both as to action in his or her official capacity and as to action in another capacity while holding such office.
- 5 The indemnification and advancement of expenses provided by, or granted pursuant to, this agreement shall, unless otherwise provided when authorized or ratified, continue as to a person who has ceased to be a Committee member and shall inure to the benefit of the heirs, executors and administrators of such person.
- 6 Directors & Officers insurance from a highly-rated insurance company at limits that are deemed appropriate by the Committee and consistent with limits carried by comparable insurance companies shall be maintained.

## Amendments

The Committee reserves the right to amend or repeal, but only after receiving the concurrence of PRM, any provision contained in this Powers document, subject to the approval of the Florida Office of Insurance Regulation and all powers delegated to the Committee hereunder are subject to this reservation, except that the Indemnification of Committee Members provisions shall only be reduced prospectively and if amended to reduce the protection provided, then only by a super-majority vote of 2/3 of all Committee members.