



**PENINSULA**  
protect



**PENINSULA**  
mutual

# Constitution and By-Laws

Peninsula Mutual Limited  
ACN 630 256 478



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[peninsulamutual.com.au](https://peninsulamutual.com.au)

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# Constitution

## 1. Interpretation

- a) In this Constitution the following words and phrases shall (unless the context otherwise requires) have the following meanings:
- "Act"** means the Corporations Act 2001 (Cth).
- "Board"** means the board of Directors of the Company.
- "By-law"** means any by-laws issued or imposed from time to time in accordance with Clause 6.
- "Chair"** means the chairperson of any meeting of either Members or Directors.
- "Claim"** means damages, expenses, liabilities or losses incurred by a Member who holds a Protection Schedule and the subject of a Claim for discretionary protection under Clause 13.
- "Closed Protection Year"** means a Protection Year that has been closed by the Board in accordance with the By-laws.
- "Company"** and **"Mutual"** means Peninsula Mutual Limited (formerly known as EmploySure Mutual Limited).
- "Constitution"** means this Constitution and any supplementary substituted or amending a constitution of the Company for the time being in force.
- "Contribution"** shall mean any monies payable to the Mutual by a Member, for the rights to claim for discretionary protection and shall be calculated and paid by each Member as set out in the By-laws.
- "Corporations Act"** means the Corporations Act 2001 (Cth) as modified or amended from time to time.
- "Director"** means a duly appointed director of the Mutual.
- "Distribution"** means a distribution of funds made to Members.
- "Eligible Entity"** means any client of Peninsula Australia Pty Ltd or Peninsula Group NZ Limited (formerly known as EmploySure Pty Ltd and EmploySure Limited).
- "Eligible Member Entity"** means a Member who is an Eligible Mutual Member and who at the time

of acquisition of the MCI by the Member is not an Unfinancial Member.

**"Eligible Mutual Member"** means a Member, other than a Foundation Member, who is admitted as a Member under clause 9.3.

**"Foundation Member"** means Peninsula Australia Pty Ltd.

**"MCI"** means a share which is a Mutual Capital Instrument for the purposes of section 167D of the Corporations Act.

**"MCI Holder"** means a person who is registered in the books of the Mutual as a holder of an MCI.

**"Member"** means a person or entity who is a member of the Mutual, other than an MCI Holder.

**"Membership"** means the status of being a current Member.

**"Member's Representative"** means a person nominated by a Member to exercise the privileges of membership on its behalf.

**"Open Protection Year"** means a Protection Year that has not been closed by the Board in accordance with the By-laws.

**"Place"** includes physical venue(s) or, any online facility(ies) or platform(s) nominated by the Board to allow Members to participate in any meeting or forum of the Mutual, electronically in real-time or any other format that the Board considers appropriate or otherwise allowable by the Act, and any combination of such things.

**"Product Disclosure Statement"** means the documents, which together form the Product Disclosure Statement, provided to each Member, during which time the Member has a right to have the Mutual consider the Member's claim for discretionary protection.

**"Protection Period"** means the period between the start date and the expiry date for the discretionary protection stated in the Protection Schedule.

**"Protection Schedule"** means the schedule of protection including any renewal or endorsement schedules and documents issued by the Mutual in relation to a Member's discretionary protection.

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**"Protection Year"** means a 12 month period designated by the Board in accordance with the By-laws.

**"Register"** means the register of Members of the Mutual and any register of MCI Holders kept in accordance with the Corporations Act.

**"Seal"** means the common seal of the Mutual.

**"Secretary"** means any person appointed to perform the duties of a company secretary of the Mutual.

**"State"** means the State of New South Wales unless specified otherwise.

**"Subordinate Regulation"** means any code of conduct, rules, By-laws, regulations or standards issued from time to time by the Company under this Constitution.

**"Transmission Event"** means the dissolution of the MCI Holder or the succession by another body corporate to the assets and liabilities of the MCI Holder.

**"Unfinancial Member"** means a Member who fails to pay in full the Contributions due to be paid by the Member to the Mutual under this Constitution or under the Rules or in respect of any other requirements for membership for a member set by the directors under this Constitution by the due date or such later date as the Mutual may allow.

- b) A reference to a "Clause" is a reference to a clause contained in this Constitution.
- c) Expressions referring to writing shall, unless the contrary intention appears, be construed as including printing, typing and other means of representing or reproducing words, figures, drawings or symbols in a visible and tangible or electronic communication or form or otherwise, in English.
- d) Words or expression contained in this Constitution and not otherwise defined shall be interpreted in accordance with the Act as in force at the date at which this Constitution becomes binding on the Company.
- e) Powers of delegation shall not be restrictively construed but the widest interpretation shall be given to them.

- f) The words "Directors" and "Board" in the context of the exercise of any power contained in this Constitution include any committee consisting of one or more Directors, any Director holding executive office and any manager or agent of the Mutual to which or, as the case may be, to whom the power in question has been delegated.
- g) Subject to Clause 3.3, where the Company or the Directors or any other person is given a power, right or discretion under this Constitution, the power, right or discretion may be exercised absolutely without restriction unless the power, right or discretion is expressly limited and any exercise of that power, right or discretion on any occasion will not restrict the further exercise of the power, right or discretion on any other occasion or at any time.
- h) Except where expressly provided by the terms of delegation, the delegation of a power shall not exclude the concurrent exercise of that power by any other body or person who is for the time being authorised to exercise it under this Constitution or under another delegation of the power.
- i) Where a document (including a notice or consent) is required to be "signed", the requirement may be satisfied in relation to an electronic communication of the document in any manner:
  - i) Permitted by relevant law relating to electronic transmissions (including electronic signature); or
  - ii) Approved by the Directors (which could include authentication by providing an allocated code or specified personal information).
- j) Words importing persons shall include individuals, partnerships, corporations and mutuals.
- k) The words "present" or "attend" in the context of attendance at meetings, includes whether that be in person, including by the use of technology approved by the Directors for a general meeting, or by proxy, attorney or Member's Representative (as applicable).

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## 2. Replaceable Rules

- 2.1 The replaceable rules contained in the Act do not apply to the Mutual.

## 3. Objects

- 3.1 Without limiting the legal capacity and powers of the Company conferred by law, the objects for which the Mutual has been established are:
- a) To act as a mutual company in dealings with its Members and to receive Contributions from Members;
  - b) To consider and pay Claims for protection relating to certain liabilities, losses or expenses incurred by Members on a discretionary basis, in accordance with the Constitution, By-Laws and the Product Disclosure Statement;
  - c) To enter into or arrange insurance or reinsurance contracts as deemed necessary from time to time and to negotiate directly or indirectly with the insurance market cover for any risk for the benefit of the Mutual and/or the Members;
  - d) To provide financial products and advice to Members, including but not limited to the following classes of financial products:
    - i) miscellaneous financial risk products limited to mutual risk products; and
    - ii) general insurance products;
  - e) To deal in financial products by:
    - i) issuing, applying for, acquiring, varying or disposing of a financial product in respect of financial products limited to miscellaneous financial risk products and to mutual risk products; and
    - ii) applying for, acquiring, varying or disposing of a financial product on behalf of another person in respect of general insurance products;
  - f) To consider all questions connected with loss prevention and insurance as they might relate to Members and generally to supply information and advice relating thereto or to

the interest of any Member and to promote or oppose legislative or other measures affecting the same;

- g) To provide such other benefits and services to Members as are in their mutual interest, including but not limited to the establishment and implementation of education, training, tools and templates, credit rating/solvency, reference checking and risk management initiatives and programs;
- h) To borrow and raise money or secure the payment of money in such manner as the Mutual may think fit, and to give any guarantee for payment of money or the performance of any contractual obligation or undertaking by any person, company or government body, and to secure any such guarantee or the repayment or performance of any debt liability, contract, guarantee or other engagement, including but not limited to mortgaging or charging any real or personal property or any other asset of the Mutual and to purchase, redeem or pay off any securities;
- i) To pay all outgoings, costs, charges, losses and expenses incurred in or incidental to the promotion and establishment of the Mutual or the activities of the Mutual, and maintain reserves and such financial provision as the Board consider fit for the offer of the discretionary protection to the Members;
- j) To appoint or employ any person to act as agent, representative, manager, adviser, consultant or otherwise on behalf of the Mutual in relation to any of the activities or proposed activities of the Mutual;
- k) To open and operate any account or accounts with any bank or building society, to advance, lend or deposit money or give credit to or with any company on such terms as may be thought fit and with or without security
- l) To permit any asset of the Mutual to be held or registered in the name of any nominee of the Mutual and to deposit securities or other investments belonging to or relating to the



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Mutual with any bank, building society or custodian;

- m) To purchase and maintain for any director, auditor, officer, trustee, manager or any other person (including retired persons) insurance against any liability for negligence, default, breach of duty or breach of trust or any other liability which may lawfully be insured against;
  - n) To enter into any partnership or arrangement in the nature of a partnership, joint venture, co-operation or union of interests, profit/loss-sharing arrangement or other mutual or relationship, with any person or company engaged or interested in or who or which may become engaged or interested in the carrying on or conduct of any business which the Mutual is authorised to carry on or conduct from which the Mutual would or might derive any benefit whether direct or indirect, and to take or otherwise acquire shares and securities in or of any such company (whether fully or not fully paid up or with limited or unlimited liability) and to sell, hold, re-issue with or without guarantee or otherwise deal with the same;
  - o) To establish or promote, or join in the establishment or promotion of, any other company in any part of the world whose objects shall include the taking over of any of the assets or liabilities of the Mutual or the promotion of which shall or may be calculated to advance its interests, and to acquire, hold, sell or otherwise deal with any shares, securities or obligations of any such company;
  - p) To amalgamate with any other company with similar objects;
  - q) To acquire or undertake the whole or any part of the business, goodwill and assets of any person or company carrying on or proposing to carry on any of the businesses which the Mutual is authorised to carry on and in connection with any such acquisitions to undertake all or any of the liabilities of such person or company and to conduct or carry on such business;
  - r) To sell or dispose of the undertaking, property and assets of the Mutual or any part thereof in such manner and for such consideration as the Board may think fit, and in particular for shares (fully or partly paid up) securities or obligations of any other company and to improve, manage, develop, exchange, lease, dispose of or otherwise deal with all or any part of the property and assets of the Mutual;
  - s) To cause the Mutual to be recognised in any foreign country;
  - t) To join, co-operate with or become a member of any society, committee, mutual or other body or group howsoever constituted having for its object or included in its objects the defence or advancement of the interests of the Members, and staff by joint or concerted action, and to support and contribute to the funds of any such society, committee, mutual or other body or group and generally to make such charitable, philanthropic, useful or other donations or subscriptions to any persons or mutuals or objects as the Board may think fit;
  - u) To do all or any of the above things in any part of the world and either as principal, agents, trustees or otherwise, and either alone or in conjunction with another or others, and by or through agents, sub-contractors, trustees or otherwise; and
  - v) To do all such things as are, in the opinion of the Board incidental or conducive to the attainment of the above objects or any of them and as are permitted by law for a company limited by guarantee and with no share capital.
- 3.2 The objects of the Mutual as specified in Clauses 3.1a) to 3.1n) above shall be construed as the main objects of the Mutual and the powers conferred on the Mutual by any of the Clauses 3.1o) to 3.1v) above shall be restricted by reference to or inference from the terms of the main objects of the Mutual.
- 3.3 For the sole purpose of carrying out the objects and in addition to the powers set out above the Mutual has the power and capacity to do all

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such acts, deeds and things as a company has capacity and power to do pursuant to the Act including but without limiting the generality of the foregoing:

- a) To accept or refuse any gift, endowment or bequest made to or acquired by the Mutual generally for the objects herein set forth or for the purpose of any specific object and to undertake, execute and carry out any charitable or other trust which may be considered expedient or desirable in the interests of the Mutual, but subject always to the other provisions of this Constitution;
- b) To print and publish or to contribute to the publication of any newspaper, periodical, journal, leaflet, book or magazine and to print, publish and circulate books, papers, pamphlets and information and to provide and circulate any annual or other report of the Mutual and its proceedings and work;
- c) To develop content, develop and own intellectual property including social media and website content and trade marks or otherwise publish, advertise or circulate information in hard copy or by electronic means;
- d) To engage in marketing, promotional and recruitment activities with and for current Members and prospects;
- e) To subscribe to, become a member of and co-operate with any other mutual or organisation, whether incorporated or not, whose objects are altogether or in part similar to the Mutual;
- f) In furtherance of the objects of the Mutual to buy, sell and deal in all kinds of apparatus, literature and other items required by the Members or persons frequenting the Mutual's premises, and otherwise spend money and do all other things that it considers desirable to promote the Mutual's objects;
- g) To control, manage, lease, exchange, mortgage, charge, sell, transfer, surrender, dispose of, develop, purchase, take on lease or in exchange, hire, acquire, carry on business or otherwise deal with any lands, buildings, easements or property, estate, or other real and personal, interest in, and any rights or privileges which may be requisite for the purposes of, or capable of being conveniently used in connection with, any of the objects of the Mutual provided that in case the Mutual shall take or hold any property which may be subject to any trusts the Mutual shall only deal with the same in such manner as is allowed by law having regard to such trusts;
- h) To appoint, employ, remove or suspend such employees, agents, contractors, volunteers, professional persons, managers, clerks, secretaries, servants, workmen and other persons as may be necessary or convenient for the purposes of the Mutual;
- i) To establish and support or aid in the establishment and support of mutuals, institutions, funds, trusts and conveniences calculated to benefit employees or former employees of the Mutual or dependants or connections of any such persons, to grant pensions and allowances to make payments towards insurance; and to subscribe or guarantee money for charitable or benevolent objects, or for any public, general or useful object;
- j) To construct, improve, maintain, develop, work, manage, carry out, alter or control any houses, buildings, grounds, works, real or personal property or conveniences and enter into contracts and agreements with any person including a third party provider of goods or services which may seem calculated directly or indirectly to advance the Mutual's interests and to contribute to, subsidise or otherwise assist and take part in the construction, improvement, maintenance, development, working, management, carrying out, alteration or control thereof;
- k) To enter into any arrangement with any government or authority that seems conducive to the Mutual's objects, obtain from any government authority any right, privilege or concession that the Mutual thinks is desirable to obtain, and carry out, exercise and comply with any of these arrangements,

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rights, privileges and concessions;

- l) To invest, deal with and lend the monies of the Mutual not immediately required for the purposes of its business, in such manner as may be permitted by law and any other investments as might be made by a prudent investor, including but not limited to stocks, shares, bonds, debentures, derivatives, futures, options, swaps, or other securities or the purchase of such currencies, commodities or other real or personal property, or by means of being deposited in accounts and in such manner as may from time to time be determined, and otherwise provide financial accommodation to, and guarantee or otherwise secure loans;
- m) To make, draw, accept, endorse, discount, execute and issue promissory notes, bills of exchange, bills of lading and other negotiable or transferable instruments;
- n) To take or hold mortgages, liens and charges to secure payment of the purchase price or any unpaid balance of the purchase price, of any part of the Mutual's property of whatsoever kind sold by the Mutual, or any money due to the Mutual from purchasers and others;
- o) In furtherance of the objects of the Mutual to amalgamate with any companies, institutions, societies or mutuals having objects altogether or in part similar to those of the Mutual;
- p) In furtherance of the objects of the Mutual to purchase or otherwise acquire and undertake all or any part of the property, assets, liabilities and engagements of any one or more of the companies, institutions, societies or mutuals with which the Mutual is authorised to amalgamate;
- q) In furtherance of the objects of the Mutual to transfer all or any part of the property, assets, liabilities and engagements of the Mutual to any one or more of the companies, institutions, societies or mutuals with which the Mutual is authorised to amalgamate;

- r) To make donations for patriotic or charitable purposes; and
- s) To do all such other things as are incidental or conducive to the attainment of the objects and the exercise of the powers of the Mutual.
- t) To raise money to further the aims of the Mutual and to secure sufficient funds for the objects of the Mutual (including by way of issuing MCIs).

## 4. Distributions to Members

- 4.1 The Board may in its absolute discretion divide and classify any surplus funds of the Mutual as attributable to particular Open or Closed Protection Years. Distributions may be declared only by the Board in its sole discretion in respect of Open or Closed Protection years. Interest is not payable by the Mutual in respect of a Distribution.
- 4.2 A Distribution may be paid in any manner determined by the Board and permitted by law, including wholly or partly by the payment of cash and the transfer of assets. Where any difficulty arises in regard to a Distribution satisfied wholly or in part by the transfer of assets, the Board may settle the matter as it considers expedient. In respect of a Distribution, the Board may do any or all of the following:
  - a) Fix the value for Distribution of those specific assets or any part of them;
  - b) Determine that cash payments are to be made to some Members in order to equitably adjust the rights of all Members;
  - c) Vest any of those specific assets in trustees as the Board consider expedient; or
  - d) Deduct from any Distribution payable to a Member all sums of money, if any, presently payable by the Member to the Mutual.

To the extent permitted by law, the Board may resolve to capitalise the whole or a part of the surplus of the Mutual and may apply that amount in any manner permitted by this document or by law. A sum capitalised must be applied for the benefit of the Members in the proportions in which those Members would have been entitled



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to that sum if distributed by way of Distribution. The Members must accept an application of capital in full satisfaction of their interests in that capital. To the extent necessary to adjust the rights of Members among themselves, the Board may take any other action necessary to equalise entitlements of Members.

## 5. Company's Powers

5.1 Nothing in this Constitution precludes:

- a) Payment in good faith or reasonable and proper remuneration to any Director, officer or servant of the Company or to any Member in return for any services rendered to the Company;
- b) The payment of interest at the rate not exceeding the rate charged by the Company's bankers on overdrawn accounts on any money lent to the Company by any Member, Director or officer;
- c) In the case of any Director who is engaged by the Company as an executive Director, manager, consultant or agent, any reasonable and proper remuneration for services provided to the Company; or
- d) The repayment of reasonable out-of-pocket expenses, properly incurred by any Director.

5.2 Any payment authorised under Clause 5.1 may be made only with the prior written approval of the Board.

5.3 Without limiting the generality of the foregoing the Mutual has the powers set out in Section 124 of the Act.

5.4 Subject to Clause 3.3, where the Act authorises or permits a company to do anything if authorised by its constitution, the Company is authorised or permitted to do that thing despite any other provision of this Constitution.

5.5 Where any provision in this Constitution is invalid or unenforceable or conflicts with any provision of the Act, it will be read and interpreted as being subject to the provisions of the Act and will be ineffective, but only to the extent of any invalidity, unenforceability or conflict.

## 6. By-laws of the Mutual

6.1 The Board may:

- a) Issue and/or impose; or
- b) Vary, amend, suspend, revoke or otherwise change, by resolution,

any By-laws or other Subordinate Regulation at any time and from time to time which may deal with any matter within the power of the Directors including (without limitation):

- c) The eligibility criteria for potential members;
- d) The admission and/or disqualification or removal of Members;
- e) Availability of services or facilities of the Company and/or access to them by Members;
- f) The rights attaching to Membership;
- g) The form of application for admission to the Mutual as a Member;
- h) The basis upon which Claims for protection shall be considered by the Mutual;
- i) The nature and extent of the protection to be provided by the Mutual and the exclusions therefrom;
- j) The amounts of Contributions to the Mutual to be paid from time to time;
- k) the value of an MCI unit to be paid by MCI Holders;
- l) The obligations of the Mutual and the Members in respect of their Claims for protection;
- m) Conditions for the use or licence of any trade or other mark or property of the Company;
- n) Conditions and circumstances for a Closed or Open Protection Year; and
- o) Such other matters incidental to the activities of the Mutual as the Board thinks fit, and the Subordinate Regulations for the time being in force would be binding on all Members.

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- 6.2 The Board may distinguish between Members in the application or enforcement of any Subordinate Regulation without giving reasons and without being liable for any loss occasioned by doing so.
- 6.3 The By-laws made by the Board have effect as a contract between the Members and the Mutual and every Member shall be bound accordingly.
- 6.4 In the event of any inconsistency or conflict between the Constitution and any Subordinate Regulation, including any By-laws, the Constitution will prevail to the extent of any inconsistency or conflict.

## 7. Business

- 7.1 The business of the Mutual shall consist of all the matters and things set forth in this Constitution and shall be conducted under the control of the Board according to the terms of this Constitution and the By-laws.

## 8. Foundation Member

The Foundation Member is not a Member for the purposes of the common objects and purpose of the Mutual and does not participate in the discretionary protection offered by the Mutual, nor does it have any entitlement to make a Claim and it is not required to pay Contributions. The Foundation Member has no entitlement to the payment of any Distribution or return of surplus following winding up. The Foundation Member participates as a member for the purposes of voting rights and representation on the Board. The Foundation Member is entitled to apply an MCI.

## 9. Membership

- 9.1 The maximum number of Members of the Mutual is unlimited, and the number of Members must not be less than one (1).
- 9.2 The Members will be made up of:
- Eligible Entities whose applications for Membership have been approved;
  - The Foundation Member; and
  - Any other persons that the Board admits to Membership in accordance with the By-laws.

- 9.3 An Eligible Entity desiring to become a Member of the Mutual may apply in writing in such form as may be required by the Board and the application shall be submitted in such manner (including but not limited to any form or manner that is supported by any form or type of technology that is resolved to be appropriate by the Board).
- 9.4 The application must:
- State that the applicant agrees that upon its admission to the Mutual as a Member, it agrees to be bound by the provisions of this Constitution, the By-laws and any Subordinate Regulation; and
  - Specify the Protection Period for which the Member seeks admission to the Mutual.
- 9.5 Upon the receipt of an application, the Board may in its absolute discretion admit the applicant to the Mutual as a Member. At the next meeting of the Board after the receipt of any application for Membership, such application shall be considered by the Board which shall thereupon determine the admission or rejection of the applicant. In no case shall the Board be required to give any reason for the rejection or admission of an applicant.
- 9.6 The Board may determine the entrance fee payable by any person applying for Membership of the Company. The Board may at any time and as many times as it decides, change the entrance fee payable. Until the Board otherwise determines, no entrance fee is payable.
- 9.7 The Board may delegate its power to approve or reject an application for Membership to the Secretary, a Board committee or such other person or entity employed or engaged by the Mutual.
- 9.8 An Eligible Entity will become a Member on the date that the Mutual, or its nominee, accepts the Member's application for Membership.
- 9.9 If an Eligible Entity is to be admitted as a Member, the Mutual (or its nominee) must notify the Eligible Entity of the amount of the Contribution that is payable by the Eligible Entity or payable on their behalf in the first Protection Year and the due date that the Contribution must be paid.

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- 9.10 The names of the Members shall be recorded in a register kept by the Mutual.
- 9.11 Each Member must notify the Secretary, using a facility provided by the Company for notification or communication, in writing of any change in that person's contact details provided under Clause 9.10 within one (1) month after the change.
- 9.12 At the time of admission of a Member, the Mutual shall issue a Protection Schedule in any form deemed appropriate by the Board, stating:
- a) The name of the Member;
  - b) The period of membership and protection
  - c) The membership number; and
  - d) Any other matters that may be appropriate.
- 9.13 A Protection Schedule is, in the absence of manifest error, conclusive evidence of the admission to the Mutual of the Member and of the other matters stated in the Schedule.
- 9.14 When an application for Membership is rejected, the Secretary will send to the applicant written notice of the rejection (and refund the entrance fee, if any paid, in full).
- 9.15 Admission to the Mutual as a Member shall be effective from the date stated on the Protection Schedule and shall continue for so long as the Member holds a current Protection Schedule and remains an Eligible Entity. Provided that a person shall not cease to be a Member pursuant to this Clause if that would cause the Mutual to be in breach of the Act or any law or cease to be in existence.
- 9.16 The Mutual may renew a Member's discretionary protection for a subsequent Protection Period at its sole discretion at the end of the Member's first year of Membership. The Mutual may impose special rules or conditions determined in its sole discretion on renewal of discretionary protection or applications for discretionary protection for consecutive Protection Periods.
- 9.17 Membership shall be personal to the person or entity concerned and is not transferable, assignable or subject to novation.
- 9.18 All contributions shall become payable as a consequence of Membership of the Mutual and shall become due and payable at such time or

times determined by the Board.

- 9.19 For the avoidance of doubt unless expressly stated otherwise in this Constitution:
- a) An MCI Holder is not a Member of the Mutual merely by virtue of holding an MCI;
  - b) With the exception of the Foundation Member, an MCI Holder must be (or become) a Member of the Mutual if they are an Eligible Member and otherwise admitted to membership in accordance with the Constitution.

## 10. Cessation of Membership

- 10.1 A Member (other than an MCI Member) may resign Membership on giving thirty (30) days prior notice in writing, using a facility provided by the Company for notifications or communications, or by submitting the notice by email to the Secretary. Cessation of Membership is deemed to take effect at the end of the thirty (30) day period. All rights and privileges of Membership will cease immediately upon the person or entity ceasing to be a Member for any reason. Resignation does not release a Member from any obligations including but not limited to the payment of outstanding Contributions under Clause 8.2 which shall continue until such obligations cease to have effect.
- 10.2 A Member remains liable for and must pay all Contributions payable for each Protection Period that were payable at the time the Member ceased to be a Member no matter what the reason for the Member ceasing to be a Member, except in the circumstances where the Board waives the requirement for a Member to pay the Contributions. The Member shall continue to be liable for any unpaid amounts, including all arrears, interest and costs due and unpaid at the date of its cessation of Membership for any reason, including any sum not exceeding \$1.00 for which it is liable as a Member of the Mutual under Clause 11.2 of the Constitution.
- 10.3 If any Contribution of a Member shall remain unpaid after it becomes due (except where the Board resolves to extend the due date for the payment of Contributions) and no Protection

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Schedule is issued to the Member for the Protection Year, the Member ceases to be a Member 30 days after the date of notification of cancellation by the Mutual, using a facility provided by the Company for notifications or communications, or by submitting the notice to the Member in accordance with Clause 26.

10.4 A Member may at any time by giving notice in writing to the Secretary resign its Membership of the Mutual but the Member shall continue to be liable for any unpaid Contributions and all arrears, interest and costs due and unpaid at the date of its resignation and for all other monies due by it to the Mutual and in addition for any sum not exceeding \$1.00 for which it is liable as a member of the Mutual under Clause 11.2 of the Constitution.

10.5 If any Member wilfully refuses or neglects to comply with the provisions of the Constitution or any Subordinate Regulations, or is guilty of any conduct which in the reasonable opinion of the Board is unbecoming of a Member or prejudicial to the interests of the Mutual the following shall apply:

- a) The Board shall have power to pass a special resolution to expel the Member from the Mutual and erase its name from the register of Members provided that at least one (1) week before the meeting of the Board at which the special resolution for its expulsion is proposed the Member shall have had notice of such meeting, using a facility provided by the Company for notifications or communications, and of what is alleged against it and of the intended resolution for its expulsion and that it shall at such meeting and before the passing of such resolution have had an opportunity of giving orally or in writing such explanation or defence it may think fit;
- b) Any such Member may by notice in writing lodged with the Secretary using a facility provided by the Company for notifications or communications, or by submitting the notice by email to the Secretary, at least twenty-four (24) hours before the time for holding the meeting at which the resolution for its expulsion is to be considered by the Board elect

to have the question of its expulsion dealt with by the Mutual in a general meeting; and

- c) In that event a general meeting of the Mutual shall be called for the purpose and if at the meeting a resolution for the expulsion of the Member be passed by a majority of two-thirds of those present and voting, excluding the Member the subject of the expulsion (such vote to be taken by ballot) the Member shall be expelled and its name removed from the register of Members.

10.6 A Member shall cease to be a Member immediately upon any of the following events occurring:

- a) The dissolution of the Member;
- b) The Member being declared bankrupt or insolvent;
- c) A resolution being passed or an order made for the winding up of the Member other than for the purposes of reorganisation;
- d) The Member making any composition or arrangement with its creditors;
- e) A receiver, trustee, liquidator, manager or administrator being appointed over the assets or undertaking of the Member, except where this Clause cannot be enforced under the Act; or
- f) The Member ceasing to be an Eligible Entity.

PROVIDED ALWAYS that such Member shall be and remain liable to pay to the Mutual all such calls, fees and Contributions and monies, interest and costs as under this Constitution, the By-laws or any Subordinate Regulation that such Member is expressed to be liable to pay.

## 11. Liability

11.1 The liability of the Members is limited.

11.2 Every Member undertakes to contribute to the property of the Mutual in the event of the same being wound up while it is a Member, or within one (1) year after it ceases to be a Member, for payment of the debts and liabilities of the Mutual contracted before it ceases to be a Member, to fund the Claims approved for payment by the Directors and of the costs, charges, and

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expenses of winding up and for the adjustment of the rights of the contributories among themselves, such amount as may be required not exceeding one dollar (\$1.00). The liability of each Member under Clause 11.2, will terminate on the day which is six (6) months after the date on which the Member's Membership of the Company ceases.

## 12. Member's Contribution

- 12.1 Except as otherwise stated in this Constitution, Contributions are payable by a Member in accordance with the direction of the Board and the Board will determine the amount of the Contribution payable by each Member and the due date for the payment of Contributions from time to time.
- 12.2 A Member must ensure that the Contribution for each Protection Period which is payable by them is paid, to the Mutual by the due date.

## 13. Protection Claims

- 13.1 If a Member is issued with a Protection Schedule, the Member is entitled to make a Claim on the Company for discretionary protection if an event detailed in the Product Disclosure Statement issued to the Member occurs.
- 13.2 A Member is entitled to request the Board consider their Claim for protection and the Board may in their sole and absolute discretion decide whether the Company will accept the Claim.

## 14. General meetings

- 14.1 The first general meeting shall be held at such time, not being less than one (1) month nor more than eighteen (18) months after the registration of the Mutual and at such place as the Board may determine.
- 14.2 An annual general meeting of the Mutual shall be held in accordance with the provisions of the Act. All meetings other than annual general meetings shall be called general meetings.
- 14.3 A meeting of Members may be held in two (2) or more places linked together by any technology that gives the Members as a whole in those

places a reasonable opportunity to participate in proceedings, enables the Chair to be aware of proceedings in each place, and enables the Members in each place to vote on a show of hands and on a poll. A Member present at one of those places is taken to be present at the general meeting and entitled to exercise all rights that being present at the general meeting affords.

- 14.4 If a separate meeting place is linked to the main place of a general meeting by an instantaneous audio visual communication device whatsoever which, by itself or in conjunction with other arrangements:

- a) Gives the general body of Members in the separate meeting place a reasonable opportunity to participate in proceedings in the main place; and
- b) Enables the Members in the separate meeting place to vote on a poll,

a Member present at the separate meeting place is taken to be present at the general meeting and entitled to exercise all rights as if he or she was present at the main place.

- 14.5 If, either before or during the meeting, any technical difficulty causes one or more of the matters set out in Clause 14.3 to not be satisfied:

- a) The Chair may:
  - i) Adjourn the meeting until the difficulty is remedied; or
  - ii) Continue to hold the meeting and transact business in the place where the Chair is present (and any other place which is linked under Clause 14.3); and
- b) No Member may object to the meeting being adjourned, being held or continuing.

- 14.6 Any member of the Board, or the Chair, may whenever it thinks fit convene a general meeting and general meetings shall be convened on such requisition or in default may be convened by such requisitionists as provided by the Act. Any member of the Board, or the Chair, may cancel any meeting convened by that person. A general meeting shall also be convened on requisition as is provided for by the Act or in default may be



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convened by such requisitionists as empowered to do so by the Act.

- 14.7 Subject to the provisions of the Act relating to special resolutions and agreements for shorter notice twenty-one (21) days' notice at least (exclusive of the day on which the notice is served or deemed to be served, but inclusive of the day for which notice is given) specifying the place, the day and the hour of meeting and in case of special business, the general nature of that business shall be given to such persons as entitled to receive such notices from the Mutual, and contain any other information required by the Act. If a special resolution is to be proposed at the meeting the notice must be set out an intention to propose the special resolution and state the resolution. Notice may be given in accordance with Clause 26.2.
- 14.8 All business shall be special that is transacted at a general meeting and also all that is transacted at any annual general meeting, with the exception of the consideration of the accounts, balance sheets and the report of the Board and auditors, the election of officers and other Members of the Board in the place of those retiring and the appointment and fixing of the remuneration of the auditors.
- 14.9 A general meeting may only be convened by giving the Members (and any MCI Holders if the terms of issue of the MCIs require notice to be given) notice of the meeting. No business is to be transacted at any general meeting except that contained in the meeting notice unless all the Members agree otherwise. A notice of general meeting does not need to be given to Members who are not entitled to notice of meetings. If a Member or MCI Holder (if applicable) does not receive a meeting notice or the Directors accidentally omit to give the Member a meeting notice, that omission will not invalidate the proceedings or any resolution passed at the meeting.
- 14.10 The Director may postpone a general meeting or change the place for the meeting by giving written notice to all Members who received the original notice of meeting at least forty-eight (48) hours before the appointed time. That

notice must specify the time and place for the postponed meeting. The Directors may cancel a general meeting, other than a general meeting which they are required to convene and hold under the Act.

- 14.11 A meeting may only be cancelled in accordance with Clause 14.10 if notice of the cancellation is given to all persons entitled to receive notice of the meeting at least two (2) business days prior to the time of the meeting as specified in the notice of meeting.
- 14.12 The Board must call and arrange to hold a general meeting on the request of any Member or Members holding at least 5% of the votes that may be cast at a general meeting, PROVIDED ALWAYS THAT the Members calling the meeting must pay the expenses of calling and holding the meeting.
- 14.13 The requests from the Members must:
- a) State any resolution to be proposed at the meeting;
  - b) Be signed by the Members making the request; and
  - c) Be given to the Company.
- 14.14 The Board may refuse to convene a general meeting if the voting on the proposed resolution is not within the power of the Members.
- 14.15 A Member has the right to receive notices of and to attend and be heard at any general meeting and has the right to vote at any general meeting.
- 14.16 The Members cannot modify or repeal this Constitution or wind up the Company voluntarily unless a resolution has been passed in favour of such action by 75% of the votes cast by the Board entitled to vote on the resolution, prior to the time that the notice of the meeting to consider the resolution is sent to Members.

## 15. Proceedings at general meetings

- 15.1 No business shall be transacted at any general meeting unless a quorum of Members is present at the time when the meeting proceeds to business. If a quorum is not present at any time,

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the meeting is not validly convened but this does not affect the validity of any business conducted before the absence of a quorum occurs. Save as herein otherwise provided, five (5) Members (including the Foundation Member) present shall be a quorum. For the purpose of this Clause "Member" means Members and a person present as a proxy or as a Member's Representative. If there are fewer than five (5) Members of the Mutual at the time of the general meeting, a quorum is when all Members (including the Foundation Member) are present by proxy or through a Member's Representative.

- 15.2 If within thirty (30) minutes from the time appointed for the meeting a quorum is not present, the meeting, if convened upon the requisition of Members, shall be dissolved. In any other case it shall stand adjourned to the same day in the next week at the same time and place, or to such other day and at such other time and place as the Board may determine, and if at the adjourned meeting a quorum is not present within thirty (30) minutes from the time appointed for the meeting, the Members present (being not less than two (2)) shall be a quorum.
- 15.3 The Chair shall preside at every general meeting of the Company, or if there is no Chair, or if he or she is not present within fifteen (15) minutes after the time appointed for the holding of the meeting or is unwilling to act, the vice-Chair, being a Director appointed by the Foundation Member in accordance with Clause 18.2c, shall be the Chair or if the vice-Chair is not present or is unwilling to act then the Members present shall elect one of their number to be Chair of the meeting.
- 15.4 In the case of an equality of votes, whether on a show of hands or on a poll, the Chair of the meeting at which the show of hands takes place or at which the poll is demanded shall be entitled to a second or casting vote.
- 15.5 The Chair may, with the consent of Members at any meeting at which a quorum is present (and shall if so directed by the Members), adjourn the meeting from time to time and from place to place, but no business shall be transacted at

any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place. When a meeting is adjourned for thirty (30) days or more, notice of the adjourned meeting shall be given as in the case of an original meeting. Save as aforesaid it shall not be necessary to give in any notice of an adjournment details of the business to be transacted at an adjourned meeting.

- 15.6 Subject to the terms of this Constitution dealing with adjournment of meetings, the ruling of the Chair on all matters relating to the order of business, procedure and conduct of the general meeting is final and no motion of dissent from a ruling of the Chair may be accepted.
- 15.7 The Chair, in his or her discretion may expel any Member or Director from a general meeting if the Chair reasonably considers that the Member or Director's conduct is inappropriate behaviour.
- 15.8 At any general meeting a resolution put to the vote of the meeting shall be decided on a show of hands unless a poll is demanded according to the following conditions:
- a) A poll may be demanded:
    - i) by the Chair; or
    - ii) by at least three (3) Members present in person or by proxy.
  - b) A poll may be demanded;
    - i) before a vote is taken;
    - ii) before the voting results on a show of hands is declared; or
    - iii) immediately after the voting results on a show of hands are declared.
- 15.9 Unless a poll is so demanded a declaration by the Chair that a resolution has on a show of hands been carried or carried unanimously, or by a particular majority, or lost, and an entry to that effect being made in the book containing the minutes of the proceedings of the Mutual shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against the resolution.
- 15.10 The demand for a poll may be withdrawn at any time.

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- 15.11 Before a vote is taken the Chair must inform the meeting whether any proxy votes have been received and how the proxy votes are cast.
- 15.12 If a poll is duly demanded it shall be taken in such manner and either at once or after an interval or adjournment or otherwise as the Chair directs and the result of the poll shall be the resolution of the meeting at which the poll was demanded but a poll demanded on the election of a Chair or on a question of adjournment shall be taken forthwith.
- 15.13 With the exception of the Foundation Member, each Member shall be entitled to a single vote at a general meeting regardless of the amount of their Contributions and regardless of whether they are an MCI Holder. The Foundation Member is not entitled to vote at a general meeting.

## 16. Written Resolutions and Electronic Voting

- 16.1 The Directors may decide that a Member who is entitled to vote on a resolution at a meeting is entitled to a direct vote in respect of that resolution on the following terms. A "direct vote" includes a vote delivered to the Mutual by post, electronic means or such other means approved by the Directors. The Directors may prescribe Subordinate Regulation about direct voting, including specifying the form, method and timing of giving a direct vote for the vote to be valid. Such voting procedures include but are not limited to email or internet based voting procedures and direct voting will take place on the following terms, unless otherwise modified by any Subordinate Regulation:
- a) Each Member only has one vote, regardless of how that vote is cast;
  - b) If a Member attempts to cast more than one vote on a particular resolution, only the last vote received is to be taken to have been cast, irrespective of the way the vote is cast. That is, if a Member appoints a proxy to vote on their behalf on a particular resolution, however subsequently casts a vote on that same resolution using another method of voting (for example by a direct vote), that Member shall be taken to have revoked the authority of the previously authorised proxy to vote on their behalf on that resolution, and unless a subsequent vote is cast by that Member on that resolution, the direct vote shall be the vote counted;
- c) In the case of direct vote, at least forty-eight (48) hours before the time for holding the relevant general meeting or an adjourned meeting, there must be transmitted to an electronic address specified in the notice of meeting, the Member's direct vote;
  - d) The chairman's decision as to whether a direct vote is valid is conclusive; and
  - e) A Member who has cast a direct vote is entitled to attend the meeting in person. Any vote cast by the Member in person shall cancel any prior vote on the relevant resolution in accordance with Clause 16.1a).
- 16.2 A resolution in writing may consist of several documents in like form, each signed by one (1) or more Members or Member's Representatives and if so signed it takes effect on the latest date on which a Member or a Member's Representative signs one (1) version of the documents.
- 16.3 In relation to a resolution in writing, a document generated by electronic means which purports to be a true representation or copy in materially the same form of a resolution of Members is to be treated as a resolution in writing and a document bearing a true representation or copy in materially the same form of a signature is to be treated as signed.
- 16.4 At meetings of Members, each Member or Member's Representative entitled to vote may vote in person, by proxy or attorney, by direct vote in accordance with Clause 16.1, or by such other means as the Board may determine or the Act may allow.
- 16.5 On a show of hands every person present who is a Member or a Member's Representative has one (1) vote, and on a poll every Member or Member's Representative present in person or by proxy or attorney has one (1) vote.

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- 16.6 A Member is only entitled to vote at a general meeting if all Contributions and levies and other amounts presently payable by the Member have been paid.
- 16.7 Any objection to the qualification of a person to vote must be made at the same meeting at which that person's vote is tendered. Any objection must be referred to the Chair of the meeting whose decision is final and:
- a) Any vote approved will be valid for all purposes; or
  - b) Any vote disallowed will be invalid and must be disregarded.
- 16.8 Even if they are not Members of the Company, the following persons have the right to attend any general meeting and, if requested by the Board or the Chair, to speak at the general meeting:
- a) Any Director;
  - b) Any Secretary; and
  - c) Any other person invited by the Board.
- 16.9 The Board must ensure that proper minutes are made of:
- a) All general meetings of the Company;
  - b) All appointments of officers;
  - c) The proceedings of all general meetings; and
  - d) The attendance at and business transacted at general meetings,
- and the minutes of the meeting, if purporting to be signed by the Chair of the meeting or by the Chair of the next succeeding meeting, will be conclusive evidence of the matters recorded in them without any further proof.
- 17.3 A Member may appoint another person as their proxy to attend and vote instead of the Member. A proxy need not be a Member. A proxy may be appointed for all or for any number of general meetings, or for a particular general meeting.
- 17.4 The instrument appointing a proxy shall be in a form prescribed or accepted by the Board. An instrument appointing a proxy is valid if it is signed by the Member making the appointment and contains the name and address of that Member the name of the company, the name of the proxy or the name of the office of the proxy, and the meeting of Members at which the proxy may be used. The Chair of a meeting of Members may determine that an instrument appointing a proxy is valid even if it contains only some of the information.
- 17.5 The instrument appointing a proxy and the power of attorney or other authority if any, under which it is signed or a notarial certified copy of that power or authority shall be deposited at the registered office of the Mutual or at such other place within the State as is specified for that purpose in the notice convening the meeting, or otherwise by using a facility provided by the Company for delivery of this instrument, not less than forty-eight (48) hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote, or, in the case of a poll, not less than twenty four (24) hours before the time appointed for the taking of the poll, or produced to the Chair of the meeting before the proxy votes, and in the event of default the instrument of proxy shall not be treated as valid.
- 17.6 A document appointing a proxy may specify the manner in which the proxy is to vote in respect of a particular resolution and, where the document so provides, the proxy is not entitled to vote on the resolution except as specified in the document. A vote given in accordance with the terms of an instrument of proxy or attorney shall be valid notwithstanding the previous death or unsoundness of mind of the principal or revocation of the instrument or of the authority

## 17. Proxy voting

- 17.1 A Member may vote in person or by proxy and on a show of hands every person present who is a Member or a Member's Representative shall have one (1) vote and on a poll every person present in person or by proxy shall have one (1) vote.
- 17.2 Subject to the terms of their appointment, a person attending as a proxy, or as the attorney of a Member, or as representing a corporation

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under which the instrument was executed, if no intimation in writing of such death, unsoundness of mind or revocation as aforesaid has been received by the Mutual at its registered office before the commencement of the meeting or adjourned meeting at which the instrument is used.

## 18. Board of Directors

18.1 The Board shall consist of a maximum of seven (7) Directors and a minimum of three (3) Directors.

18.2 The following provisions shall apply to the composition of the Board:

- a) Alternate directors will be treated as Directors for the purposes of determining the composition of the Board.
- b) The Board may from time to time appoint one (1) or more persons with such mutual, insurance or commercial expertise as it considers desirable as a Director or Directors of the Mutual. Any such Director shall be known as an "independent Director". The appointment of an independent Directors must be made with the approval of the Foundation Member.
- c) At least two (2) directors must be representatives appointed by the Foundation Member from time to time and one of these Directors will be the Chair and the second of these Directors will be the vice-Chair for the purposes of Clause 15.3.
- d) A Director appointed by the Foundation Member cannot be removed or replaced, except by the Foundation Member or as required by the Law.
- e) The Mutual may from time to time appoint at least one (1) or more persons as a Director as elected by the Members at the annual general meeting depending on the number of vacancies and available positions to be filled in accordance with clause 18.5.
- f) The election of Directors (other than the independent Directors or a Director appointed by the Foundation Member) shall take place in the following manner:

- i) The nomination of a candidate must be in writing, signed by a proposer and a seconder (who shall be Members), and by the nominee. The nomination must be lodged with the Secretary at least fourteen (14) days before the annual general meeting at which the nomination is proposed.

- ii) An alphabetical list of the names of candidates and their respective proposers and seconds shall be given in writing at least seven (7) days before the relevant annual general meeting to every Member entitled to notice of the annual general meeting.

- iii) Balloting lists shall be prepared containing the names of the candidates.

- iv) At the annual general meeting each Member shall be entitled to vote for any one (1) of the candidates on the balloting list.

- g) Every Director of the Mutual (other than an independent Director or a Director appointed by the Foundation Member) shall, when holding office, be employed or sponsored by a Member.

- h) So as to ensure the widest possible engagement of Members at the Board, there shall be no more than one Director appointed from any Member business.

18.3 A person, other than the Directors holding office at the date of the adoption of this Constitution, are only to be appointed as a Director of the Company if the following criteria is met:

- a) Each person must provide a signed consent to act to the Secretary; and
- b) All of the Directors as a collective group (excluding any independent Directors) must reasonably satisfy the representative requirements in Clause 18.2a).

18.4 Subject to Clause 18.5:

- a) Each independent Director (excluding the Director appointed by the Foundation Member) will be appointed for a three (3) year term and this appointment can be extended to two (2) consecutive three (3) year terms if



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approved by the majority of the Board;

- b) All other Directors (excluding the Director appointed by the Foundation Member) will be appointed for a one (1) year term and this appointment can be extended to four (4) consecutive one (1) year terms if approved by the majority of the Board.

18.5 Directors shall retire as follows:

- a) At each subsequent annual general meeting of the Mutual the Directors (other than the independent Directors and the Directors appointed by the Foundation Member), shall retire from office.
- b) A retiring Director shall retain office until the conclusion of the meeting at which that Director retires.
- c) A retiring Director shall be eligible for re-election.

18.6 The Directors may by resolution, at any time and from time to time, appoint any person as a Director, either to fill a casual vacancy or as an addition to the Board, but so that the total number of Directors shall not at any time exceed the maximum number for the time being fixed. The Board shall notify the Members of such an appointment.

## 19. Directors

19.1 Subject to clause 18.2 and other than as provided in Clause 18.5, the Mutual may by ordinary resolution remove any Director from office, provided that the resolution has been proposed in writing, delivered to the Mutual at least twenty-eight (28) days prior to the general meeting and distributed to Members at least twenty-one (21) days prior to the general meeting at which such a resolution is to be considered, in which case the Director may be replaced provided that any replacement is approved by the remainder of the Board and their appointment does not result in the Composition Requirement being contravened.

19.2 The total remuneration of the Directors shall from time to time be determined by the Members in general meeting. The Board shall

determine the remuneration payable to each Director and that remuneration shall be deemed to accrue from day to day. A Director who is called upon to perform extra services or to make a special exertion or to undertake executive or other work for the Company beyond or outside of the Director's ordinary duties or is engaged to provide any other service, may be paid a fee for those services, exertions or work provided that those fees are approved by a special resolution of the Board.

19.3 The Directors may be paid all reasonable traveling, hotel and other expenses properly incurred and accounted for by them in attending and returning from meetings of the Directors or any committee of the Directors or general meetings of the Mutual or otherwise in connection with the business of the Mutual.

19.4 The office of Director shall become vacant if the Director:

- a) Ceases to be a Director by virtue of the Act;
- b) Becomes of unsound mind or a person whose person or estate is liable to be dealt with in any way under the law relating to mental health;
- c) Resigns his or her office by notice in writing to the Mutual, in which case the notice takes effect at the later of either the time of giving the notice or the expiration of any period specified in the notice;
- d) Is removed from office pursuant to this Constitution;
- e) Where the Director is employed or sponsored by a Member, that Director ceases to be so employed or sponsored or the Member ceases to be a Member of the Mutual;
- f) Has absented himself or herself (such absence not being absence with leave or by arrangements with the Directors on the affairs of the Mutual) from three (3) consecutive meetings of the Directors and the Directors resolve that its or her office should be vacated.

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- 19.5 Subject to a Director disclosing his or her interest in accordance with the Act that Director is not disqualified by his or her office from:
- a) Entering into any contract, agreement or arrangement with the Mutual;
  - b) Holding an office of profit under the Mutual;
  - c) Becoming or remaining a Director of any corporation in which the Mutual is in any way interested or which is in any way interested in the Mutual;
  - d) Attending and voting at any meeting of the Directors in respect of any contract, agreement arrangement matter or thing in which he or she is interested; or
  - e) Attending and voting at any meeting of the Directors in respect of proposed amendments to the Clauses or other matters which affect all Members equally,

PROVIDED ALWAYS that a Director shall not be entitled to attend and vote at any meeting of the Directors in respect of any Claim for protection made pursuant to the Clauses by the Member with whom that Director is associated.

- 19.6 Subject to a Director disclosing his or her interest in accordance with the Act, a contract, agreement or arrangement entered into by or on behalf of the Mutual in which any Director is in any way interested is not for that reason void or voidable and a Director shall not be liable to account to the Mutual for any profits accruing to him or her.

## 20. Powers and Duties of Directors

- 20.1 The business of the Mutual shall be managed by the Directors who may pay all expenses incurred in promoting and forming the Mutual and may exercise all of the powers of the Mutual which are not by the Act or by this Constitution required to be exercised by the Mutual in a general meeting.
- 20.2 The Board may exercise all powers of the Company except where those powers must be exercised by the Company in general meeting under the Act or this Constitution.
- 20.3 Without prejudice to the generality of Clauses 20.1 and 20.2, the Board shall, in accordance with this Constitution, determine the Contributions to be paid by each Member in respect of each Protection Year. The Members' Contributions shall constitute the funds of the Mutual. The Board shall consider all Claims for protection made by Members and may, in its sole and absolute discretion and in accordance with the Constitution and By-Laws, grant from the funds of the Mutual to any such Member as indemnity wholly or in part in respect of the Claim for protection made by such Member.
- 20.4 The Directors may meet together for the dispatch of business, and may adjourn and otherwise regulate their meetings as they think fit. Any Director may at any time and the Secretary shall on the requisition of any Director summon a meeting of the Directors. Notice of each meeting of the Directors must be given to each Director at least forty-eight (48) hours before the meeting or at another time determined by resolution of the Directors. Despite this requirement, all Directors may waive in writing the required period of notice for a particular meeting and it is not necessary to give a notice of a meeting of Directors to a Director who has been given leave of absence.
- 20.5 The notice of any meeting of Directors may be given by telephone or other electronic means of communication. The notice must specify:
- a) The date and time for the proposed meeting;
  - b) The place for the meeting;
  - c) If the meeting is to be conducted using technology, the method for conducting the meeting; and
  - d) The nature of the business to be transacted at the meeting.
- 20.6 The Board may exercise all the powers of the Company, including but not limited to:
- a) Borrow money;
  - b) Charge any property or business of the Company or all or any of its uncalled capital;
  - c) Issue debentures; or
  - d) Give any other security for a debt, liability or obligation of the Company or of any other person.

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- 20.7 The Board may appoint any person or persons under a power of attorney to be the attorney or attorneys of the Company. The appointment may be:
- For any purpose;
  - In relation to any of the Directors' powers, authorities and discretions;
  - For any period; and
  - Subject to any conditions as the Directors decide.
- 20.8 Any power of attorney may contain provisions for the protection and convenience of persons dealing with the attorney as the Board decides and may authorise the attorney to delegate all or any of the powers, authorities and discretions vested in him or her.
- 20.9 All cheques, promissory notes, bankers drafts, bills of exchange and other negotiable instruments, and all receipts for money paid to the Company, must be signed, drawn, accepted, endorsed or otherwise executed:
- By any two (2) Directors; or
  - In any other manner as the Directors decide.
- 20.10 Three (3) Directors shall form a quorum for a meeting of Directors but no quorum is formed unless the Chair or vice-Chair is present. If a quorum is not present at any time, the meeting is not validly convened but this does not affect the validity of any business conducted before the absence of a quorum occurs.
- 20.11 A meeting of Directors may be held using technology or in any other way that the Directors think fit.
- 20.12 At meetings of Directors, each Director entitled to vote has one (1) vote. Questions arising at a meeting of the Directors shall be decided by a majority of votes of Directors present and voting and any such decision shall for all purposes be deemed a decision of the Directors, and on any equality of votes the Chair of the meeting, in addition to his or her deliberate vote (if any), has a casting vote.
- 20.13 All things done by any Directors' meeting or by a committee of Directors or by any person acting as a Director will be valid even though it subsequently becomes known that:
- There was some defect in the appointment of a person to be a Director or a member of the committee, or to act as a Director; or
  - A person appointed was disqualified.
- 20.14 The Board may pass a resolution without a Directors' meeting if all of the Directors entitled to vote on the resolution sign a document stating that they are in favour of the resolution. Duplicate copies of the document may be used for signing. The resolution is deemed to be passed when the last Director signs.
- 20.15 A resolution in writing signed by all Directors, excluding Directors who have been given leave of absence, is to be treated as a determination of the Directors passed at a meeting of the Directors duly convened and held.
- 20.16 If a resolution in writing is signed by an alternate Director, it must not also be signed by the appointor of the alternate Director and vice versa.
- 20.17 In the event of a vacancy or vacancies in the office of a Director or offices of Directors, the remaining Directors may act, but if the number of remaining Directors is not sufficient to constitute a quorum at a meeting of the Directors, the remaining Directors may act only for the purpose of increasing the number of Directors to a number sufficient to constitute such a quorum or of convening a general meeting of the Mutual.
- 20.18 The Board must ensure that proper minutes are made of:
- All Directors' meetings;
  - All appointments of officers;
  - The proceedings of all Directors' meetings and committees of Directors; and
  - The attendance at and business transacted at meetings of the Directors,
- and the minutes of the meeting, if purporting to be signed by the Chair of the meeting or by the Chair of the next succeeding meeting, will be conclusive evidence of the matters recorded in them without any further proof.

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20.19 Certain matters which are to be considered by the Directors involving the operation of the Mutual will be reserved matters and this means they require the approval of the Foundation Member acting through its appointed Director in order for a resolution to be passed. Reserved matters include:

- a) Appointment, removal or replacement of independent Directors to the Board;
- b) The voluntary winding up of the Mutual;
- c) The issue or imposition of By-laws; and
- d) The modification, amendment or replacement of the Mutual's constitution.

20.20 The Directors may delegate any of their powers to a committee or committees consisting of one of more Directors and any power so exercised shall be deemed to have been exercised by the Directors.

20.21 A committee shall exercise the powers delegated to it in accordance with any directions of the Directors and any power so exercised shall be deemed to have been exercised by the Directors. Questions arising at a committee meeting will be determined by an ordinary resolution of the committee members who are present and voting and each committee member present and entitled to vote shall have one (1) vote.

20.22 The proceedings of any committees shall be conducted in the same manner as meetings of the Directors.

20.23 The Directors may appoint independent managers to manage any or all aspects of the business of the Mutual on such terms, including the payment of remuneration to the managers, as they think fit.

## 21. Secretary

21.1 The Secretary shall in accordance with the Act be appointed by the Board for such term, at such remuneration and upon such conditions as it thinks fit and any Secretary so appointed may be removed by it.

## 22. Common Seal

22.1 The Board may provide for the safe custody

of the Seal. The Seal shall only be used by the authority of the Board, or of a committee of the Board authorised by the Members of the Board to authorize the use of the Seal. Every document to which the Seal is affixed shall be signed by a Director and countersigned by another Director, the Secretary or another person appointed by the Directors to countersign that document or a class of documents in which that document is included.

22.2 The Mutual may execute a document without using the Seal if the document is signed by:

- a) two Members of the Board;
  - b) a member of the Board and the Secretary; or
  - c) a person authorised by the Board,
- or if the document is otherwise executed in accordance with the Act.

## 23. Accounts

23.1 The Board shall cause proper accounting and other records to be kept in accordance with the provisions of the Act.

23.2 The Board shall from time to time in accordance with the Act cause to be prepared and to be laid before the Mutual in a general meeting such income and expenditure accounts, profit and loss accounts, balance sheets and reports as are specified in the Act. A copy of every balance sheet including every document required by the Act to be annexed thereto) which is to be laid before the Mutual in an annual general meeting, together with a copy of the auditor's report, shall at least twenty-one (21) days before the date of the meeting be sent to every Director, Member and the auditors. The Board shall from time to time determine whether and to what extent and at which times and places and under what conditions or regulations the accounting records and other documents of the Mutual or any of them will be open to the inspection of Members and no Member shall have the right of inspecting any documents of the Mutual except as provided by law or authorised by the Board or by the Mutual in general meeting.

# Constitution

- 23.3 The Board may determine whether and under what conditions the accounting records or other documents of the Company will be open to the inspection of Members. A Member does not have the right to inspect any document of the Company except as provided by the Act or authorised by the Board or by the Company in general meeting. The Directors have the right at any time to inspect the accounting records or other documents of the Company, whether or not they are a Member.

## 24. Audit

- 24.1 A properly qualified auditor or auditors shall be appointed and its or their duties shall be regulated in accordance with the Act.

## 25. Winding Up

- 25.1 The Board may in accordance with the Act resolve to wind up the Mutual.
- 25.2 Subject to the Act, if upon winding up or dissolution of the Company, the Board reasonably consider that:
- The Contributions and other receipts (including transfers from reserves and provisions) in respect of all Closed Protection Years; and
  - All transfers to reserves and provisions made out of the Contributions paid for Claims to be determined by the Directors in respect of all Closed Protection Years including reasonable provision for likely Claims to be made by the Members for any Open or Closed Protection Years,
- will or is likely to exceed the Claims, expenses, losses and other outgoings (whether incurred, accrued, contingent or anticipated) falling upon the Company for all Protection Years, then the surplus assets of the Company shall be applied in the following manner at the Board's discretion:
- To any new entity nominated by the Board to fund the operations of a non-for-profit association or company which is operated for the benefit of the Members collectively with objects which are similar to the objects

- of the Company or to provide benefits which are similar to one or more of the benefits provided by the Company; or
- Any other Distribution which is permitted by law and consistent with the principles of mutuality, including but not limited to being transferred to the Members of the Mutual at any time during the two (2) Protection Years immediately preceding or ending the date of winding up or dissolution, and who were Members in the Protection Year in which termination occurs (if any) in the proportion in which the combined Contributions paid by each Member bears to the total combined Contributions paid by Members of each Open Protection Year and Members who were Members during such two (2) Protection Years and during the Protection Year in which winding up occurs.

- 25.3 Before any Distribution is made after the winding up is completed, there shall be paid or set aside all amounts which the Board considers necessary to provide for all actual and potential Claims on the resources of the Mutual arising from events which have occurred prior to the winding up.
- 25.4 Debts owed to a holder of an MCI by way of a dividend are to rank ahead of all other debts owed to Members in a winding up but rank below all other debts.

## 26. Notices

- 26.1 Any notice or other communication in connection with this Constitution must be in writing and signed by the person giving the notice and be addressed to the person to whom it is to be given.
- 26.2 The Mutual may give any notice, including but not limited to a notice of meeting, to a Member or a Director:
- Personally;
  - By sending it by post to the residential or postal address for the Director or the Member or an MCI Holder noted in the register of Members or MCI Holders or the alternative



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address (if any) nominated by the Member;

- c) By sending it to the electronic address (if any) nominated by the Director or the Member;
- d) By sending it to the Director or the Member by other electronic means (if any) reasonably accessible to the Director or the Member;
- e) By notifying the Director or the Member in accordance with Clause 26.3; or
- f) By any other means that the Board resolves as being appropriate from time to time or as otherwise allowable by the Act.

26.3 A Director or a Member may nominate an electronic means ("nominated notification means") by which the Director or the Member (as the case may be) may be notified that any notices, including notices of meeting, are available.

26.4 The Mutual may from time to time elect an electronic means (nominated access means) by which the Director or the Member (as the case may be) may nominate to use to access any notices, including notices of meeting.

26.5 If a Director or Member nominates:

- a) A nominated notification means; and
  - b) A nominated access means,
- the Mutual may give the person any notices, including notices of meeting, by notifying the person (using the nominated notification means):
- c) That the notice is available; and
  - d) How the member may use the nominated access means to access the notice.

26.6 The Director or the Member can provide any notice to the Mutual by using a facility provided by the Mutual for notifications or communications.

26.7 Any notice to any Director or Member or any payment shall be deemed to have been duly served if:

- a) In the case of a posted letter, it is duly directed to the address of the person given in the register or advised by the person to the Mutual from time to time, and if sent

by post prepaid, it is deemed to have been received on the third business day, and its non-receipt by the person or the Member's Representative shall in no way invalidate or affect any matter or proceeding to which it relates;

- b) In the case of delivery by generally recognised overnight courier, on the second day after dispatch with that courier or as otherwise advised by the courier;
- c) In the case of personal delivery, on the date of delivery; or
- d) In the case of transmissions by electronic mail, on the day of transmission if the electronic medium sending the notice states that the transmission was completed before 5:00pm on a business day, otherwise on the next business day. This method of service is effective only if the medium's report states that it was sent in full and without error and the message is not rejected or undeliverable as evidenced by a message to that effect received by the sender.

26.8 Notice of every general meeting shall be given in the manner herein before authorised to:

- a) every Member entitled to vote at the meeting;
- b) the auditor for the time being of the Mutual; and
- c) every Director of the Mutual.

No other person is entitled to receive notices of general meetings.

## 27. Indemnity

27.1 To the extent permitted by the Act, every Director, officer and employee of the Mutual shall be indemnified out of the property of the Mutual against any liability incurred by that person in that person's capacity as Director, officer or employee, to a person other than the Company or related body corporate, except where the liability relates to a wilful breach of duty or a contravention of Section 181 to 184 of the Act, or any legal costs incurred by them in defending any proceedings, whether civil or criminal,

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in which judgment is given in that person's favour or in which that person is acquitted or in connection with any application in relation to any such proceedings in which relief is granted to that person by the Court. The Directors may exercise all the powers of the Mutual to purchase and maintain for any Director, officer or employee, insurance against any liability for negligence, default, breach of duty or breach of trust or any other liability which may lawfully be insured against.

## 28. Insurance

- 28.1 To the extent permitted by the Act, the Company may insure or pay any premiums on a policy of insurance for a Director or Secretary or of a related body corporate against any liability for which the Company indemnifies the Secretary or officer under Clause 27.1 or under the Act.
- 28.2 A Director may vote in favour of the resolution that the Company grant an indemnity pursuant to Clause 27.1, take out insurance or pay the premiums on an insurance policy even though the Director has a direct and material interest in the outcome of the resolution.

## 29. Mutual Capital Instruments (MCI)

- 29.1 The Mutual is intended to be an MCI mutual entity for the purposes of the Corporations Act and MCIs may be issued in accordance with this Clause 29.
- 29.2 MCIs have the following limitations, rights and entitlements:
- a) the Mutual may only issue MCIs as a fully paid share;
  - b) MCIs do not carry a right to vote unless the MCI Holder is also a Member in which case they may vote only in their capacity as a Member and not as an MCI Holder.
  - c) MCIs confer on the MCI Holder a right to participate in dividends (if any) declared. These dividends are non cumulative;
  - d) the right to participate in dividends outlined in clause 29.2(c) only arises when payment of the dividend is fair and reasonable to Members and MCI Holders;
  - e) on a winding up, all MCI Holders are entitled to participate in any surplus with priority over Members. Such distribution of surplus will be based on the number of MCIs held by any holder of MCIs; and
  - f) any other limitations, rights or entitlements the Board may choose provided that such limitations, rights or entitlements are otherwise consistent with this clause 29.
- 29.3 Except in the case of a Transmission Event, only Eligible Mutual Members may be issued with or otherwise be the holder of an MCI.
- 29.4 The terms of issue, rights and entitlements to dividends and distributions, and value in respect of MCIs that may be issued by the Directors from time to time will be determined by the Directors in their absolute discretion provided always the Mutual complies with the Corporations Act and maintains its status as an MCI Mutual Entity.
- 29.5 All MCIs shall have an issue price as determined by the Board.
- 29.6 Paying a dividend does not require confirmation at a general meeting.
- 29.7 An MCI may be issued with:
- a) the right to participate in surplus assets and profits (Participating MCI), in which case the Board shall determine the rate of participation at the time of issue; or
  - b) no rights to participate in surplus assets and profits (non-Participating) in which case on the winding up of the Company, the MCI is entitled to payment in priority to the Members to the amount of any dividend accrued but unpaid on the MCI at the date of winding up and return of the amount of the issue price of the MCI.
- 29.8 The rights attached to an MCI can be varied or cancelled only by special resolution of the Company and either:
- a) by special resolution passed at a meeting of the MCI Holders of that class of MCI; or

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b) with the written consent of MCI Holders holding at least 75% of the votes in the class of MCI.

29.9 MCI Holders voting in accordance with Clause 28 are limited to one vote in their capacity as an MCI Holder regardless of the number of MCIs owned.

29.10 The Mutual may do anything in respect of its share capital permitted by the Corporations Act, including any one(1) or more of the following:

a) convert all or any of its shares into a larger or smaller number of shares.

b) any form of capital reduction or buy back, provided that the Mutual maintains its status as an MCI Mutual Entity for the purposes of the Corporations Act.

29.11 Subject to clause 29, if there are different classes of shares on issue, the rights attached to a class may only be varied according to sections 167AE and 246B of the Corporations Act.

## 30. MCI Holders

30.1 The Mutual may establish MCI share capital and issue MCIs to Eligible Mutual Members in accordance with clause 29.

30.2 The names of Eligible Mutual Members approved to receive MCIs will be entered into the MCI Share Register on payment of the subscription for the MCI shares.

30.3 MCI Holders are not eligible to be elected as Directors unless they are a Member and entitled to the rights of a Member irrespective of any MCI Holdings.

30.4 MCI Holders are bound by this Constitution.

30.5 Subject to the Corporations Act and the terms of issue of the MCIs, the provisions of this Constitution which deal with general meetings of Members of the Company (including relating to the appointment of proxies, attorneys and Representatives, and direct voting) shall apply, so far as they are capable of application and with any necessary changes, to meetings of MCI Holders.

30.6 The Board may (subject to this Constitution, the Corporations Act and the terms of issue of MCIs)

determine new MCI Holders and specify the rights attaching to the MCI Holders, including the rights of MCI Holders as to:

a) whether or not the MCI Holder is entitled to the receipt of notices of, and to attend and be heard at, any general meeting;

b) whether or not the MCI Holder is entitled to vote at any general meeting; and

c) any entitlement of the MCI Holder to dividends or distributions.

## 31. Dividend to MCI Holders

31.1 Subject to Section 254T of the Corporations Act, the Board may in its absolute discretion declare a dividend payment to MCI Holders and may decide the terms in which the dividend is to be paid.

31.2 Dividends must be paid to MCI Holders in accordance with the MCI Holder's rights to dividends.

## 32. Ceasing to be an MCI Holder

32.1 An MCI Member ceases to be an MCI Holder when they cease:

a) to be registered as the holder of the MCIs; or

b) to be a Member.

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## PART 1 INTRODUCTION

### 1. Constitution applies and prevails

These By-laws are to be read in conjunction with the Constitution of Peninsula Mutual Limited. The By-laws can be changed subject to Clause 6.1 of the Constitution. In the event of any inconsistency between the Constitution and these By-laws, the Constitution will prevail.

### 2. Definitions and Interpretations

#### 2.1 Definitions

The definitions contained in the Constitution apply except where stated otherwise below. In these By-laws the following words and expressions shall have the following meanings:

- a) **Closed Protection Year**  
A Protection Year of the Mutual, which the Board shall have declared to be closed in accordance with By-law 18.1.
- b) **Member's Representative**  
Any person nominated by a Member to act on their behalf in dealings with the Mutual.
- c) **Member**  
The entity specified as the Member in the Protection Schedule.
- d) **Mutual Claims Assessor**  
An individual employed by or seconded to the Mutual with the position title Mutual Claims Assessor.
- e) **Product Disclosure Statement**  
The documents, which together form the Product Disclosure Statement, provided to each Member, during which time the Member has a right to have the Mutual consider the Member's claim for Protection.
- f) **Protection**  
The discretionary Membership benefits

granted to a Member by the Mutual as described in the Constitution and the Product Disclosure Statement.

- g) **Protection Period**  
The period between the start date and the expiry date for the Protection stated in the Protection Schedule.
- h) **Protection Schedule**  
The schedule of protection including any renewal or endorsement schedules and documents issued by the Mutual in relation to a Member's protection.
- i) **Protection Year**  
The period chosen by the Board from time to time and, failing any such choice, shall be 00.01am AEST on 1 April in any year until 24.00 AEST 31 March in the next year.
- j) **Subsidiary**  
Any subsidiary of a Member for the purposes of the Corporations Act 2001 (Cth).

#### 2.2 Interpretation

- a) The expression "writing" will include any mode of representing or reproducing words, figures, drawings or symbols in a visible form.
- b) The expression "cease" or "cessation" will mean "discontinue" or "come to an end" or "discontinuance", "termination" or "ending" respectively.
- c) The expression "delay" will mean "a refraining from something" and "waiver" will mean "the giving up of rights and/or interests, whether intentionally or not".
- d) The expression "discretion" will mean "an unfettered power or right of making a decision or of acting according to choice".
- e) The expression "without prejudice" will mean "without damaging, giving up or affecting a legal right or interest".
- f) Words importing persons shall include individuals, partnerships, corporations and mutuals.

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- g) Any reference to the discretion of the Board and to any action to be taken as the Board thinks fit will be construed as a discretion to be exercised and action to be taken in the sole and absolute discretion of the Board.

## 3. Discretionary Nature of Protection

### 3.1 Nature of Protection

The Protection which may be provided by the Mutual are as set out in the Constitution, the Product Disclosure Statement, these By-laws and, if issued in accordance with By-law 6.4 in the Member's Protection Schedule. The Protection provides a Member with the right to ask the Board to consider the Member's claim against loss, damage, liability, cost or expense incurred by that Member or as otherwise agreed with the Mutual for a Protection that is recorded on the Member's Protection Schedule.

### 3.2 Exercise of Discretion

Any decision of the Board to accept a Member's claim for Protection is at the sole and absolute discretion of the Board in accordance with By-law 15.3. Any reference in these By-laws or in any Protection Schedule issued in accordance with these By-laws to "protected risks" or to "protection", or any such similar expression must be read accordingly.

## 4. Rights of Set-Off

### 4.1 Mutual's right of set-off

Without prejudice to any other provisions of these By-laws, the Mutual shall be entitled to set off any amount due from a Member (including Contributions) at any time against any amount agreed to be due to such Member from the Mutual.

### 4.2 Members not to set-off

A Member shall not be entitled to set-off the whole or any part of any potential Protection from the Mutual against the Contributions or other moneys due to the Mutual, nor shall a Member be entitled to withhold or delay

payment of any such Contributions or sums without the consent of the Board.

### 4.3 Mutual's consent to set-off

The set-off of any specific sum due to the Mutual under these By-laws must be specifically agreed in writing by the Mutual. Otherwise, no set off of any kind shall be allowed against any sum due under these By-laws, including any set off which might have arisen by reason of bankruptcy or winding up of a Member.

## 5. Membership

### 5.1 Date of Membership

The Protection Schedule will show the commencement date for Membership of the Mutual.

### 5.2 Rights conferred on other parties

Membership of the Mutual confers no rights on any other person (including any Subsidiary of a Member against the Mutual or its Members). All dealings between a Subsidiary and a Member remain dealings between the Member and the Subsidiary.

### 5.3 Acceptance

Acceptance of any person or entity as a Member is at the discretion of the Board, including where the person is an Eligible Entity. Membership of the Mutual is only valid when the Member's application for Membership has been accepted and the Member has paid the Contributions. It is a precondition to the issue of Protection for a person (including an Eligible Entity) to become a Member of the Mutual.

## PART II MEMBERSHIP AND CONTRIBUTIONS

## 6. Membership

### 6.1 Right to make Offers

An offer of Membership and Protection can be made by the Mutual or on its behalf by a Manager or its authorised representative.

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## 6.2 **Electronic delivery of document**

The Mutual can issue the Protection Schedule electronically to Members in accordance with the legal requirements to deliver the Product Disclosure Statement and other appropriate documents.

## 6.3 **Protection Terms**

The Board may in its absolute discretion, decide which Protection benefits will be offered to the Members and the Board and the Managers will be responsible for approving the Product Disclosure Statements including the terms and conditions of Protection.

## 6.4 **Protection Schedules**

For each Member to whom Protection is issued, the Mutual must issue a Protection Schedule which is to be read in conjunction with the Product Disclosure Statement.

## 6.5 **Variation of Protection**

If at any time the Mutual and the Member agree to vary the terms and conditions on which Protection is granted to a Member, the Mutual shall as soon as reasonably practicable after the agreement issue a new Protection Schedule to the Member recording such revised terms or conditions. If a Protection Schedule has already been issued to such Member, the Member may be issued with an endorsement to the Member's Protection Schedule stating the nature of the variation and the date from which the variation is to take effect.

## 6.6 **Evidence of Terms**

The Member's Protection Schedule is conclusive evidence of the terms of Membership and Protection between the Member and the Mutual.

## 7. Protection Period

### 7.1 **Protection Period**

Unless these By-laws say otherwise, the Protection Period for a Member will be stated in the Member's Protection Schedule. In the case of a variation in the Protection as a result of the Member's notified change in personal or business circumstances the Member may be issued with an endorsement to the existing

Protection Schedule in accordance with By-law 6.5 or may be issued with a new Protection Schedule which will show the date and time for the start of the endorsement or variation.

### 7.2

### **Renewal or Variation of Protection Period**

- a) Before the Protection Period shown in the Member's Protection Schedule expires, the Mutual will give the Member a written notification of the basis on which it will consider applications for renewal of the Protection and the Contribution payable by the Member for that Protection in the next Protection Period.
- b) The terms and conditions on which the Protection is agreed by the Mutual will be set out in the Product Disclosure Statement provided to the Member and will be recorded in the Protection Schedule. In the event that the terms or conditions have changed the Member will be provided with a new Product Disclosure Statement for consideration before the expiry of the existing Protection Period.
- c) If the Member wishes to renew the Protection for a further Protection Period, the Member must apply to the Mutual on or before the expiry date stated in the Protection Schedule. The Member is required to apply to renew the Protection for the next Protection Period provided always that the Mutual may in its absolute discretion accept a late application. If Protection is granted to the Member for the new Protection Period, the new Protection Period will start immediately on the expiry of the existing Protection Period and in accordance with the information and requests contained in the Member's application for renewal. Protection will be provided on the same terms and conditions set out in the Product Disclosure Statement and the Protection Schedule, subject to the discretion of the Board, unless:
  - i) the Member completes an application asking for a different type of Protection or the Member completes an application form asking for different terms and conditions of Protection; and

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- ii) the Board agrees to the Member's request.

## 8. Contributions

### 8.1 Contributions

The Member's Protection Schedule will set out the Contribution payable by the Member for the Protection issued to the Member. The Contribution may be altered in accordance with the provisions of By-law 6.5 and By-law 7. The Board has the discretion to determine the total Contributions collected from all Members.

### 8.2 Contributions Paid

A Member is only eligible to make a claim for Protection if the Contributions for the Protection has been paid as specified in By-laws 8.1 and 9 or in any Protection Schedule.

## 9. Sums Due to the Mutual

### 9.1 Time of Payment

Contributions may be paid in such installments and on such dates as the Board may specify.

### 9.2 Notification

As soon as reasonably practicable after the amount of any Contribution has been determined, when a Member is offered Protection in accordance with By-law 5.3, the Mutual shall notify each Member of:

- a) the amount of the Contribution payable by the Member; and
- b) in the event that the Contribution concerned is to be paid by instalments, of the amounts of such instalments and the respective dates on which they are payable.

### 9.3 Penalty for late Payment

- a) Without prejudice to the rights and remedies of the Mutual under By-laws 16 and 17, if any Contribution or instalment, or part of a Contribution or instalment, or any payment due from a Member, is not paid when it is due, the Board may order the Member to pay interest on the amount not paid. Interest may be calculated at the rate decided by the Board

and will be calculated from the date when the Member's payment was due.

- b) When calculating the interest payable by the Member the Board will apply the rate of interest imposed by the Mutual on its Members for non-payment of monies due on its Member's accounts.

### 9.4 Collection of Taxes

The Mutual may collect any applicable taxes to be paid on the Contributions from the Members and remit such payment to a taxation authority as required by law.

## 10. Release

### 10.1 No right to Surplus

- a) If a Member is released from any further liability under By-law 11, the Member will have no further liability to contribute in any way to the Mutual nor shall the Member have any right to share in any return of Contributions under By-law 18.2a) except in accordance with By-law 18.2b).
- b) Where a Member's Protection has expired or the Member has otherwise ceased to be a Member of the Mutual, the Member foregoes any right to share in any subsequent return of Contributions under By-law 18.2a) in respect of Protection Years during which the Member was entered with the Mutual.
- c) Where a Member rejoins the Mutual after a period of absence, no rights accrue to a share in any return of Contributions under By-law 18.2a) during which the Member was previously entered with the Mutual prior to the date of rejoining.
- d) The Board may, at its absolute discretion, elect to award a share in any return of Contributions under By-law 18.2a) to a departed Member in respect of Protection Years during which the Member was entered with the Mutual.



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## 11. Recovery of Contributions

All monies from time to time due and payable by a Member to the Mutual may be recovered by action commenced in the name of the Mutual.

## PART IV LIMITATIONS

## 12. Limits of Discretionary Protection

The Protection which may be granted to a Member is limited to the amount stated in the Protection Schedule issued for that Protection.

## PART V CLAIMS FOR PROTECTION

## 13. Obligations of the Member in Respect of Claims for Protection

### 13.1 Claims for Protection

A Member's right to have a claim for Protection considered is subject to the Member notifying the Mutual of any claim, or intention to claim, for Protection. The Member must give the Mutual prompt notice in writing of any claim by a third party relevant to the Protection (including the receipt of notice of intention to make a claim) and notify the Mutual of any losses or potential losses incurred or suffered relevant to the Protection, which may fall within the ambit of the Protection terms contained in the Product Disclosure Statement. A Subsidiary entitled to access Protection must claim through the Member in accordance with the Product Disclosure Statement.

### 13.2 Circumstances

Every Member is required to give prompt notice to the Mutual before the end of the Protection Period of any circumstances which may reasonably be expected to give rise to a claim for Protection and shall furnish the Mutual as soon as reasonably practicable with all documents

or information relevant thereto. The Mutual may reject any such notice if it appears that the circumstances notified by the Member may not reasonably be expected to give rise to a claim for Protection.

### 13.3 Mitigation of Loss

When circumstances arise which may give rise to a claim for Protection, the Member must take reasonable steps, or procure its Subsidiary to take such steps, at the time to avoid or reduce any loss, damage, liability, cost or expense which the Member may claim from the Mutual. A Member is required to mitigate any actual or potential loss by taking any action that is reasonably requested of the Member by the Mutual.

## 14. Powers of the Mutual Relating to the Handling and Settlement of Claims for Protection

The Member must grant, or procure any others to grant, the Mutual the right, if it so decides in accordance with the Product Disclosure Statement, to control or direct the conduct of any claim or legal or other proceedings relating to any matter which may result in loss, damage, liability, cost or expense in respect of which the Member may be granted Protection under these By-laws and any Protection Schedule issued under By-law 6.4. The Mutual may require the Member, or the Member to procure others, to settle, compromise or otherwise dispose of such claim or proceedings in such manner and upon such terms as the Mutual in its discretion sees fit.

## 15. Powers of the Board Relating to Recoveries from the Mutual

### 15.1 Meetings

The Board will meet to consider claims for Protection as and when it thinks fit. The Board may in its discretion decide to authorise payment of claims for Protection considered by it in accordance with the Constitution and

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Product Disclosure Statement. The Board may from time to time authorise the Mutual Claims Assessor to effect payment of claims for Protection in the Mutual Claims Assessor's discretion without prior reference to the Board. In such circumstances, the decision of the Mutual Claims Assessor will be deemed to be the decision of the Board. No director of the Mutual shall be entitled to attend and vote at any meeting of the Board while it is considering any claim for Protection in which that director is interested or associated.

## 15.2 Claims

The Board may authorise a payment from the Mutual's funds to any Member or former Member or any Subsidiary of a Member or former Member as whole or part payment of a claim for Protection where the Protection is recorded on the Member's or former Member's Protection Schedule. The Board may determine the extent or limit of any Protection and advise the Member or former Member in writing of its decision without having to provide any reason for its determination. In every case any claim for Protection may be granted or withheld by the Board in its absolute discretion.

## 15.3 Rejection of Claims for Protection

Without prejudice to any other provisions of the Constitution, the Board may reject a claim for Protection or reduce the sum payable by the Mutual in respect of a claim for Protection if:

- a) in the opinion of the Board the Member making the claim for Protection has not, or its Subsidiary has not, taken the steps before, at the time at which, or after the Member or Subsidiary had knowledge of the circumstances giving rise to the claim for Protection, to protect the Member's or Subsidiary's interests as the Member or Subsidiary should have done or as a Member or Subsidiary would have done if it had not been a Member of the Mutual in accordance with By-law 13.3;
- b) the claim has been settled, or any liability has been admitted, by or on behalf of the Member or Subsidiary without the prior consent in

writing of the Mutual and there has, in the opinion of the Board, been prejudice to the Mutual by such action;

- c) the Member or Subsidiary has failed to comply with a recommendation or directive made at any time by the Mutual or the Managers to the Member, in connection with the handling or settlement of the claim or potential claim;
- d) the Member has failed to comply with any of the Member's obligations under By-law 13 or 14.

## 15.4 Interest

In no case shall a Member be entitled to be paid interest on any claim against the Mutual.

## PART VI CESSATION OF PROTECTION

### 16. Effect of Cessation of Protection

#### 16.1 For Failure to Pay

If the Member's right to have a claim for Protection considered has ceased by virtue of the Board exercising their powers of expulsion under the Constitution, the Mutual shall not be liable to consider any claim for Protection made by the Member irrespective of whether or not the notification under By-law 13.1 of the claim for Protection or circumstances giving rise to such claim for Protection was given before or after the cessation of Protection. The only exception will be when the notification under By-law 13.1 occurred during a Protection Year that had been closed at the time of the cessation of Protection.

#### 16.2 For any other Reasons

If the Member's right to have a claim for Protection considered has ceased for any other reason other than by virtue of By-law 16.1, the Board will continue to give consideration to all claims for Protection made by the Member if the claim for Protection is made before the date on which the Protection ceases.

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## 17. Contributions Due on Cessation of Protection

A Member whose Membership of the Mutual has ended for any reason will remain liable to pay to the Mutual all Contributions for the Protection Period in which the Protection ceases.

## PART VII THE FUNDS OF THE MUTUAL

### 18. Closing of Protection Years

#### 18.1 Closing

The Board will, at such time as it may deem expedient after the end of a Protection Year, declare that the Protection Year shall be closed. When the Contributions and other receipts are in excess of the claims for Protection before the end of the Protection Year, the Board may apply these funds in the manner described below.

#### 18.2 Disposal of Excess funds

- a) If prior to closing any Protection Year it appears to the Board at any time that the Contributions and other receipts (including transfers from reserves and provisions) in respect of the Protection Year shall exceed the claims, expenses, losses and other outgoings (whether incurred or accrued), then the excess may at the discretion of the Board be disposed of in whole or in part as follows:
  - i) to establish reserves which in the opinion of the Board are prudent and adequate in the context of the business (actual or anticipated); and/or
  - ii) by way of a return in whole or in part to the Members who paid such Contributions in proportion to their respective Contributions with a deduction for claims to be determined by the Board. No return shall be made in respect of a Member's Contribution which has been subject to release under By-law 10.
- b) If a Member's right to claim for Protection

has ceased the Board exercising their powers of expulsion under the Constitution, then, in the event that the Member offers unconditionally to pay to the Mutual all outstanding amounts together with interest due under By-law 9.3, the Board may in its absolute discretion reinstate the Member's Protections for such period or periods as the Board may determine or anticipated) falling upon the Mutual for that year together with all transfers to reserves and provisions made out of the Contributions paid in respect of such Protection Year,

#### 18.3 Closed Protection Year

If, in respect of any Closed Protection Year, it shall appear to the Board at any time that the claims, expenses, losses and other outgoings (whether incurred, accrued or anticipated) falling upon the Mutual for that Protection Year, together with all transfers to reserves and provisions, are not equal to the Contributions and other receipts (including transfers from reserves and provisions), either by being in excess of or falling short of the claims for Protection after the end of that Protection Year, then:

- a) any credit shall be transferred to the general reserve of the Mutual or may at the discretion of the Board be disposed of in whole or in part by way of a return in whole or in part to the Members who paid such Contributions in proportion to their respective Contributions with a deduction for claims to be determined by the Board; and
- b) No return shall be made in respect of a Member's Contribution which has been subject to release under By-law 10.1 or where the Protection ceased by reason of the Board exercising their powers of expulsion under the Constitution, however payment under this clause is subject to tax advice regarding the treatment of any surplus that may be returned to the Members and the Mutual is entitled to deduct the amount of tax paid by the Mutual; and
- c) any deficit shall be treated as an expense of the Mutual and may be made up either by a transfer from the general reserve of the

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Mutual or by Contributions as permitted under the Constitution.

## 19. Insurance

The Mutual may insure the whole or any part of the risks arising in respect of Protection provided to a Member or all or some of the Members of the Mutual upon such terms and with such insurers as the Board thinks fit.

## 20. Reserves

The Mutual may establish and maintain such reserve funds as the Board may think fit, whether by way of a general reserve or by way of separate reserves for such contingencies or purposes as the Board in its discretion thinks fit.

## 21. Investment

### 21.1 Pooling of Funds

Unless the Board otherwise decides, the funds standing to the credit of all Protection Years, and of any reserves or accounts, shall be pooled and invested as one fund.

### 21.2 Gains and Losses

- a) When funds are so pooled any dividends, interest or accruals of interest and any other realised investment gains or losses, arising on the pooled funds, shall be credited or debited, as the case may be, to the pooled funds of the Mutual in the financial year of the Mutual in which they arise.
- b) Any such gains may be used to meet:
  - i) the claims, expenses, losses and other outgoings (whether incurred, accrued or anticipated) which in the opinion of the Board necessarily and properly fall on the Mutual in respect of the Protection Year; or

- ii) such transfers to reserves or provisions as the Board may deem expedient to make, including transfers to reserves and provisions in respect of any deficiency which has occurred or which may be likely to occur in respect of any Closed Protection Year, as it thinks fit.

- c) Any such losses shall be treated as expenses of the Mutual and may be made up either by a transfer from the reserves of the Mutual or by Contribution as permitted under the Constitution.

## PART VIII GENERAL TERMS AND CONDITIONS

## 22. Delay and Waiver

### 22.1 No admission

No act, omission, delay or conduct of the Mutual of any type and whenever it occurs, whether by or through its officers, servants, managers, agents or otherwise, will constitute any admission or promise that the Mutual will give up any of its rights under these By-laws.

### 22.2 Waiver by Mutual

In spite of any neglect or non-compliance with, or breach of, any of these By-laws by a Member, the Board may in its sole discretion waive any of the Mutual's rights arising from the Member's conduct and may pass and pay in full or in part any claim for Protection which it thinks fit. The Board shall nevertheless at all times and without notice be entitled to insist on the strict application of these By-laws.

### 23. Assignment of Rights of Recourse

No obligation of the Mutual, and no interest under these By-laws or under any contract between the Mutual and any Member, may be novated or assigned without the prior written consent of the Mutual. The Mutual has the right in its discretion to give or refuse such consent without stating any reason or to give its consent on any such terms or conditions as it may think fit.

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## 24. Delegation of Powers

### 24.1 By the Mutual

Whenever any power, duty or discretion is stated in the Constitution or these By-laws to be vested in the Mutual, such power, duty or discretion will be exercisable by the Board unless it has been delegated to any committee or sub-committee of the Board of Directors or to the Mutual Claims Assessor. If this occurs then the power, duty or discretion may be exercised by any person to whom it has been delegated.

### 24.2 On behalf of the Mutual

Whenever the Board, or any other person to whom it has been delegated exercises any power, duty or discretion, such power, duty or discretion shall be exercised on behalf of the Mutual.

## 25. Disputes and Differences

### 25.1 Initial Referral

If any difference or dispute between any person and the Mutual relating to any loss, claim or demand made by that person shall arise out of, or in connection with, these By-laws or a Protection Schedule, such difference or dispute shall, in the first instance, be referred to the Mutual's internal complaint resolution officers.

The internal complaint resolution officer to undertake the review shall be a different officer than the original decision maker.

### 25.2 Referral to the Board

Subject to By-law 25.1, a dispute or difference between a Member and the Mutual may at the Member's discretion be referred to and adjudicated by the Board.

This will take place even if the Board has already considered the matter before any such difference or dispute arose. An application to have the Board adjudicate a matter must be in writing. The Board will deliver its decision in writing.





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