

## **Proposed Changes to the UTUIA Constitution**

**Proposed change - Article 3** - Allows for the expansion of the membership of UTUIA. The changes will permit any individual of good moral character who is directly or indirectly engaged in the transportation industry to become a member of UTUIA.

**Explanation** – UTUIA sales have been slowly declining for a number of years. We believe that UTUIA must sell to more people to survive and we believe it is appropriate to welcome new members who share our background and fraternal interests.

**Proposed Change - Article 8** - Article 8 will be deleted in its entirety because UTUIA has no ongoing need for a Life Department and an Accident Health Department.

**Explanation** – The distinction between the Life and Accident and Health Departments has gradually disappeared through the years and no reason exists to continue the distinctions between departments - UTUIA operates as a single fraternal benefit society.

**First Proposed Change - Article 9 (to become Article 8)** - Permits the Board to elect or appoint officers and assistant officers to UTUIA, in addition to those officers elected at the Grand Convention. The proposed amendment also eliminates “comptroller” position.

**Explanation** – The amendment would allow UTUIA more flexibility with regard to appointing officers to carry out functions of UTUIA and to delegate certain tasks, if deemed advisable. The IGAC committee (see below) will effectively take over the audit oversight role of the comptroller, making the position unnecessary.

**Second Proposed Change to Article 9 (to become article 8)** – Defines how officers and Board members may be removed from office between Grand Conventions. The proposed amendment also provides for independent members of the Board of Directors.

**Explanation** – There are currently no provisions for removal of officers and Board members of UTUIA, leaving it unclear how an officer or board members could be removed from office between Grand Conventions. The proposed change provides for removal of officers and directors between Conventions, under certain circumstances and after a reasonable due process the officers and directors in question. UTU and UTUIA have been closely related and have shared resources in many ways since their inception, but are separate legal entities with separate needs and issues. The UTUIA Board, officers and Ohio insurance regulators believe that outside directors – whose sole interest is representing UTUIA members - is important. Outside directors, with appropriate insurance, board, financial and operational experience will help improve UTUIA. We also believe is important to have directors who understand the history and relationships that built UTUIA, including its long association with UTU. The amended constitution would provide for a balanced Board of directors with both independent members and inside members (UTUIA officers will continue to serve as directors under the amended constitution).

**Third Proposed Change to Article 9 (to become Article 8)** - The proposed amendment creates an Independent Governance and Audit Committee (the “IGAC”) of the Board of Directors to oversee corporate governance matters including independent audits, conflicts of interest, transactions with the UTU, etc.

**Explanation** – The IGAC serves as a check and balance on the external audit process, on transactions between UTU and UTUIA and other matters that could present a conflict between UTU and UTUIA. Public companies in the United States have a comparable committee of the Board, which is typically called the “audit committee”.

**Article 10 (to become Article 9)** – The International President shall appoint the UTUIA Administrator of Insurance, subject to the approval of the IGAC, and adds basic qualifications for the position.

**Explanation** – The addition of IGAC approval and basic qualifications for the Administrator of Insurance will help insure a competent individual serves in this role, reducing the chances of an unqualified individual being appointed to this important job in the future.

**Article 11 (to become Article 10)** - The Board shall determine the compensation and expenses for the officers and directors of UTUIA, and that the compensation and expenses of officers shall reflect the time required of that person to fulfill his or her duties.

**Explanation** – Currently, compensation related to officers is determined based on allocations that has been mutually agreed to by both UTUIA and UTU. The proposed amendment clearly defines that UTUIA determines duties and compensation for UTUIA officers. This provision provides flexibility for UTUIA in the future.

**Article 14 (to become Article 13)** – Formalizes ability of GS&T to appoint financial professionals and provides that independent audit report shall be produced at the Grand Convention.

**Explanation** – The proposed amendment makes it clear that GS&T has the authority to hire financial experts, when necessary. Makes it clear that the GS&T must submit at least the audited financial statements to the Grand Convention, but does not limit what the GS&T may provide.

**Article 19 (to become Article 17)** - Updates outdated custody and investment provisions of the constitution to provide for modern practices.

**Explanation** – The amendment provides for investment and custody practices based on current standard operating procedures for insurance companies, and reflecting that investments are made subject to a Board approved investment policy.

**Article 20 (to become Article 18)** Provides for an additional appeals process and mandates that first appeal must be internal. If the first appeal fails, a second appeal could be filed with the Board of Directors.

**Explanation** – The amendment provides that before appealing to the UTUIA Board of directors, members must appeal internally. Direct and immediate appeal to the UTUIA Board is an unusual and inefficient process. The second appeal continues to provide members with a method of appealing to the Board, if the first internal appeal is unsuccessful.

**Article 22 (to become Article 20)** - Permits the Board to create Districts for purposes of delegate representation.

**Explanation** – the amendment clarifies the procedure the Board may use to determine UTUIA districts.

**Article 25** - Article related to Local Collectors is deleted in its entirety.

**Explanation** – The amendment eliminates outdated language that no longer reflects the current billing and collection procedures.

**Article 28 (to become Article 25)** – Amendments to the constitution shall not take effect until subsequently approved by the Superintendent of the Ohio Insurance Department, as required by the Ohio Revised Code.

**Explanation** – The amendment makes it clear that the UTUIA constitution is consistent with Ohio law regarding acceptance of amendments to the constitution.

**Article 29 (to become Article 26)** – Provides for the appointment of a fraternal coordinator to increase fraternal activities.

**Explanation** – The proposed amendment is designed to make sure that the fraternal activities of UTUIA maintain and even increase their importance within the organization.