Bylaws
of
San Diego Insurance Adjusters Association
A California Non-Profit Mutual Benefit Corporation

ARTICLE 1

OFFICES

SECTION 1. PRINCIPAL OFFICE

The principal office of the San Diego Insurance Adjusters Association ("SDIAA") for the transaction of its business is located in San Diego County, California.

SECTION 2. CHANGE OF ADDRESS

The county of SDIAA's principal office can be changed only by amendment of these bylaws and not otherwise. The board of directors may, however, change the principal office from one location to another within the named county by noting the changed address and effective date below, and such changes of address shall not be deemed an amendment of these bylaws.

_____ Dated: _____

_____ Dated: _____

_____ Dated: _____

SECTION 3. OTHER OFFICES

SDIAA may also have offices at such other places, within or without the State of California, where it is qualified to do business, as its business may require and as the board of directors may, from time to time, designate.

ARTICLE 2

PURPOSES

SECTION 1. OBJECTIVES AND PURPOSES

The primary objectives and purposes of the SDIAA shall be:

A. To promote harmony and cordial business relations among the members; to exchange information concerning matters of interest; to discuss common problems and to develop a high standard of ethics; to promote by good public relations, the insurance claims profession through education.

B. To ensure, through cooperation of its members, such administration of claims and losses as will result in prompt and just settlement of meritorious claims and losses.

C. To promote plans for cooperation in vigorously resisting collusion, deception and false and fraudulent claims and losses and to promptly discourage and expose dishonest, unscrupulous and unethical practices, whether indulged in by professional or lay people.

ARTICLE 3

MEMBERSHIP

SECTION 1. REGULAR MEMBERSHIP.

Any individual who is currently working as an Insurance Adjuster, Insurance Claims Supervisor, Insurance Claims Examiner, Third Party Administrator or as a supervisor, manager, trainer or educator of Insurance Adjusters or Third-Party Administrators either (i) exclusively in the representation of insurance companies and/or self-insured entities, or (ii) for a not-for-profit insurance industry support organization, shall be eligible to be considered for regular membership provided such person satisfies the educational and experience criteria established by the SDIAA, possesses personal and other qualifications for membership in the discretion of the Membership Committee, and is not less than eighteen years of age at the time he or she makes application. Regular members shall not have the right to vote.

SECTION 2. LIFETIME AND HONORARY MEMBERSHIP.

The Board of Directors shall have the power to grant Honorary or Lifetime Membership to Regular Members or other individuals, based on criteria established by the Board. Honorary and Lifetime Members shall have the same privileges as Regular Members without having to pay dues or assessments, or maintain continuing CE credits. Lifetime and Honorary members shall not have the right to vote.

SECTION 3. AGREEMENT TO HONOR BYLAWS AND RULES.

Every member, upon application and as a condition to membership in the SDIAA, agrees to be bound by these Bylaws, as may be amended from time to time, and all other rules and regulations of the SDIAA. Further, each member specifically agrees that in the event he or she no longer qualifies for membership in the SDIAA, the member will cease to publicly hold himself or herself out as being an SDIAA member

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SECTION 4. PERSONAL QUALIFICATIONS.

Prior to voting upon each application, the Membership Committee shall give due consideration to the following qualifications: (1) the personal character and reputation of the applicant; (2) the nature, character and reputation of the applicant's business; and (3) the character and reputation of the applicant's employer and associates. No person shall be eligible for any class of membership if he or she or it is a member of or is associated with a person or entity whose objectives, goals and/or operations are adverse to the purposes of the SDIAA.

SECTION 5. MEMBERSHIP APPROVAL.

Applications for membership shall be submitted to the SDIAA at an address designated by the Board of Directors on a Membership Application Form approved by the Board of Directors. Applications shall be reviewed and voted upon by the Membership Committee and, if found satisfactory, submitted to the Board of Directors for approval.

SECTION 6. TERMINATION/SANCTIONS.

a. Membership in the SDIAA shall be terminated at the exclusive authority of the board of directors if a member: (1) fails to pay dues or satisfy any other monetary obligation to the SDIAA, or (2) fails to obtain the minimum number of continuing education credits required by the SDIAA or (3) fails to maintain the personal qualifications that originally qualified the individual for consideration for membership or commits a violation of the Code of Ethics, or (4) ceases working as an Insurance Adjuster, Third Party Administrator, supervisor, manager, trainer or educator of such adjusters or TPAs either (i) exclusively in the representation of insurance companies and/or self-insured entities, or (ii) for a not-for-profit insurance industry support organization, provided however, that the Board of Directors, in its exclusive discretion, may grant an exception to the rule in subsection (4) to a member who submits a petition demonstrating good cause why such exception should be granted.

b. Upon the recommendation of the Ethical Practices and Grievances Committee, the Board of Directors may place on probation, censure, suspend, or terminate the membership of any member. Upon receipt and after initial review of the circumstances, the Board may temporarily suspend the membership of any member pending evaluation by the Ethics Practices and Grievances Committee. Actions requiring referral to the Ethical Practices and Grievances Committee shall include: (1) falsification or misrepresentation in an application for membership; (2) conduct in a manner prejudicial to the good name or best interests of the SDIAA; (3) exhibited traits of character or conduct inconsistent with the qualifications for membership; or (4) other questionable conduct. Following an evaluation of the information by the Ethical Practices and Grievances Committee and upon its recommendation, the Board shall provide the member in question with due notice, a hearing and an opportunity to be heard. A majority vote of the Board

in a duly constituted meeting, shall be sufficient to place on probation, censure, suspend or terminate a member.

SECTION 7. REINSTATEMENT.

Any former member may be reinstated as a member of the SDIAA at the discretion of a majority of the Board provided, that: 1) if such former member was in arrears in the payment of dues or other financial obligations to the SDIAA at the time of his or her termination, the former member shall be required to pay to the SDIAA all such arrears as a condition to reinstatement, unless the Board, by majority vote and for good cause, shall waive the payment thereof, 2) such former member must have completed any continuing education requirements that were not completed at the time of his or her termination, and 3) satisfy any other requirements that the Board has established by resolution or otherwise (prior to receipt of the application for reinstatement) for reinstatement.

SECTION 8. MEMBERSHIP DUES.

The Board of Directors may determine from time to time the amount of annual dues payable to the Society by its members.

ARTICLE 4

DIRECTORS

SECTION 1. NUMBER

SDIAA shall not have fewer than two (2) nor more than five (12) directors, with the exact number to be fixed within these limits by approval of the board of directors in the manner provided in these bylaws and collectively they shall be known as the board of directors. The number may be changed by amendment of this bylaw, or by repeal of this bylaw and adoption of a new bylaw, as provided in these bylaws.

SECTION 2. POWERS

Subject to the provisions of the California Nonprofit Mutual Benefit Corporation law and any limitations in the articles of incorporation and bylaws relating to action required or permitted to be taken or approved by the members, if any, of the SDIAA, the activities and affairs of the SDIAA shall be conducted and all corporate powers shall be exercised by or under the direction of the board of directors.

SECTION 3. DUTIES

It shall be the duty of the directors to:

(a) Perform any and all duties imposed on them collectively or individually by law, by the articles of incorporation of this corporation, or by these bylaws;

(b) Appoint and remove, employ and discharge, and, except as otherwise provided in these bylaws, prescribe the duties and fix the compensation, if any, of all officers, agents, and employees of the corporation;

(c) Supervise all officers, agents, and employees of the corporation to assure that their duties are performed properly;

(d) Meet at such times and places as required by these bylaws;

(e) Register their addresses with the secretary of the corporation and notices of meetings mailed or telegraphed to them at such addresses shall be valid notices thereof.

SECTION 4. TERMS OF OFFICE

Each director shall hold office until the next annual meeting for election of the board of directors as specified in these bylaws, and until his or her successor is elected and qualifies.

SECTION 5. COMPENSATION

Directors shall serve without compensation. However, they shall be allowed reasonable advancement or reimbursement of expenses incurred in the performance of their regular duties as specified in Section 3 of this Article. Directors may not be compensated for rendering services to SDIAA in any capacity other than director unless such other compensation is reasonable and is allowable under the provisions of Section 6 of this Article. Any payments to directors shall be approved in advance in accordance with SDIAA's conflict of interest policy, as set forth in Article 9 of these bylaws.

SECTION 6. RESTRICTION REGARDING INTERESTED DIRECTORS

Notwithstanding any other provision of these bylaws, not more than forty-nine percent (49%) of the persons serving on the board may be interested persons. For purposes of this Section, "interested persons" means either:

(a) Any person currently being compensated by the corporation for services rendered it within the previous twelve (12) months, whether as a full- or part-time officer or other employee, independent contractor, or otherwise, excluding any reasonable compensation paid to a director as director; or

(b) Any brother, sister, ancestor, descendant, spouse, brother-in-law, sister-in-law, son-in-law, daughter-in-law, mother-in-law, or father-in-law of any such person.

SECTION 7. PLACE OF MEETINGS

Meetings shall be held at the principal office of SDIAA unless otherwise provided by the board or at such place within or without the State of California which has been designated from time to time by resolution of the board of directors. In the absence of such designation, any meeting not held at the principal office of SDIAA shall be valid only if held on the written consent of all directors given either before or after the meeting and filed with the secretary of the corporation or after all board members have been given written notice of the meeting as hereinafter provided for special meetings of the board.

Any meeting, regular or special, may be held by conference telephone, electronic video screen communication, or other communications equipment. Participation in a meeting through use of conference telephone constitutes presence in person at that meeting so long as all directors participating in the meeting are able to hear one another. Participation in a meeting through use of electronic video screen communication or other communications equipment (other than conference telephone) constitutes presence in person at that meeting if all of the following apply:

a) Each director participating in the meeting can communicate with all of the other directors concurrently;

b) Each director is provided the means of participating in all matters before the board, including, without limitation, the capacity to propose, or to interpose an objection to, a specific action to be taken by the corporation; and

c) The corporation adopts and implements some means of verifying 1) that all persons participating in the meeting are directors of the corporation or are otherwise entitled to participate in the meeting, and 2) that all actions of, or votes by, the board are taken and cast only by directors and not by persons who are not directors.

SECTION 8. REGULAR AND ANNUAL MEETINGS

Regular meetings of directors shall be held on a monthly basis, at a date and time to be agreed upon during the last duly called and held meeting at which a quorum was initially present.

The annual meeting of the SDIAA, in compliance with State law shall be held during each calendar year, the time and place shall be fixed by the Board of Directors and notice thereof presented to each member at least ten (10) days before said meeting. Directors shall be elected by the board of directors in accordance with this section. Cumulative voting by directors for the election of directors shall not be permitted. The candidates receiving the highest number of votes up to the number of directors to be elected shall be elected. Each director shall cast one vote, with voting being by ballot only.

SECTION 9. SPECIAL MEETINGS

Special meetings of the board of directors may be called by the president, the vice president, the secretary, or by any two directors, and such meetings shall be held at the place, within or without

the State of California, designated by the person or persons calling the meeting, and in the absence of such designation, at the principal office of the corporation. Committee meetings may be called at any time by the committee's leader.

SECTION 10. NOTICE OF MEETINGS

Regular meetings of the board may be held without notice. Special meetings of the board shall be held upon four (4) days' notice by first-class mail or forty-eight (48) hours' notice delivered personally or by telephone or telegraph. If sent by mail or telegraph, the notice shall be deemed to be delivered on its deposit in the mails or on its delivery to the telegraph company. Such notices shall be addressed to each director at his or her address as shown on the books of the SDIAA. Notice of the time and place of holding an adjourned meeting need not be given to absent directors if the time and place of the adjourned meeting are fixed at the meeting adjourned and if such adjourned meeting is held no more than twenty-four (24) hours from the time of the original meeting. Notice shall be given of any adjourned regular or special meeting to directors absent from the original meeting if the adjourned meeting is held more than twenty-four (24) hours from the time of the original meeting.

SECTION 11. CONTENTS OF NOTICE

Notice of meetings not herein dispensed with shall specify the place, day, and hour of the meeting. The purpose of any board meeting need not be specified in the notice.

SECTION 12. WAIVER OF NOTICE AND CONSENT TO HOLDING MEETINGS

The transactions of any meeting of the board, however called and noticed or wherever held, are as valid as though the meeting had been duly held after proper call and notice, provided a quorum, as hereinafter defined, is present and provided that either before or after the meeting each director not present signs a waiver of notice, a consent to holding the meeting, or an approval of the minutes thereof. All such waivers, consents, or approvals shall be filed with the corporate records or made a part of the minutes of the meeting.

SECTION 13. QUORUM FOR MEETINGS

A quorum shall consist of four (4) directors.

Except as otherwise provided in these bylaws or in the articles of incorporation of the SDIAA, or by law, no business shall be considered by the board at any meeting at which a quorum, as hereinafter defined, is not present, and the only motion which the chair shall entertain at such meeting is a motion to adjourn. However, a majority of the directors present at such meeting may adjourn from time to time until the time fixed for the next regular meeting of the board.

When a meeting is adjourned for lack of a quorum, it shall not be necessary to give any notice of the time and place of the adjourned meeting or of the business to be transacted at such meeting,

other than by announcement at the meeting at which the adjournment is taken, except as provided in Section 10 of this Article.

The directors present at a duly called and held meeting at which a quorum is initially present may continue to do business notwithstanding the loss of a quorum at the meeting due to a withdrawal of directors from the meeting, provided that any action thereafter taken must be approved by at least a majority of the required quorum for such meeting or such greater percentage as may be required by law, or the articles of incorporation or bylaws of the SDIAA.

At committee meetings, a majority shall constitute a quorum.

SECTION 14. MAJORITY ACTION AS BOARD ACTION

Every act or decision done or made by a majority of the directors present at a meeting duly held at which a quorum is present is the act of the board of directors, unless the articles of incorporation or bylaws of this corporation, or provisions of the California Nonprofit Mutual Benefit Corporation Law, require a greater percentage or different voting rules for approval of a matter by the board.

SECTION 15. CONDUCT OF MEETINGS

Meetings of the board of directors shall be presided over by the chairperson of the board, or, if no such person has been so designated or, in his or her absence, the president of the SDIAA or, in his or her absence, by the vice president of the SDIAA or, in the absence of each of these persons, by a chairperson chosen by a majority of the directors present at the meeting. The secretary of the SDIAA shall act as secretary of all meetings of the board, provided that, in his or her absence, the presiding officer shall appoint another person to act as secretary of the meeting.

Meetings shall be governed by no formal procedures for introducing and discussing items of business, however, this may be revised from time to time, insofar as such rules, or lack thereof, are not inconsistent with or in conflict with these bylaws, with the articles of incorporation of this corporation, or with provisions of law.

SECTION 16. ACTION BY UNANIMOUS WRITTEN CONSENT WITHOUT MEETING

Any action required or permitted to be taken by the board of directors under any provision of law may be taken without a meeting, if all members of the board shall individually or collectively consent in writing to such action. Such written consent or consents shall be filed with the minutes of the proceedings of the board. Such action by written consent shall have the same force and effect as the unanimous vote of the directors. Any certificate or other document filed under any provision of law which relates to action so taken shall state that the action was taken by unanimous written consent of the board of directors without a meeting and that the bylaws of the SDIAA authorize the directors to so act, and such statement shall be prima facie evidence of such authority.

SECTION 17. VACANCIES

Vacancies on the board of directors shall exist (1) on the death, resignation, or removal of any director, and (2) whenever the number of authorized directors is increased.

The board of directors may declare vacant the office of a director who has been declared of unsound mind by a final order of court, or convicted of a felony, or been found by a final order or judgment of any court to have breached any duty under California Nonprofit Mutual Benefit Corporation Law.

Directors may be removed without cause by a majority of the directors then in office.

Any director may resign effective upon giving written notice to the president, the secretary, or the board of directors, unless the notice specifies a later time for the effectiveness of such resignation. No director may resign if the corporation would then be left without a duly elected director or directors in charge of its affairs, except upon notice to the attorney general.

Vacancies on the board may be filled by approval of the board or, if the number of directors then in office is less than a quorum, by (1) the unanimous written consent of the directors then in office, (2) the affirmative vote of a majority of the directors then in office at a meeting held pursuant to notice or waivers of notice complying with this Article of these bylaws, or (3) a sole remaining director.

A person elected to fill a vacancy as provided by this Section shall hold office until the next annual election of the board of directors or until his or her death, resignation, or removal from office.

SECTION 18. NONLIABILITY OF DIRECTORS

The directors shall not be personally liable for the debts, liabilities, or other obligations of the SDIAA.

SECTION 19. INDEMNIFICATION BY CORPORATION OF DIRECTORS, OFFICERS, EMPLOYEES, AND OTHER AGENTS

Notwithstanding any decisions the Board may make with respect to the purchase of insurance (see Section 20), this corporation shall provide for the indemnification of any and all of its directors and former directors, and its officers and former officers, against expenses actually and necessarily incurred by them in connection with the defense of, or any judgment arising from, any action, suit or proceeding in which any of them are named as parties by reason of being or having been directors or officers of the SDIAA, except, however this indemnification shall not apply when such directors or officers are adjudged to be liable for gross negligence or intentional misconduct in the performance of duty or enter into a settlement predicated on the existence of liability of such gross negligence or intentional misconduct.

SECTION 20. INSURANCE FOR CORPORATE AGENTS

The board of directors may adopt a resolution authorizing the purchase and maintenance of insurance on behalf of any agent of the SDIAA (including a director, officer, employee, or other agent of the corporation) against any liability other than for violating provisions of law relating to self-dealing asserted against or incurred by the agent in such capacity or arising out of the agent's status as such.

ARTICLE 5
OFFICERS

SECTION 1. NUMBER OF OFFICERS

The officers of the corporation shall be a president, a secretary, and a chief financial officer who shall be designated the treasurer. The corporation may also have, as determined by the board of directors, a chairperson of the board, one or more vice presidents, assistant secretaries, assistant treasurers, or other officers. Any number of offices may be held by the same person except that neither the secretary nor the treasurer may serve as the president or chairperson of the board.

SECTION 2. QUALIFICATION, ELECTION, AND TERM OF OFFICE

Any person may serve as an officer of the SDIAA. Officers shall be elected by the board of directors, at any time, and each officer shall hold office until he or she resigns, is removed, or is otherwise disqualified to serve, or until his or her successor shall be elected and qualified, whichever occurs first.

SECTION 3. SUBORDINATE OFFICERS

The board of directors may appoint such other officers or agents as it may deem desirable, and such officers shall serve such terms, have such authority, and perform such duties as may be prescribed from time to time by the board of directors.

SECTION 4. REMOVAL AND RESIGNATION

Any officer may be removed, either with or without cause, by the board of directors, at any time. Any officer may resign at any time by giving written notice to the board of directors or to the president or secretary of the corporation. Any such resignation shall take effect at the date of receipt of such notice or at any later date specified therein, and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective. The above provisions of this Section shall be superseded by any conflicting terms of a contract which has been approved or ratified by the board of directors relating to the employment of any officer of the SDIAA.

SECTION 5. VACANCIES

Any vacancy caused by the death, resignation, removal, disqualification, or otherwise, of any officer shall be filled by the board of directors. In the event of a vacancy in any office other than that of president, such vacancy may be filled temporarily by appointment by the president until such time as the board shall fill the vacancy. Vacancies occurring in offices of officers appointed at the discretion of the board may or may not be filled as the board shall determine.

SECTION 6. DUTIES OF PRESIDENT

The president shall be the chief executive officer of the corporation and shall, subject to the control of the board of directors, supervise and control the affairs of the corporation and the activities of the officers. He or she shall perform all duties incident to his or her office and such other duties as may be required by law, by the articles of incorporation of this corporation, or by these bylaws, or which may be prescribed from time to time by the board of directors. Unless another person is specifically appointed as chairperson of the board of directors, he or she shall preside at all meetings of the board of directors. If applicable, the president shall preside at all meetings of the members. Except as otherwise expressly provided by law, by the articles of incorporation, or by these bylaws, he or she shall, in the name of the SDIAA, execute such deeds, mortgages, bonds, contracts, checks, or other instruments which may from time to time be authorized by the board of directors.

SECTION 7. DUTIES OF VICE PRESIDENT

In the absence of the president, or in the event of his or her inability or refusal to act, the vice president shall perform all the duties of the president, and when so acting shall have all the powers of, and be subject to all the restrictions on, the president. The vice president shall have other powers and perform such other duties as may be prescribed by law, by the articles of incorporation, or by these bylaws, or as may be prescribed by the board of directors.

SECTION 8. DUTIES OF SECRETARY

The secretary shall:

Certify and keep at the principal office of the corporation the original, or a copy of these bylaws as amended or otherwise altered to date.

Keep at the principal office of the corporation or at such other place as the board may determine, a book of minutes of all meetings of the directors, and, if applicable, meetings of committees of directors and of members, recording therein the time and place of holding, whether regular or special, how called, how notice thereof was given, the names of those present or represented at the meeting, and the proceedings thereof.

See that all notices are duly given in accordance with the provisions of these bylaws or as required by law.

Be custodian of the records and of the seal of the corporation and see that the seal is affixed to all duly executed documents, the execution of which on behalf of the corporation under its seal is authorized by law or these bylaws.

Keep a membership book containing the name and address of each and any member, and, in the case where any membership has been terminated, the secretary shall record such fact in the membership book together with the date on which such membership ceased.

Exhibit at all reasonable times to any director of the corporation, or to his or her agent or attorney, on request therefor, the bylaws, the membership book, and the minutes of the proceedings of the directors of the corporation.

In general, perform all duties incident to the office of secretary and such other duties as may be required by law, by the articles of incorporation of this corporation, or by these bylaws, or which may be assigned to him or her from time to time by the board of directors.

SECTION 9. DUTIES OF TREASURER

Subject to the provisions of these bylaws relating to the "Execution of Instruments, Deposits, and Funds," the treasurer shall:

Have charge and custody of, and be responsible for, all funds and securities of the corporation, and deposit all such funds in the name of the SDIAA in such banks, trust companies, or other depositories as shall be selected by the board of directors.

Receive, and give receipt for, monies due and payable to the SDIAA from any source whatsoever.

Disburse, or cause to be disbursed, the funds of the SDIAA as may be directed by the board of directors, taking proper vouchers for such disbursements.

Keep and maintain adequate and correct accounts of the SDIAA’s properties and business transactions, including accounts of its assets, liabilities, receipts, disbursements, gains and losses.

Exhibit at all reasonable times the books of account and financial records to any director of the corporation, or to his or her agent or attorney, on request therefor.

Render to the president and directors, whenever requested, an account of any or all of his or her transactions as treasurer and of the financial condition of the corporation.

Prepare, or cause to be prepared, and certify, or cause to be certified, the financial statements to be included in any required reports.

In general, perform all duties incident to the office of treasurer and such other duties as may be required by law, by the articles of incorporation of the corporation, or by these bylaws, or which may be assigned to him or her from time to time by the board of directors.

SECTION 10. DUTIES OF DIRECTOR OF LEGAL LEGISLATIVE

Follow the insurance laws of California and inform the members of impeding changes. Handle all paperwork that deals with any legal issues the SDIAA is involved. Support SDIAA programs for continuing education in the areas of legal and legislative issues.

SECTION 11. DUTIES OF DIRECTOR SPECIAL EVENTS

Have charge and custody of, and be responsible for, organizing and securing all special events and programs. Duties shall include hiring caterers; obtain sufficient meeting to space to hold special events; and negotiating the terms of all contracts under $5,000.00 necessary to implement a special event. The Special Event Coordinator shall obtain approval from a majority of the board prior to entering into a contract for an amount above $5,000.00.

SECTION 12. DUTIES OF DIRECTOR EDUCATION

Have charge and custody of, and be responsible for, organizing monthly education programs. Have charge and custody of, and be responsible for collecting, reviewing, and recommending applications for scholarship funds. Maintain the scholarship application process and budget to support education objectives of the SDIAA.

SECTION 13. DUTIES OF DIRECTOR OF INFORMATIONAL TECHNOLOGY

Maintain the SDIAA web site. Regularly review and update the web site to ensure the content is current and accurate.

SECTION 14. DUTIES OF DIRECTOR OF MARKETING

The Director of Marketing shall be responsible for all communications between SIDAA members and the Board of Directors. The Director of Marketing shall keep and maintain a current and up to date membership list containing the contact information for all members of the SDIAA. The Director of Membership shall be responsible for recruitment of new members to SDIAA. The Director of Membership shall be responsible to make sure that all events are timely communicated to SDIAA members.

SECTION 15. COMPENSATION

The salaries of the officers, if any, shall be fixed from time to time by resolution of the board of directors, and no officer shall be prevented from receiving such salary by reason of the fact that he or she is also a director of the SDIAA, provided, however, that such compensation paid a director for serving as an officer of this corporation shall only be allowed if permitted under the provisions of Article 3, Section 6, of these bylaws. In all cases, any salaries received by officers of this corporation shall be reasonable and given in return for services actually rendered for the corporation which relate to the performance of the charitable or public purposes of this

corporation. All officer salaries shall be approved in advance in accordance with this corporation's conflict of interest policy, as set forth in Article 9 of these bylaws.

ARTICLE 6

COMMITTEES

SECTION 1. EXECUTIVE COMMITTEE OF THE BOARD

The board of directors may, by a majority vote of directors, designate two (2) or more of its members (who may also be serving as officers of the SDIAA) to constitute an executive committee of the board and delegate to such committee any of the powers and authority of the board in the management of the business and affairs of the SDIAA, except with respect to:

(a) The approval of any action which, under law or the provisions of these bylaws, requires the approval of the members or of a majority of all of the members.

(b) The filling of vacancies on the board or on any committee that has the authority of the board.

(c) The fixing of compensation of the directors for serving on the board or on any committee.

(d) The amendment or repeal of bylaws or the adoption of new bylaws.

(e) The amendment or repeal or any resolution of the board which by its express terms is not so amendable or repealable.

(f) The appointment of committees of the board or the members thereof.

(g) The expenditure of corporate funds to support a nominee for director after there are more people nominated for director than can be elected.

(h) The approval of any transaction to which the SDIAA is a party and in which one or more of the directors has a material financial interest, except as expressly provided in Section 5233(d)(3) of the California Nonprofit Mutual Benefit Corporation Law.

By a majority vote of its members then in office, the board may at any time revoke or modify any or all of the authority so delegated, increase or decrease but not below two (2) the number of its members, and fill vacancies therein from the members of the board. The committee shall keep regular minutes of its proceedings, cause them to be filed with the corporate records, and report the same to the board from time to time as the board may require.

SECTION 2. OTHER COMMITTEES

The corporation shall have such other committees as may from time to time be designated by resolution of the board of directors. Such other committees may consist of persons who are not

also members of the board. These additional committees shall act in an advisory capacity only to the board and shall be clearly titled as "advisory" committees.

SECTION 3. MEETINGS AND ACTION OF COMMITTEES

Meetings and action of committees shall be governed by, noticed, held, and taken in accordance with the provisions of these bylaws concerning meetings of the board of directors, with such changes in the context of such bylaw provisions as are necessary to substitute the committee and its members for the board of directors and its members, except that the time for regular meetings of committees may be fixed by resolution of the board of directors or by the committee. The time for special meetings of committees may also be fixed by the board of directors. The board of directors may also adopt rules and regulations pertaining to the conduct of meetings of committees to the extent that such rules and regulations are not inconsistent with the provisions of these bylaws.

ARTICLE 7

EXECUTION OF INSTRUMENTS, DEPOSITS, AND FUNDS

SECTION 1. EXECUTION OF INSTRUMENTS

The board of directors, except as otherwise provided in these bylaws, may by resolution authorize any officer or agent of the SDIAA to enter into any contract or execute and deliver any instrument in the name of and on behalf of the SDIAA, and such authority may be general or confined to specific instances. Unless so authorized, no officer, agent, or employee shall have any power or authority to bind the corporation by any contract or engagement or to pledge its credit or to render it liable monetarily for any purpose or in any amount.

SECTION 2. CHECKS AND NOTES

Except as otherwise specifically determined by resolution of the board of directors, or as otherwise required by law, checks, drafts, promissory notes, orders for the payment of money, and other evidence of indebtedness of the SDIAA shall be signed by the treasurer and countersigned by the president of the corporation.

SECTION 3. DEPOSITS

All funds of the SDIAA shall be deposited from time to time to the credit of the corporation in such banks, trust companies, or other depositories as the board of directors may select.

SECTION 4. GIFTS

The board of directors may accept on behalf of the SDIAA any contribution, gift, bequest, or devise for the charitable or public purposes of the SDIAA.

ARTICLE 8

CORPORATE RECORDS, REPORTS, AND SEAL

SECTION 1. MAINTENANCE OF CORPORATE RECORDS

The SDIAA shall keep at its principal office in the State of California:

(a) Minutes of all meetings of directors, committees of the board and, if this corporation has members, of all meetings of members, indicating the time and place of holding such meetings, whether regular or special, how called, the notice given, and the names of those present and the proceedings thereof;

(b) Adequate and correct books and records of account, including accounts of its properties and business transactions and accounts of its assets, liabilities, receipts, disbursements, gains, and losses;

(c) A record of its members, if any, indicating their names and addresses and, if applicable, the class of membership held by each member and the termination date of any membership;

(d) A copy of the SDIAA's articles of incorporation and bylaws as amended to date, which shall be open to inspection by the members, if any, of the SDIAA at all reasonable times during office hours.

SECTION 2. CORPORATE SEAL

The board of directors may adopt, use, and at will alter, a corporate seal. Such seal shall be kept at the principal office of the SDIAA. Failure to affix the seal to corporate instruments, however, shall not affect the validity of any such instrument.

SECTION 3. DIRECTORS' INSPECTION RIGHTS

Every director shall have the absolute right at any reasonable time to inspect and copy all books, records, and documents of every kind and to inspect the physical properties of the corporation.

SECTION 4. MEMBERS' INSPECTION RIGHTS

If this corporation has any members, then each and every member shall have the following inspection rights, for a purpose reasonably related to such person's interest as a member:

(a) To inspect and copy the record of all members' names, addresses, and voting rights, at reasonable times, upon five (5) business days' prior written demand on the SDIAA, which demand shall state the purpose for which the inspection rights are requested.

(b) To obtain from the secretary of the SDIAA, upon written demand and payment of a reasonable charge, an alphabetized list of the names, addresses, and voting rights of those members entitled to vote for the election of directors as of the most recent record date for which the list has been compiled or as of the date specified by the member subsequent to the date of demand. The demand shall state the purpose for which the list is requested. The membership list shall be made available on or before the later of ten (10) business days after the demand is received or after the date specified therein as of which the list is to be compiled.

(c) To inspect at any reasonable time the books, records, or minutes of proceedings of the members or of the board or committees of the board, upon written demand on the corporation by the member, for a purpose reasonably related to such person's interests as a member.

SECTION 5. RIGHT TO COPY AND MAKE EXTRACTS

Any inspection under the provisions of this Article may be made in person or by agent or attorney and the right to inspection includes the right to copy and make extracts.

SECTION 6. ANNUAL REPORT

The board shall cause an annual report to be furnished not later than one hundred and twenty (120) days after the close of the corporation's fiscal year to all directors of the SDIAA and, if the SDIAA has members, to any member who requests it in writing, which report shall contain the following information in appropriate detail:

(a) The assets and liabilities, including the trust funds, of the corporation as of the end of the fiscal year;

(b) The principal changes in assets and liabilities, including trust funds, during the fiscal year;

(c) The revenue or receipts of the SDIAA, both unrestricted and restricted to particular purposes, for the fiscal year;

(d) The expenses or disbursements of the SDIAA, for both general and restricted purposes, during the fiscal year;

(e) Any information required by Section 7 of this Article.

The annual report shall be accompanied by any report thereon of independent accountants, or, if there is no such report, the certificate of an authorized officer of the SDIAA that such statements were prepared without audit from the books and records of the SDIAA.

If this corporation has members, then, if this corporation receives Twenty-Five Thousand Dollars ($25,000), or more, in gross revenues or receipts during the fiscal year, this corporation shall automatically send the above annual report to all members, in such manner, at such time, and with such contents, including an accompanying report from independent accountants or

certification of a corporate officer, as specified by the above provisions of this Section relating to the annual report.

SECTION 7. ANNUAL STATEMENT OF SPECIFIC TRANSACTIONS TO MEMBERS

The SDIAA shall mail or deliver to all directors and any and all members a statement within one hundred and twenty (120) days after the close of its fiscal year which briefly describes the amount and circumstances of any indemnification or transaction of the following kind:

Any transaction in which the SDIAA, or its parent or its subsidiary, was a party, and in which either of the following had a direct or indirect material financial interest:

(a) Any director or officer of the SDIAA, or its parent or its subsidiary (a mere common directorship shall not be considered a material financial interest); or

(b) Any holder of more than ten percent (10%) of the voting power of the SDIAA, its parent, or its subsidiary.

The above statement need only be provided with respect to a transaction during the previous fiscal year involving more than Fifty Thousand Dollars ($50,000) or which was one of a number of transactions with the same persons involving, in the aggregate, more than Fifty Thousand Dollars ($50,000).

Similarly, the statement need only be provided with respect to indemnifications or advances aggregating more than Ten Thousand Dollars ($10,000) paid during the previous fiscal year to any director or officer.

Any statement required by this Section shall briefly describe the names of the interested persons involved in such transactions, stating each person's relationship to the SDIAA, the nature of such person's interest in the transaction, and, where practical, the amount of such interest, provided that in the case of a transaction with a partnership of which such person is a partner, only the interest of the partnership need be stated.

If the SDIAA has any members and provides all members with an annual report according to the provisions of Section 6 of this Article, then such annual report shall include the information required by this Section.

ARTICLE 9

FISCAL YEAR

SECTION 1. FISCAL YEAR OF THE CORPORATION

The fiscal year of the corporation shall begin on the 1st of January and end on the 31st of December in each year.

ARTICLE 10

CONFLICT OF INTEREST AND COMPENSATION APPROVAL POLICIES

SECTION 1. PURPOSE OF CONFLICT OF INTEREST POLICY

The purpose of this conflict of interest policy is to protect this tax-exempt corporation's interest when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an officer or director of the SDIAA or any "disqualified person" as defined in Section 4958(f)(1) of the Internal Revenue Code and as amplified by Section 53.4958-3 of the IRS Regulations and which might result in a possible "excess benefit transaction" as defined in Section 4958(c)(1)(A) of the Internal Revenue Code and as amplified by Section 53.4958 of the IRS Regulations. This policy is intended to supplement but not replace any applicable state and federal laws governing conflict of interest applicable to nonprofit organizations.

SECTION 2. DEFINITIONS

(a) Interested Person.

Any director, principal officer, member of a committee with governing board delegated powers, or any other person who is a "disqualified person" as defined in Section 4958(f)(1) of the Internal Revenue Code and as amplified by Section 53.4958-3 of the IRS Regulations, who has a direct or indirect financial interest, as defined below, is an interested person.

(b) Financial Interest.

A person has a financial interest if the person has, directly or indirectly, through business, investment, or family:

(1) an ownership or investment interest in any entity with which the SDIAA has a transaction or arrangement,
(2) a compensation arrangement with the SDIAA or with any entity or individual with which the SDIAA has a transaction or arrangement, or
(3) a potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which the SDIAA is negotiating a transaction or arrangement.

Compensation includes direct and indirect remuneration as well as gifts or favors that are not insubstantial.

A financial interest is not necessarily a conflict of interest. Under Section 3, paragraph b, a person who has a financial interest may have a conflict of interest only if the appropriate governing board or committee decides that a conflict of interest exists.

SECTION 3. CONFLICT OF INTEREST AVOIDANCE PRODEDURES

(a) Duty to Disclose.

In connection with any actual or possible conflict of interest, an interested person must disclose the existence of the financial interest and be given the opportunity to disclose all material facts to the directors and members of committees with governing board delegated powers considering the proposed transaction or arrangement.

(b) Determining Whether a Conflict of Interest Exists.

After disclosure of the financial interest and all material facts, and after any discussion with the interested person, he/she shall leave the governing board or committee meeting while the determination of a conflict of interest is discussed and voted upon. The remaining board or committee members shall decide if a conflict of interest exists.

(c) Procedures for Addressing the Conflict of Interest.

An interested person may make a presentation at the governing board or committee meeting, but after the presentation, he/she shall leave the meeting during the discussion of, and the vote on, the transaction or arrangement involving the possible conflict of interest.

The chairperson of the governing board or committee shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.

After exercising due diligence, the governing board or committee shall determine whether the SDIAA can obtain with reasonable efforts a more advantageous transaction or arrangement from a person or entity that would not give rise to a conflict of interest.

If a more advantageous transaction or arrangement is not reasonably possible under circumstances not producing a conflict of interest, the governing board or committee shall determine by a majority vote of the disinterested directors whether the transaction or arrangement is in the corporation's best interest, for its own benefit, and whether it is fair and reasonable. In conformity with the above determination, it shall make its decision as to whether to enter into the transaction or arrangement.

(d) Violations of the Conflicts of Interest Policy.

If the governing board or committee has reasonable cause to believe a member has failed to disclose actual or possible conflicts of interest, it shall inform the member of the basis for such belief and afford the member an opportunity to explain the alleged failure to disclose.

If, after hearing the member's response and after making further investigation as warranted by the circumstances, the governing board or committee determines the member has failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action.

SECTION 4. RECORDS OF BOARD AND BOARD COMMITTEE PROCEEDINGS

The minutes of meetings of the governing board and all committees with board delegated powers shall contain:

(a) The names of the persons who disclosed or otherwise were found to have a financial interest in connection with an actual or possible conflict of interest, the nature of the financial interest, any action taken to determine whether a conflict of interest was present, and the governing board's or committee's decision as to whether a conflict of interest in fact existed.

(b) The names of the persons who were present for discussions and votes relating to the transaction or arrangement, the content of the discussion, including any alternatives to the proposed transaction or arrangement, and a record of any votes taken in connection with the proceedings.

SECTION 5. COMPENSATION APPROVAL POLICIES

A voting member of the governing board who receives compensation, directly or indirectly, from the corporation for services is precluded from voting on matters pertaining to that member's compensation.

A voting member of any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the corporation for services is precluded from voting on matters pertaining to that member's compensation.

No voting member of the governing board or any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the corporation, either individually or collectively, is prohibited from providing information to any committee regarding compensation.

When approving compensation for directors, officers and employees, contractors, and any other compensation contract or arrangement, in addition to complying with the conflict of interest requirements and policies contained in the preceding and following sections of this article as well as the preceding paragraphs of this section of this article, the board or a duly constituted compensation committee of the board shall also comply with the following additional requirements and procedures:

(a) the terms of compensation shall be approved by the board or compensation committee prior to the first payment of compensation.

(b) all members of the board or compensation committee who approve compensation arrangements must not have a conflict of interest with respect to the compensation arrangement as specified in IRS Regulation Section 53.4958-6(c)(iii), which generally requires that each board member or committee member approving a compensation arrangement between this organization and a "disqualified person" (as defined in Section 4958(f)(1) of the Internal Revenue Code and as amplified by Section 53.4958-3 of the IRS Regulations):

    1. is not the person who is the subject of compensation arrangement, or a family member of such person;

2. is not in an employment relationship subject to the direction or control of the person who is the subject of compensation arrangement
3. does not receive compensation or other payments subject to approval by the person who is the subject of compensation arrangement
4. has no material financial interest affected by the compensation arrangement; and
5. does not approve a transaction providing economic benefits to the person who is the subject of the compensation arrangement, who in turn has approved or will approve a transaction providing benefits to the board or committee member.

(c) the board or compensation committee shall obtain and rely upon appropriate data as to comparability prior to approving the terms of compensation. Appropriate data may include the following:

1. compensation levels paid by similarly situated organizations, both taxable and tax-exempt, for functionally comparable positions. "Similarly situated" organizations are those of a similar size and purpose and with similar resources
2. the availability of similar services in the geographic area of this organization
3. current compensation surveys compiled by independent firms
4. actual written offers from similar institutions competing for the services of the person who is the subject of the compensation arrangement.

As allowed by IRS Regulation 4958-6, if this organization has average annual gross receipts (including contributions) for its three prior tax years of less than $1 million, the board or compensation committee will have obtained and relied upon appropriate data as to comparability if it obtains and relies upon data on compensation paid by three comparable organizations in the same or similar communities for similar services.

(d) the terms of compensation and the basis for approving them shall be recorded in written minutes of the meeting of the board or compensation committee that approved the compensation. Such documentation shall include:

1. the terms of the compensation arrangement and the date it was approved
2. the members of the board or compensation committee who were present during debate on the transaction, those who voted on it, and the votes cast by each board or committee member
3. the comparability data obtained and relied upon and how the data was obtained.
4. If the board or compensation committee determines that reasonable compensation for a specific position in this organization or for providing services under any other compensation arrangement with this organization is higher or lower than the range of comparability data obtained, the board or committee shall record in the minutes of the meeting the basis for its determination.
5. If the board or committee makes adjustments to comparability data due to geographic area or other specific conditions, these adjustments and the reasons for them shall be recorded in the minutes of the board or committee meeting.
6. any actions taken with respect to determining if a board or committee member had a conflict of interest with respect to the compensation arrangement, and if so, actions taken to make sure the member with the conflict of interest did not affect

or participate in the approval of the transaction (for example, a notation in the records that after a finding of conflict of interest by a member, the member with the conflict of interest was asked to, and did, leave the meeting prior to a discussion of the compensation arrangement and a taking of the votes to approve the arrangement).

7. The minutes of board or committee meetings at which compensation arrangements are approved must be prepared before the later of the date of the next board or committee meeting or 60 days after the final actions of the board or committee are taken with respect to the approval of the compensation arrangements. The minutes must be reviewed and approved by the board and committee as reasonable, accurate, and complete within a reasonable period thereafter, normally prior to or at the next board or committee meeting following final action on the arrangement by the board or committee.

SECTION 6. ANNUAL STATEMENTS

Each director, principal officer, and member of a committee with governing board delegated powers shall annually sign a statement which affirms such person:

(a) has received a copy of the conflicts of interest policy,
(b) has read and understands the policy,
(c) has agreed to comply with the policy, and
(d) understands the corporation is charitable and in order to maintain its federal tax exemption it must engage primarily in activities which accomplish one or more of its tax-exempt purposes.

SECTION 7. PERIODIC REVIEWS

To ensure the corporation operates in a manner consistent with charitable purposes and does not engage in activities that could jeopardize its tax-exempt status, periodic reviews shall be conducted. The periodic reviews shall, at a minimum, include the following subjects:

(a) Whether compensation arrangements and benefits are reasonable, based on competent survey information, and the result of arm's-length bargaining.

(b) Whether partnerships, joint ventures, and arrangements with management organizations conform to the corporation's written policies, are properly recorded, reflect reasonable investment or payments for goods and services, further charitable purposes, and do not result in inurement, impermissible private benefit, or in an excess benefit transaction.

SECTION 8. USE OF OUTSIDE EXPERTS

When conducting the periodic reviews as provided for in Section 7, the SDIAA may, but need not, use outside advisors. If outside experts are used, their use shall not relieve the governing board of its responsibility for ensuring periodic reviews are conducted.

ARTICLE 11

AMENDMENT OF BYLAWS

SECTION 1. AMENDMENT

Subject to any provision of law applicable to the amendment of bylaws of mutual benefit nonprofit corporations, these bylaws, or any of them, may be altered, amended, or repealed and new bylaws adopted as follows:

(a) Subject to the power of members, if any, to change or repeal these bylaws under Section 7150 of the Corporations Code, by approval of the board of directors unless the bylaw amendment would materially and adversely affect the rights of members, if any, as to voting or transfer, provided, however, if this corporation has admitted any members, then a bylaw specifying or changing the fixed number of directors of the SDIAA, the maximum or minimum number of directors, or changing from a fixed to variable board or vice versa, may not be adopted, amended, or repealed except as provided in subparagraph (b) of this Section; or

(b) By approval of the members, if any, of the SDIAA.

ARTICLE 12

AMENDMENT OF ARTICLES

SECTION 1. AMENDMENT OF ARTICLES BEFORE ADMISSION OF MEMBERS

Before any members have been admitted to the SDIAA, any amendment of the articles of incorporation may be adopted by approval of the board of directors.

SECTION 2. AMENDMENT OF ARTICLES AFTER ADMISSION OF MEMBERS

After members, if any, have been admitted to the SDIAA, amendment of the articles of incorporation may be adopted by the approval of the board of directors and by the approval of the members of the SDIAA.

SECTION 3. CERTAIN AMENDMENTS

Notwithstanding the above sections of this Article, the SDIAA shall not amend its articles of incorporation to alter any statement which appears in the original articles of incorporation of the names and addresses of the first directors of the SDIAA, nor the name and address of its initial agent, except to correct an error in such statement or to delete such statement after the SDIAA has filed a "Statement by a Domestic Nonprofit Corporation" pursuant to Section 6210 of the California Nonprofit Corporation Law.

ARTICLE 13

PROHIBITION AGAINST SHARING CORPORATE PROFITS AND ASSETS

SECTION 1. PROHIBITION AGAINST SHARING CORPORATE PROFITS AND ASSETS

No member, director, officer, employee, or other person connected with the SDIAA, or any private individual, shall receive at any time any of the net earnings or pecuniary profit from the operations of the SDIAA, provided, however, that this provision shall not prevent payment to any such person of reasonable compensation for services performed for the SDIAA in effecting any of its public or charitable purposes, provided that such compensation is otherwise permitted by these bylaws and is fixed by resolution of the board of directors; and no such person or persons shall be entitled to share in the distribution of, and shall not receive, any of the corporate assets on dissolution of the SDIAA. All members, if any, of the SDIAA shall be deemed to have expressly consented and agreed that on such dissolution or winding up of the affairs of the SDIAA, whether voluntarily or involuntarily, the assets of the SDIAA, after all debts have been satisfied, shall be distributed as required by the articles of incorporation of the SDIAA and not otherwise.

ARTICLE 14

MEMBERS

SECTION 1. DETERMINATION OF MEMBERS

If this corporation makes no provision for members, then, pursuant to the Nonprofit Mutual Benefit Corporation Law of the State of California, any action which would otherwise, under law or the provisions of the articles of incorporation or bylaws of this corporation, require approval by a majority of all members or approval by the members, shall only require the approval of the board of directors.

WRITTEN CONSENT OF DIRECTORS ADOPTING BYLAWS

We, the undersigned, are all of the persons named as the initial directors in the articles of incorporation of San Diego Insurance Adjusters Association, a California nonprofit corporation, and, pursuant to the authority granted to the directors by these bylaws to take action by unanimous written consent without a meeting, consent to, and hereby do, adopt the foregoing bylaws, consisting of 26 pages, as the bylaws of this corporation.

Dated: _____

_____

Chris Terrance, Jr., Director

_____
Amy Gillen-Garcia, Director

_____
Deanne Murphy, Director

_____
Pat Bobbs, Director

_____
Alfred Dalton, Director

_____
Marvin Straus, Director

_____
Karen Pretzel, Director

_____
Bruce Rosenblatt, Director

_____
Desiree Martini, Director

_____
Jay Jackson, Director

CERTIFICATE

This is to certify that the foregoing is a true and correct copy of the bylaws of the corporation named in the title thereto and that such bylaws were duly adopted by the board of directors of said corporation on the date set forth below.

Dated: _____

_____, Secretary