Stanley Mutual Insurance Company

Proposed Board Approved By- Law Changes October 22, 2020

***Proposed Change #1***

1. by adding the following paragraph (C) to section 14 concerning Directors:

(C) It being desirable that the Board of Directors should be balanced in terms of age and gender, that it should be comprised of persons of various types of expertise and experience and that there should be representation from each of the counties served by the Company, namely York, Northumberland, Sunbury and Charlotte (the “Desired Balance”), the Board shall establish and maintain a committee which shall, each year, not later than February 28, identify and recruit candidates for the vacancies in the Board of Directors to be filled at that year’s Annual Meeting of the members of the Company, which candidates, if elected, would fill gaps in the Desired Balance. This committee shall be comprised of at least two (2) members of the Board and up to three (3) other persons who may, but need not be, members of the Company. This committee may also exercise other mandates delegated to it by the Board.

1. by deleting the words “Every effort will be made to elect a minimum of one (1) Director from each of York, Northumberland, Sunbury and Charlotte counties” from paragraph (A) of section 14.
2. by repealing the existing paragraph (B) of section 15 concerning Qualification of Directors and replacing it with the following new paragraph (B):

(B) No person may become, or continue as, a Director of the Company if he or she is, or is the spouse, child, parent or sibling of, **or was within the past five calendar years**, an agent, adjuster or employee of the Company, or of any other general insurance company, adjusting firm or insurance agency.

1. by adding the following paragraph (C) to section 18 concerning Filling of Vacancy:

(C) In filling any such vacancy, the Board shall consider any gaps in the Desired Balance as expressed in paragraph 14 (C) of these By-laws.

1. by repealing the existing section 36 concerning Honourary Directors and replacing it with the following new section 36:

36. (A) The Board of Directors may appoint any retiring Director who has made an exceptional contribution to the company as a Director Emeritus/Emerita. Such appointees shall be entitled to continue to attend Board meetings but shall have no right to vote at or receive minutes of Board meeting and shall not be entitled to any compensation for attending meetings.

(B) If at any time the composition of the Board of Directors does not, in the opinion of the Board of Directors, reflect the Desired Balance as expressed in paragraph 14 (C) of these By-Laws, the Board may appoint one or more Honourary Directors (who need not be members of the Company) for a term of up to one (1) year to redress any gaps in that Desired Balance. Such Honourary Directors may not vote on any decision of the Board but shall be entitled to receive notice of, attend and otherwise participate in and receive minutes of all meetings of the Board, including committees of the Board, during their term. Such Honourary Directors may be reappointed for further one (1) year terms, but no more than three (3) Honourary Directors shall be appointed to serve at any one time.

(C) The remuneration to be paid to Honourary Directors shall be such as the Board of Directors shall from time to time determine, and, in the absence of any agreement to the contrary, such renumeration shall be in addition to the salary paid to the officer of the Company who is also an Honourary Director. The Directors may also, by resolution, award special remuneration to the Honourary Director undertaking any special service on behalf of the Company other than the routine services normally provided by an Honourary Director and no confirmation or ratification of any such resolution by the members of the Company shall be required. Provided however that nothing herein shall be construed or applied to preclude any Director who is not an Honourary Director from providing special services to the Company and receiving special compensation therefor.

(D) Nothing herein shall affect the status and privileges of persons appointed Honourary Directors of the Company prior to August 28, 1997.

***Proposed Change #2***

To recommend to the Board to repeal the current paragraph (A) of section 14 and replacing it with the following new paragraph (A):

1. The affairs of the Company Shall be managed by a Board of six (6) Directors.

***Proposed Change #3***

To recommend to the Board to repeal the current paragraph (A) of section 21 and replacing it with the following new paragraph (A):

1. The presence of four (4) Directors shall constitute a quorum for the transaction of any business of the Board of Directors.

And by adding the following new paragraph (I) to section 19:

1. Any or all directors may participate in any meeting of the Board of Directors of any committee of the Directors by means of such telephone or computer facility that permits all persons participating in the meeting to hear each other, and a director participating in such a meeting by such means shall be deemed to be present at that meeting.

***Proposed Change #4***

To recommend to the Board to add the following new paragraph E to Section 8:

1. Any member may participate in any Annual or Special meeting of the members by means of such telephone or computer facility that permits all persons participating in the meeting to hear each other, and a member participating in such a meeting by such means shall be deemed to be present at that meeting.