

## **CHARTER OF THE SUBSCRIBERS' ADVISORY COMMITTEE**

The Subscribers' Advisory Committee (the "Committee") of Kin Interinsurance Nexus, an Arizona domestic reciprocal insurance company offering personal insurance coverages ("KIN"), is an advisory committee established to serve on behalf of the subscribers to KIN (the "Subscribers") for the purpose of advising, on occasion, Kin Risk Management Nexus, LLC ("KRMN"), the attorney-in-fact for KIN, on matters of interest to the Subscribers, and pursuant to Section 20-781, Arizona Revised Statutes. This document sets forth the terms and conditions upon which the Committee shall operate.

### **ARTICLE 1. Powers of the Committee**

The Committee shall be authorized to:

- A. Supervise the finances of KIN by reviewing its financial condition, including any financial reports or other financial information submitted by KIN to the Arizona Department of Insurance and Financial Institutions;
- B. Supervise the operations of KIN to the extent necessary to ensure conformity with the Subscriber's Agreement and Power of Attorney ("Subscriber's Agreement"), and make recommendations to KRMN on any operational issues;
- C. Recommend the selection of an independent auditor to KRMN and procure the audit of the accounts and records of KIN and KRMN, at the expense of KIN, and review the results of any such audit; and
- D. Adopt certain governance, election, voting or other rules, as the Committee determines, provided that such are not inconsistent with the Subscriber's Agreement and Power of Attorney and this Charter of Subscribers' Advisory Committee.

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

### **ARTICLE 2. Membership and Terms**

- A. The number of members of the Committee shall be selected under such rules as the members of the Committee adopt but in no event shall the Committee be comprised of fewer than three members or greater than 12 members.
- B. The initial Committee will be comprised of three members. The membership of the Committee shall be selected annually by KRMN. The membership of the Committee shall be selected and vacancies on the Committee filled in compliance with Section 20-781, Arizona Revised Statutes.

C. The Committee shall have the authority to remove and replace members of the Committee for cause, as determined by the Committee in consultation with KRMN, and shall direct KRMN to appoint substitute members, at any time.

D. At all times, each of at least two-thirds of the Committee members (i) shall be a Subscriber, (ii) shall not be employed by KRMN, (iii) shall not represent KRMN in any capacity, and (iv) shall not have a financial interest in KRMN.

E. Newly created Committee positions resulting from an increase in the number of Committee members, created in accordance with the rules promulgated by the Committee, and any vacancies on the Committee resulting from death, resignation, removal, or other cause may be filled by the affirmative vote of a majority of the remaining Committee members then in office, even if not presenting a quorum, or by the sole remaining Committee member. Any Committee member elected pursuant to this clause will hold office until such Committee member's successor shall have been appointed.

F. Members of the Committee will be reimbursed by KIN for all reasonable expenses associated with attending meetings of the Committee. In addition, for consideration of the counsel and service to be provided by each member of the Committee to KIN, each member (other than any employees of KRMN) shall receive, at the expense of KIN, a reasonable and customary per-meeting fee. Nothing contained herein shall be construed to preclude any member from receiving compensation for services rendered to KIN or KRMN in any other capacity, subject to the requirements set forth above.

### **ARTICLE 3. Role of the Committee**

A. The Committee's role is advisory, and the Committee understands and agrees that KRMN is responsible for the preparation of KIN's financial statements and the procurement of independent auditors; that the independent auditors are responsible for auditing the financial statements; and that KRMN is responsible for the hiring and retention of KRMN's management and employees and determining their respective compensation. In addition, the Committee understands and agrees that KRMN's management has more time, more knowledge and more detailed information regarding KIN than does the Committee and that the management of KRMN has more time and more knowledge for the evaluation of KRMN's management and employees (or candidates to serve as such); consequently, in carrying out its advisory responsibilities, the Committee shall not be deemed to provide any expert or special assurance as to the quality or trustworthiness of KRMN's management and employees (or candidates to serve as such), KIN's financial statements or any professional certification as to the independent auditor's work.

B. In discharging its advisory role, the Committee is empowered to investigate any matter brought to its attention with full access to all books, records, facilities, and personnel of KIN and KRMN. If a majority of the members of the Committee agree, with the consent of KRMN, which consent shall not be unreasonably withheld, the Committee may retain outside counsel, auditors or other experts to advise the Committee at the expense of KIN.

**ARTICLE 4.**  
**Meetings of the Committee**

A. The Committee shall hold one meeting for each calendar quarter to review the financial statements of KIN for such quarter and such other matters as the Committee shall determine. KRMN shall provide at least 10 days' notice of the meetings to each member of the Committee by telephone, e-mail or otherwise in writing. Special meetings of the Committee may be called by KRMN on one day's notice to each member, either by telephone, e-mail or otherwise in writing. Special meetings shall be called by KRMN in like manner and on like notice upon the written request of a majority of the members of the Committee. KRMN, in its sole discretion, may designate employees of KRMN to attend the meetings of the Committee. A majority of the total number of Committee members shall constitute a quorum for the conduct of a meeting and the transaction of any business. The vote of a majority of the Committee members present at a meeting at which a quorum is present shall be an act of the Committee.

B. Meetings of the Committee shall be held at such times and places within or without the State of Florida as the Committee may from time to time determine or as may be designated in the notice of the meeting. One or more members of the Committee may participate in any meeting of the Committee by means of a conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear one another. Participation in a meeting by such means shall constitute presence in person at the meeting.

C. Any action required or permitted to be taken at a meeting of the Committee may be taken without a meeting if, prior or subsequent to the action, consent thereto is signed by all of the members and is filed with a manager of KRMN.

**ARTICLE 5.**  
**Indemnification of Committee Members**

A. KIN shall indemnify any member of the Committee who was or is a party to, or is threatened to be made a party to, or who is called as a witness in connection with, any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, including an action by or in the right of KIN, by reason of the fact that the member is or was a member of the Committee. This indemnification shall include expenses, including reasonable attorneys' fees, judgments, fines, and amounts paid in settlement, actually and reasonably incurred by the member in connection with some action, suit or proceeding unless the act or failure to act giving rise to the claim for indemnification is determined by a court to have constituted willful misconduct or recklessness.

B. KIN shall pay reasonable expenses incurred by a Committee member in defending an action or proceeding referred to herein in advance of the final disposition of such action or proceeding upon receipt of an undertaking by or on behalf of such person to repay such amount if it shall ultimately be determined that he or she is not entitled to be indemnified by KIN.

C. The indemnification and advancement of expenses provided or granted herein shall not be deemed exclusive of any other rights to which those seeking indemnification or advancement of expenses may be entitled under any agreement, contract, vote of the board of

KRMN or otherwise, both as to action in any Committee member's official capacity and as to action in another capacity while holding such office.

D. The indemnification and advancement of expenses provided or granted herein shall, unless otherwise provided when authorized or ratified, continue as to a person who has ceased to be a member of the Committee and shall inure to the benefit of the heirs, executors and administrators of such person.

E. KIN or KRMN, as applicable, shall maintain Directors & Officers insurance from a highly-rated insurance company at limits that are deemed appropriate by the Committee and consistent with limits carried by comparable insurance companies.

#### **ARTICLE 6. Amendments**

The Committee reserves the right to amend, modify or repeal, upon receiving the concurrence of KRMN, any provision contained in this Charter of the Subscribers' Advisory Committee, subject to compliance with applicable law and the approval of the Arizona Department of Insurance and Financial Institutions, *provided, that*, the provisions of Article 5 may only be reduced prospectively.