

APPENDIX C

**BYLAWS  
OF THE  
GOVERNMENT INSURANCE NETWORK (GIN)**

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**Article I. Name**

The organization shall be known as the Governmental Insurance Network (GIN).

**Article II. Purpose-Limitation of Participation**

The purpose of the Network is to create a joint insurance pool to administer and provide certain benefits including, but not limited to, health, life, , dental, and vision for the Members' eligible employees, employees' dependents, and retirees and the officers and employees of other governmental entities and the quasi-governmental, and non-profit public service entities with which some or all Members have separately arranged to list ("Listed Entities"), and the Board of Directors has approved, as if such officers and employees were employed by the Member pursuant to a group plan ("The Plan"). Each Member remains individually responsible for any and all benefit programs that are not a part of any Network Plan.

The Network is not intended to transact insurance business within the State of Illinois. The intent of the parties is to separately establish benefit programs and to utilize the Network to achieve reduced costs of administration and insurance purchases by providing similar services to all Members and to require Members to pay for the costs of such benefits or to share such costs in the manner from time-to-time established by the Board of Directors.

**Article III. Authority**

GIN is established pursuant to the Illinois Constitution, Article VII, Sec 10 and the Intergovernmental Cooperation Act 5 ILCS 220/1 et seq. and in particular, Sec 220/6.

**Article IV. Directors and Officers**

- A. There is here by established a Board of Directors of GIN (BOD). The Board of Directors of GIN shall consist of one delegate of each Member who is an employee of the Member (BOD Members). Each representative may send a designee in his or her absence who shall also be an employee of the Member. Each of the representatives from the Members of GIN are eligible to run for election for the position of BOD officers.
- B. If a Board vacancy occurs, the respective unit of local government seat will be filled by an employee of that Member.
- C. The Board of Directors of GIN shall appoint from among their number a President, Vice President, Secretary, and Treasurer. The Board of Directors may also appoint additional Officers and assign duties to them.

**The President** shall preside at all meetings of the Board and shall have such other powers and duties as are set forth in the Bylaws or by other action of the Board of Directors. **The Vice President** shall carry out all duties of the President during the absence or inability of the President to perform such duties and shall carry out such other functions as are assigned from time to time by the President and/or the Board of Directors. **The Treasurer** shall have charge and custody and shall be responsible for all funds and securities of the Network; receive and give all receipts of monies due and payable to the Network from any source whatsoever; deposit all such monies in the name of Network in such banks, savings and loan associations or other depositories as shall be selected by the Board of Directors; invest the funds of the Network as are not immediately required in such investments as the Board of Directors shall specifically or generally select from time to time; and maintain the financial books and records of the Network; provided, however, that all investments of Network funds shall be made only in those securities which may be purchased pursuant to Illinois law. The Treasurer shall perform all duties incident to the office of Treasurer and such other duties as from time to time may be assigned to him/her by the President and/or the Board of Directors. Notwithstanding the duties and responsibilities of the Treasurer herein provided, the Board of Directors by vote may, except as otherwise limited by law, delegate, wholly or in part, the responsibility for, and the regular or routine administration of, one or more of the Treasurer's duties to one or more agents, other officers, or employees of the Network who are not Directors. To the extent that the Board does delegate the duties of the Treasurer, the Treasurer shall be released from such duties and responsibilities. The powers, duties, and compensation of any agents for the Treasurer shall be approved by the Board of Directors. **The Secretary** shall create and maintain a file of all minutes. The Secretary shall be designated as the custodian of the minutes. The Board of Directors by vote may, except as otherwise limited by law, delegate, wholly or in part, the responsibility and authority for, and the regular or routine administration of, one or more of the Secretary's duties to one or more agents, other officers, or employees of the Network who are not Directors.

- D. GIN shall purchase a bond in sufficient amount as determined by the Board of Directors to assure the fidelity of the President, Vice President, Treasurer, and any other Officer, employee, or entity that contract with GIN who shall have the right to authorize the transfer or payment of GIN funds. The Board of Directors, by motion, may increase or decrease the amount or such bonds or change the persons covered.
- E. A quorum shall consist of a majority of the Board of Directors unless otherwise noted in these Bylaws. A simple majority or a quorum shall be sufficient to pass upon all matters unless otherwise provided by the GIN Agreement or these Bylaws.

F. A greater vote than a majority of a quorum shall be required to approve the following GIN's matters:

1. The Board of Directors may establish one or more rules requiring approval by a vote greater than a majority of a quorum; provided, however, that such rules may only be established by a greater than a majority vote at least equal to the greater than majority percentage stated within the proposed rule;
2. The admission of a new Member shall require at least the concurrence of the vote of two-thirds (2/3) of the Board of Directors (IGA).
3. The determination and approval of the benefit levels, benefit plans, and the recommended insurance provider(s), as well as the proposed term(s) of the plan(s) shall requires at least the concurrence of the vote of two-thirds (2/3) of the Board of Directors.
4. After notice as otherwise provided herein, any amendment or these Bylaw s shall require at least the concurrence of the vote of two thirds (2/3) of the Board of Directors; provided, however, no amendment shall have the effect of depriving a member of a vested contractual right without the consent of the Member.
5. Expulsion of a Member shall require at least the concurrence of the vote of two-thirds (2/3) by the remaining Board of Directors (IGA).
6. Termination of GIN shall require a two-thirds (2/3) vote for approval by the entire Board of Directors. (IGA)

G. No one serving on the Board of Directors shall receive any salary from GIN.

#### **Article V. Powers and Duties of the Board of Directors**

The Board shall determine the general policy of GIN which shall be followed by the Member and the representative and/or alternate of the Member. No one serving on the Board of Directors of GIN shall receive any salary or other payment from GIN for providing such service thereto. The Board shall have the authority to take any action necessary to do the following:

- A. To enter into written contracts in order to procure the necessary services, supplies, insurance and/or property necessary to accomplish the purpose of the Plan.
- B. To establish Members' monthly contributions for payments to the Plan, as described below, on an annual basis.

- C. To require Members to make additional supplementary payments to the Plan during the fiscal year, as may be required in extraordinary circumstance to avoid insolvency.
- D. To place all or part of the assets of the GIN Plan into funds necessary for the administration and operation of the Network and establish an investment policy.
- E. To study issues with Members and make recommendations.
- F. To recommend to its Members programs and educational materials relating to claim reductions.
- G. To direct the collection, accounting and distribution of funds to be used for the administration of the Plan and the providing of benefits hereunder.
- H. To cause to be purchased stop loss, and other types of insurance as authorized by the Board.
- I. To approve changes in its operating policies and procedures.
- J. To approve the fees for all authorized service providers.
- K. To procure fidelity bonds, fiduciary liability insurance, errors and omissions coverage, and any other insurance or coverage for Board members, officers, consultants, claims administrators, employees, representatives or other persons, as required by this Agreement or by law, or as deemed appropriate by the Board.
- L. To expel any Member from the participation in the Plan for failure to perform its obligations under this Agreement or as otherwise enumerated herein.
- M. To hire employees to perform any duties including but not limited to conducting day to day or ministerial functions, reviewing benefit claims and appeals, studying issues, recommendations or proposals and making recommendations to the Board.
- N. To retain brokers, consultants, employees, independent contractors, insurance consultants, a cooperative (group) administrator, attorneys, auditors, or other professionals as to accomplish the purposes of the Network. To appoint a claim administrator, who shall be responsible for the processing of benefit payment applications and for paying benefit claims under the direction and control of the Board, provided that the claim administrator shall be bonded to provide faithful performance of its duties and responsibilities and shall provide acceptable insurance coverage for errors and omissions.
- O. To provide to the Members an annual audit of the financial affairs of the Network to be made by a certified public accountant at the end of each fiscal year in accordance with generally accepted auditing principals and to otherwise file all necessary audits and actuarial opinions as required by the Illinois Department of Insurance and/or the Director of Insurance.
- P. To delegate any or all of its duties and obligations, not otherwise limited by law, to any entity(ies) or individual(s), as may be necessary to administer and accomplish the purpose of the Plan, including: an agent(s), broker(s), employee(s), independent contractor(s), claim administrator(s), attorney(s), accountant(s), consultant(s), investment

manager(s), and such other persons as may be necessary to administer and accomplish the purpose of the Plan.

- Q. Within the budgetary limits established by the Members, to perform such other activities as are necessarily implied or required to carry out the purpose of the Plan or the specific activities enumerated herein.

#### **Article VI. Meetings of the Board**

Regular meetings of the Board shall be held as necessary to carry out the purpose and business of the Network. A minimum of four (4) meetings shall be scheduled each fiscal year. The dates of regular meetings of the Board shall be established at the beginning of each fiscal year. Meetings will follow a previously prepared agenda containing all business items requested by any Board Member and/or any Member for consideration. The agenda should be provided to each Member five (5) business days in advance of such meeting.

Officers shall be elected from among the Board members and shall include one President, one Vice President, one Secretary and one Treasurer. All checks authorized by the Board must be signed by any two of these four (4) Officers. The Officers shall be elected by a majority vote. Each Officer shall serve two (2) year terms until he or she is replaced by a subsequent election or until the effective date of his or her resignation. There shall be no term limits for elected Officers. Officers shall be elected at GIN's first organizational meeting, which shall take place within 30 days of the commencement of GIN, and thereafter at the last regular meeting of a fiscal year in which elections are to be held. Officers shall serve until their successors have been chosen and begin their terms. The Board may from time to time establish other offices and may elect a Board member to serve in any of the newly established offices. An Officer may resign his or her office by giving the President written notice of such resignation at least thirty (30) days in advance of the effective date of such resignation. In the event that an Officer resigns, dies, becomes disabled or is otherwise unable or unwilling to act, such Officer may be replaced by a majority vote.

Proceedings of all meetings shall be governed by Robert's Rules of Order.

#### **Article VII. Liability by GIN, Its Officers and Directors**

No BOD member shall be liable for any action taken or omitted by any other BOD member. BOD members, Officers and employees of the Board, shall be indemnified and held harmless by GIN for claims by third parties arising out of the good faith discharge of their duties in the administration of the Plan or the Trust. Such indemnification shall include, but not be limited to, court costs and reasonable attorneys' fees. Plan assets may be used to defend and hold harmless any BOD members, Officers and employees of the Board hereunder. The Board may utilize plan assets to purchase insurance providing fiduciary liability coverage and/or errors and

omissions coverage for itself as an entity and for its Officials and employees in connection with the administration and operation of the Plan and Trust.

If any claim or action not covered by insurance is instituted against a BOD, Officer or employee of GIN allegedly arising out of an act or omission occurring within the scope of his or her duties, GIN shall at the request of them:

- A. Appear and defend against the claim or action; and
- B. Pay or indemnify the BOD member, Officer or employee for a judgment and court costs based on such claim or action, provided there shall be no indemnification for any portion of a judgment representing an award of punitive or exemplary damages; and
- C. Pay or indemnify the BOD member Officer or employee for a compromise or settlement of such claim or action providing the settlement is approved by the Board of Directors of GIN.

The term BOD member. Officer or employee shall include former BOD members, Officers and employees. This indemnification resolution shall not apply if the Board of Directors finds that the claim or action is based on malicious, willful or criminal misconduct. In such case the action to be taken by the Board of Directors will be determined after an investigation of the facts.

#### **Article VIII. Programs of Insurance and/or Self-Insurance**

GIN may purchase insurance policies from insurance companies having a Certificate of Authority issued by the Department of Insurance of the State of Illinois.

#### **Article IX. Fiscal Year – Budget**

- A. The fiscal year of GIN shall commence on July 1 and end on June 30.
- B. During the last quarter of each fiscal year, the Board of Directors of GIN shall approve a preliminary budget for the administration of each Benefit for the next fiscal year. The preliminary budget shall set forth the method by which payments of Members are to be determined for the following GIN fiscal year. The Board of Directors shall annually approve a final budget.
- C. Failure of the Board of Directors to approve a preliminary or final budget within these time limits shall not relieve the Members or the obligation to make annual or supplementary payment to GIN as hereinafter provided.

- D. Funds shall be audited annually after June 30, by a firm of Certified Public Accountants.

**Article X. Finances**

- A. New Member Reserve Contributions: As a condition of new Membership, the new Member must pay into the Plan Accounts two (2) months of participation as funding for the reserve account.
- B. Surplus: At the end of each fiscal year, the Board will determine how any surplus in Plan Account funds will be utilized in the best interests of GIN. Where the Board has elected to return any surplus Plan Account funds to the Members, it will be allocated to each Member as a percentage of total premium paid in by the Member for that fiscal year compared to the total premiums paid by all Members for that fiscal year. In lieu of receiving a refund of surplus Plan Account funds, each Member may elect to place the refund of the surplus funds in the GIN reserve fund.
- C. Early Withdrawal from Plan: Any Member voluntarily withdrawing from GIN at any date prior to the end of the fiscal year shall immediately pay into the Plan Accounts, as reserves, an equivalent of two (2) months of participation.

**Article XI. Term and Termination**

These Bylaws will follow the guidelines for Term and Termination as outlined in the GIN Agreement.

**Article XII. Notices**

All notices of claims or any other notice required to be given pursuant to these By- Laws shall be sent by registered or certified mail, postage prepaid, return receipt requested and addressed as follows:

Assurance c/o GIN  
111 N. Canal St., Suite 550  
Chicago, IL 60606

City of Elmhurst  
209 N. York Street  
Elmhurst, IL 60126

Village of Frankfort  
452 W. Nebraska Street  
Frankfort, IL 60423

Village of Lemont  
418 Main Street  
Lemont, IL 60439

Village of New Lenox  
1 Veterans Parkway  
New Lenox, IL 60451

Village of Romeoville  
1050 West Romeo Road  
Romeoville, IL 60446

Village of Shorewood (including the Will County Governmental League as a Listed Entity)  
One Towne Center Blvd  
Shorewood, IL 60404

Village of Westmont  
31 W. Quincy St  
Westmont, IL 60559

**ARTICLE XIII.      Amendments**

These Bylaws may be amended at any regular meeting of the Board of Directors by providing the amendment was stated in the call for the meeting and voted on at a subsequent regularly scheduled board meeting.