

Truck Insurance Exchange Rules and Regulations: 2019 Proposed Amendment

Explanation of Proposed Revisions

Periodically, the Exchange Rules and Regulations are reviewed to ensure statutory and regulatory compliance, improve Governance, and reflect the current operations of the Exchange. This explanation document seeks to provide context for the revisions to the Rules and Regulations being proposed to the members.

The redlined version of the Rules and Regulations contains general updates to the language in the document. These updates include, for example, the term *Chairman* being revised to the term *Chair*. The substantive revisions are outlined below.

The Board of Governors has approved these proposed amendments to the Rules and Regulations, and recommend the members vote to approve these revisions.

Article	Section / Revision	Impact
Article I	Revising <i>Principal Office</i> to <i>Home Office</i>	Change made for consistency in the document.
Article II	Section 3: Defining terms of member voting.	Added language to emphasize and clarify voting rule as one vote per insurance policy. Reflects current practice.
Article III	Section 1: Revise size of Exchange Board to maximum 8 members.	Consistent with industry practices, the Exchange Board size will be gradually reduced to a maximum of 8 members. The proposed attrition/reduction is mapped out per year.
	Section 1: Defining terms of Board Members.	Language added to enact a four-year term limit for all Governors first elected to serve on the Board following the 2019 annual meeting.
	Section 2: Clarification on Governor eligibility	Amended section to clarify that Governors shall not be current directors, officers, agents, employees or shareholders of the Exchanges, its AIF, parent or subsidiary.
	Section 2: Class Size Reduction and Reassignment	Language added to allow Class size reduction and reassignment in alignment with the gradual attrition/reduction of Board size.
	Section 3: Governor suspension	Language added to authorize the Executive Committee to suspend Governors subject to the Board's ratification

	<p>Section 4: Section concerning Governor suspension added</p> <p>Section 7: Power to Amend these Rules</p> <p>Section 9: Reimbursement schedule</p> <p>Section 10: Governor compensation, travel/accident insurance.</p>	<p>Newly added section delineating the consequences of suspension.</p> <p>Language regarding the power to amend these Rules moved to Article XII, Section 1.</p> <p>Board Committees and recognized events added to schedule of reimbursements. Reflects current practice.</p> <p>Clarifications made to compensation schedule of Governors and right to travel / accident insurance. Reflects current practice.</p>
Article IV	<p>Section 1: Exchange Committee assignments</p> <p>Section 2: Removal of Governor alternates and Committee Rules and Regulations.</p>	<p>Consistent with current practices, the rules have been updated to allow the Executive Committee and Audit Committee to be Joint Committees. Reflects current practice.</p> <p>Removed the allowance of Exchange Committees to designate alternates to Committees and to adopt Rules and Regulations regarding Committee conduct.</p>
Article V	No Substantive Change	
Article VI	No Substantive Change	
Article VII	Section 2: Calling of Special Meetings	The Exchange’s Secretary may call Special Meetings of the Board of Governors.
Article VIII	No Change	
Article IX	No Change	
Article X	Section 1: Attorney-in-fact Duties	Added language to clarify that the duties of the attorney-in-fact are stated in the Subscription Agreement.
Article XI	No Change	
Article XII	<p>Section 1: Power to Amend these Rules</p> <p>Section 2: Process to Amend these Rules</p>	<p>Language regarding the power to amend these Rules moved from Article III, Section 7.</p> <p>Clarifying language added to the process by which these Rules may be amended. Reflects current practice.</p>