

MINUTES - MEETING OF THE BOARD OF DIRECTORS OF
U.S.A. ALLIANCE

The first meeting of the Board of Directors of this corporation was held on Friday, February 8, 1980 in the offices of Insurance Time located in suite 210, 2024 Powers Ferry Road in Atlanta, Georgia at approximately 5:15 p.m.

Present at this meeting were the following directors, constituting a quorum of the full board:

William E. Murrey
Bernard P. Concannon
Earl S. Dillard
William W. Davis, Jr.
Larry Haines
Stuart Bankhardt, Jr.

Director Louis A. Williams was not present due to having to catch a plane back to his home state.

William E. Murrey presided as chairman of the meeting, having been elected as President by the general membership.

The chairman advised the board that he did not feel that it would be necessary to have a Vice-President, but he did feel that a Secretary and a Treasurer were required under the corporate bi-laws. He requested that nominations from the board and the name of Stuart Bankhardt Jr. was submitted for the office of Secretary and William W. Davis, Jr. was submitted for the office of Treasurer. A second to these nominations was obtained and the vote was unanimous for the election of these two directors to serve in the dual capacity of officers as well. The board also reconfirmed the general memberships nomination of William E. Murrey to be President of the corporation.

The subject of check signing privileges was discussed by the board and due to the distant factor of the various members of the corporation it was decided that the President, William E. Murrey, would have the right to sign checks up to the amount of \$1,000.00 without either board or general membership approval. This motion was made and seconded and unanimously carried.

A discussion was held relative to the next meeting of the corporation. It was felt that a six month meeting should be held and the board was basically against a "piggy-back" type meeting in conjunction with the A.A.M.G.A., N.A.P.S.L.O., or the N.A.I.I. conventions. The board felt that a separate meeting should be held with the entire membership attending and the location selected was Chicago, Illinois, October 5, 6 & 7 at a hotel to be secured and announced to the membership in the near future. Discussion was held as to having a meeting in February to firm up plans for the 1981 advertising campaign. More on this was to be decided at the October 1980 meeting.

The chairman requested the board to reconvene on Saturday, February 9, 1980 with the members of the advertising committee to discuss any

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comments or findings of the general membership prior to the adjournment of this second meeting of the corporation.

THERE BING NO FURTHER BUSINESS to come before the meeting, upon motion dully made, seconded and unanimously carried, the meeting adjourned.

William E. Murrey - Chairman

Stuart Bankhardt, Jr. - Secretary

SB/bam/pi

U.S.A. ALLIANCE SHAREHOLDERS MEETING

Boca Raton-Monday, May 19, 1980-2:00 p.m.

President Bill Murrey presided over the meeting and a number of committee reports were given and a discussion was held as the various reports were given.

Chairman Earle Dillard of the Company Relations Committee gave his report (copy of same attached herewith) and he made a request of the membership to send a list of all companies represented by them to him so that a list could be compiled for his committee to send to all members. Bob Katz suggested we have one mailing piece developed which could be directed to companies and this idea was well received. A suggestion was made that a product be developed and then taken to a company for underwriting purposes rather than going to a company and asking for their entire product line to be marketed by Alliance members.

Bill Davis, Chairman Producer Relations Committee, gave his report (copy of which is attached herewith) and that committee believes that it is premature to offer advertising assistance to agents at this time until such a time as the Alliances own advertising program is firmly established. The Shareholders generally agreed to this premise.

Bernie Concannon, Chairman Membership Committee, gave his report and it was decided as a result of same to incorporate in the By-Laws a section designed specifically for the membership committee so that no questions could be left unanswered for a later date.

Bill Murrey, gave the Advertising Committee report and it was generally agreed that henceforth "Brown Lines" will be sent to all members prior to actual printing of the mailer piece. A great deal of discussion was held relative to future mailers and it was suggested that more emphasis be placed on the General Agents name rather than the Alliance's name on all future product mailers. The thought was to increase the General Agents image at least for the time being.

Larry Haines, Chairman Program/Meetings Committee, gave his report and the next meeting of Shareholders will be held in Chicago on Sunday and Monday, October 5 and 6, 1980 at the Holiday Inn located at O'Hara Airport with the Directors meeting to be held on Sunday October 5. Larry advised that single rooms were available at \$38.50 per night and double rooms at \$48.50 per night. He asked for an expression of those who would be attending to certainly contact him long before that meeting so proper accommodations could be made.

Louis Williams, Chairman Finance Committee gave his report and a proposed budget was presented to the membership. A copy of that budget is attached herewith. A request was made that all members immediately pay up to date and keep their monthly payments in line so that the treasury would have sufficient funds to pay their bills. Each company was advised who still owed money and members were requested to pay up promptly.

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The balance of the meeting was an indepth discussion on the Articles and By-Laws to be adopted by the Shareholders. It was decided that no more than twenty Shareholders could be founding members of the Alliance and this proposal was unanimously adopted. Further it was suggested and adopted by the Shareholders that a minimum membership fee of \$1,250.00 would apply to all future members of the Alliance. A copy of the By-Laws as discussed is attached herewith for review by the individual Shareholders and if there are any errors or changes to be requested they are to be resubmitted by the individual Shareholder to the Secretary for presentation to the members.

The members in a attendance at this meeting were Bill Davis, Bill Reed of Equity Insurance, Bernie Concannon, Glasgow Hicks, Bob Katz, Earle Dilliard, Larry Haines, Val Jones, Bill Murrey, Mal Murison, Bob Cochran, Louis Williams, Ralph L'Allier and David Price, Bill Bicknell and Donald and Stuart Bankhardt. Absent: Ed Judge and John Griffin.

There being no further reports to be submitted the meeting was adjourned at 6:00 p.m.

Respectfully submitted,


Stuart Bankhardt, Jr.
Secretary

SB/bam/pi

MINUTES OF

USA ALLIANCE SHAREHOLDERS MEETING

Chicago, Illinois--Sunday - Tuesday, October 5-7, 1980

President, Bill Murrey, presided over all of the sessions of the Shareholders Meeting and a number of committee reports were given followed by discussions as each report was rendered by the appropriate Committee Chairman.

Those attending the meeting were Earle Dilliard, Bob Katz, Bob Cochran, Bruce Burnside, Ed Judge, Bill Bicknell, Bernie Concannon, Louis Williams and John Larson, Bill Murrey, Larry Haynes, Bill Davis and Bill Reed, and Stu Bankhardt.

Discussion was held relative to the resignations of two of the Alliance members namely, Vern Gilbert Company and Allied Fidelity Corp.. A Mr. Bob Stiehl, assistant vice president of Allied Fidelity Corp., was in attendance but was asked not to stay at the meeting while discussions were held with remaining Shareholders. After considerable discussions a decision was reached that Bill Murrey should contact by mail the Chief Executive Officer of Allied Fidelity and advise him that they would no longer be members in good standing with the Alliance. Mr. Stiehl was asked to return to the meeting and then was given the decision of the Shareholders that within ten days a formal decision would be sent to the Chief Executive Officer of Allied Fidelity. On this same subject a motion was made by Louis Williams and seconded by Bob Katz that President, Bill Murrey, was empowered by the Shareholders to negotiate a settlement of any problems with Allied Fidelity to preserve the good image of the Alliance if that became necessary. This motion was unanimously passed.

Bernie Concannon, Membership Chairman, requested the Shareholders to assist him in defining and arriving at the answers to the following questions: 1. How do new members get in?; 2. How do new members split territories if that becomes a requirement?; and last, What do we charge a new member?. After considerable discussion the Shareholders agreed as follows that the basic requirements would be:

1. Instead of a Application a complete Company Profile and Resume plus a current Financial Statement must be sent to the membership committee for approval.
2. The membership committee after approving the Applicant would check with members in surrounding territory or states for approval.
3. Membership Committee will check with companies to determine if the Applicant is acceptable to the companies.
4. Membership Committee will then present their findings to all of the Shareholders for vote and 100% approval must be obtained. Further, it was determined that the new Applicant initiation fee and the cost of his one share of stock would be \$1,250.00.

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As part of his report, Bernie Concannon, proposed the Application of Darrell Lindsey of THE Fidelity Insurance Group of Salt Lake City for membership. After considerable discussion on the Profile a motion was made by Murrey and seconded by Bankhardt that this Applicant be declined at this time and the Membership Committee was instructed to advise Mr. Lindsey accordingly. At this time Bob Katz asked for a vote upon a motion to expel Allied Fidelity as a member due to recent sale and reorganization and this motion was seconded by Bob Cochran, the vote carried unanimously. In view of the expulsion of the aforementioned member Bill Bicknell made a motion and it was dully seconded that Bernie Concannon now retain the rights to the state of Illinois and that Bill Davis by way of motion made by Bob Cochran and seconded by Earle Dilliard be allowed to pick up the state of Indiana and this motion carried unanimously. The state of Michigan becomes available to be filled as do the states of Idaho, Utah, Colorado, South Dakota, Maine, Vermont, New Hampshire, Massachusetts, Connecticut, Rhode Island, New York, New Jersey, Hawaii and Washington D.C.. In conclusion, Bernie Concannon advised that Excess Surplus Placers, Inc. also were to be no longer considered as members as they had discontinued operations. A motion was made to transfer the state of Oregon to Cochran, Griffin and Company, Inc. in addition to the states of Alaska and Washington and this motion was unanimously passed by the Shareholders.

Earle Dilliard, Chairman of the Company Committee, advised the Shareholders that the following companies would attend a round table discussion today and these companies are Eagle Star, National American of New York but unfortunately Great Global Insurance Company was unable to attend due to a sudden problem in the family of it's president, Mr. Robert D. Linton. Additionally, a representative of Goals Unlimited and RIMCO would also attend the round table discussion. Earle further disclosed to the Shareholders that he was in contact with at least five additional companies and he briefly listed those names but asked that they not be included in the minutes so that no contact would be made with the companies until his Committee had completed their negotiations. Discussion was held on Programs to be developed by the Alliance for exclusive contracts with the various companies but no decision was reached at this Shareholders Meeting as to which programs would be included at this time.

Bill Davis, Chairman of Producer Relations Committee, handed in his report which is attached to and made part of these minutes. There was a brief discussion and it was determined that programs are what we need and each and every Shareholder should give his ideas to this committee.

Louis Williams, Chairman of Budget Committee, made his report which was short and to the point.

Bill Murrey, Chairman of the Advertising Committee, showed the Shareholders the current mailers for SMP, Sub-Standard Auto, Truck, Cargo,

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and General Liability. All of these mailers are presently available or will shortly become available to the Shareholders. He further showed some ideas which he asked the Shareholders to approve. The Sunday meeting was adjourned at 7:00 p.m. to be reopened at 8:30 a.m. the next day, Monday.

The Shareholders Meeting was reconvened at 8:30 a.m. by President, Bill Murrey.

A general discussion was held as to when the next meeting should take place and it was decided that it should be in Dallas, Texas on the weekend of February 1, 2 and 3 of 1981. Larry Haines was instructed to make the appropriate reservations and advise the Shareholders accordingly.

Bill Murrey, advised that the USA Alliance name has been applied for registration and in due time we hope to get appropriate approval so that this will be a Registered Trade Name owned solely by the Alliance. Bill then passed out to the Shareholders a Shareholders Agreement/Letter of Investment plus Stock Certificates to those Shareholders whose state had approved the Alliance Corporation. Conversation was held relative to a newsletter for producers but this was referred to the Producer Relations Committee for further study. A long discussion on Products was held as well as trying to create a definition of what the aims and purposes of the Alliance were for the present and future. The question was asked, "Where do we want to go" and the following suggestions were made by the Shareholders: 1. Want to get bullets; 2. Producer or product penetration re product in local agents office; 3. Our image to Producer; 4. Our image to Company; 5. New products- Exclusivity of these products so that no one else has them; 6. National programs; 7. Innovation; 8. Producer support to compete with Direct Company Agents (such as Allstate), Franchises, etc. Innovation is the key to all of the above and profit is the bottom line. Long discussion was held relative to how do we get there and what would be the common product; would we act as an individual or a "Super MGA". A Coin Dealers program was suggested as well as a Truck Broker's Complete Package Program. In line with this conversation it was suggested that we create a committee from our own staff members to tap their expertise as kind of a "second line" to discuss and purpose new programs or new approaches to present programs.

Earle Dilliard made a motion and it was seconded by Bill Davis that the former Board of Directors should become known as the Executive Committee and be charged with making decisions to present to the Shareholders in the future to avoid these long Shareholders Meetings. The motion passed unanimously and the Executive Committee was advised to meet and present their findings to the next Shareholders Meeting in Dallas. The Executive Committee will meet in Kansas City on November 4-6, 1980 to begin developing material and ideas to present to a full quorum of Shareholders. Any ideas that any of the Shareholders

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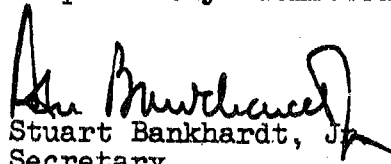
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might have should be passed on to the Executive Committee which is made up of the following Shareholders; Bill Murrey, Bernie Concannon, Louis Williams, Earle Dilliard, Stuart Bankhardt, Bill Davis, and Larry Hajnes.

There being no further business to come before the Shareholders at this time the formal meeting was adjourned at 12:00 noon for luncheon and then would be reconvened for meetings of a round table nature with the various company and other vendor executives who had come to Chicago to meet with the Shareholders. Those individuals included Frank Spitalny, President, Eagle Star and Ken Blakeley also of Eagle Star, Emil Marginc, President, National American Insurance Company, Greg Esch, President of Goals Unlimited, Pat Giano, Executive Vice President of ANECO Group of New York, and Charles Lee of RIMCO.

At the conclusion of the open roundtable discussions the meeting was adjourned at 5:20 p.m. to be followed by a cocktail party and dinner for the attending Shareholders and guests.

Respectively Submitted,


Stuart Bankhardt, Jr.
Secretary

SB/bam/pi

REPORT OF PRODUCER RELATIONS COMMITTEE
USA ALLIANCE

The charge to this committee, as set forth by the President, is as follows:

1. To formulate the Company Policy as respects its public relations with the Producers of the Stockholders.
2. To review requests from Stockholders which are intended to improve Producer-Stockholder loyalty and public relations.
3. To communicate with the Board of Directors for approval.

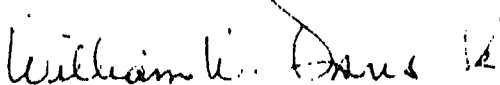
The committee offers herewith comments on each of these items.

As respects number 1, it was determined at the Boca Raton Shareholders meeting that specific programs of advertising and marketing assistance for the local independent agencies of those MGA's who are part of the Alliance be deferred until such time that the Alliance has firmly established itself in the advertising and company marketing areas. There has been no change in this position but the committee now submits that consideration should be given to specific programs for those local independent insurance agents doing business with members of the USA Alliance.

As respects number 2, the committee invites comments and suggestions from individual members of the Alliance as respects ways to improve Producer-Stockholder loyalty and public relations.

Any suggestions received from the members of the USA Alliance will be submitted to the Board of Directors for approval at the appropriate time.

Respectfully submitted,


William W. Davis, Jr.
Chairman
Producer Relations Committee

MINUTES OF

USA ALLIANCE EXECUTIVE COMMITTEE

Kansas City, Missouri-Tuesday - Thursday-November 4-6, 1980

Attending the Executive Committee Meeting was Bernie Concannon, Larry Haines, Bill Murrey, Louis Williams, Earle Dilliard, and Stuart Bankhardt. Bill Davis, the other member of the Executive Committee was unable to attend.

The members arrived in Kansas City on the evening of November 4 and held brief discussions on a variety of subjects in preparation for the full day meeting on November 5. .

President Murrey called the meeting to order at 8:30 a.m. on Wednesday, November 5, 1980 and President Murrey set out three subjects which should be discussed and definitions arrived at and they were as follows:

1. A further definition of what the Alliance is going to do (its purposes).
2. Program development.
3. Recommendations to membership of future development of the Alliance.

Louis Williams started the conversation with the thought that he felt the Alliance should negotiate exclusive contracts relative to programs with individual insurers, but hire expertise to serve each member of the Alliance in the basic development and filings of these new commercial programs. He felt, and the committee concurred, that we must get away from simply being an advertising entity. This immediately created two additional discussions, one was to list from the committee members programs that the committee should recommend be developed to the Alliance members and these were as follows:

1. Product Recall Insurance (defective products).
2. Mini-Computer
3. Condo
4. Coin Dealers
5. Association of Retired Housing
6. Custom PAC
7. Collateral Protection
8. Coal
9. White Water Rafting
10. Contractor's Performance Bond
11. Auto Rental
12. Retail Package Liquor Stores
13. Restaurant Package
14. Rapid PAC

After much discussion it was the opinion of the Committee to recommend to the membership that we involve ourselves in the Rapid Pac and the Custom PAC programs to begin with. An appointment was then made with American Continental Insurance Company by Bernie Concannon for Thursday morning, November 6 to discuss these two programs with this insurance carrier.

Discussion was held by the members of the Executive Committee relative to the hiring of a Key Individual to become the Product Development Underwriter to work for and on behalf of program development for the Alliance. Much discussion was held on who would fulfill this job and several individuals were suggested and they will be contacted and interviewed by Bill Murrey and Bernie Concannon prior to the Dallas meeting in February. At that time one or more individuals will be presented to the Shareholders for confirmation.

Discussion was held relative to the continuation of the employment of Cy upon expiration of his current tenure or February 1, 1981. It was felt by the Executive Committee that Cy had developed enough mailers to last through the majority of 1981 and therefore we could better use the money which we were paying Cy for our Product Development individual. This suggestion passed the committee unanimously and President, Bill Murrey will talk to Cy between now and February 1, 1981. The morning session of this meeting was adjourned and reconvened at 1:45 after luncheon.

A definition of the Alliance was developed by the Committee for approval by the general membership and that definition is as follows:

1. To create co-operative marketing and advertising that will enhance premium production, visibility and local agent loyalty for it's members;
2. To portray the highest professional advertising image to local agents and insurance companies;
3. To obtain cost savings in printing, advertising or other business related expenses by volume purchase;
4. To develop market strategies;
5. To develop and market new products and programs nation wide;
6. To improve and strengthen insurance market availability.

This definition of the Alliance will be presented to the Shareholders for final approval at the February meeting.

Additional discussion was carried on after the luncheon adjournment on the recommending of hiring a Product Development liaison to oversee program and product development, and to primarily handle the filings and general gatherings from all member sources of information in which to develop a program and then proceed to see that program to a final conclusion. This would not include however, the presentation of the program to a prospective carrier or carriers. The presentation of the program would be done by the President or a designated individual or individuals

at the time that the product was developed sufficiently enough for presentation. The Executive Committee authorized Bill Murrey to begin interviews and the feeling out of several prospective candidates who were suggested and some of those are located in Atlanta. Any additional individuals who might fit this job description may be recommended to the Executive Committee by the Shareholders.

Earle Dilliard suggested that we should look into the Free Trade Zone, syndicates and the Florida and New York Exchanges and find out exactly how they work and where the Alliance might have a direct working relationship with one or more of these organizations. He suggested further that we explore the background, what they do, how they do it, how we could participate, and Earle will look into this subject more fully and report back to the Alliance Shareholders as a total group at our meeting in Dallas in February. The Executive Committee unanimously agreed that this was an excellent suggestion on the part of Earle.

A short discussion was held relative to the presentations made at the Chicago meeting and it was agreed by the Executive Committee that the program presented by Greg Esch was not of material interest at this time to the Alliance as a group but if individual members cared to negotiate directly with Mr. Esch they could do so on their own.

Louis Williams, Chairman of the Budget Committee, suggested that an amendment to the By-Laws be made wherein some Method of Assessment could be presented to the Shareholders which was not presently covered by the By-Laws. More discussion on this subject will be held at the February meeting.

President, Bill Murrey, suggested that a new committee entitled Product Committee should be created and those members of the Alliance who would be interested on serving on such a committee should make their thoughts known to Bill Murrey prior to the February meeting wherein the actual committee will be established and members elected to serve on the committee.

At the suggestion of President Bill Murrey, a nominating committee was appointed made up of the members of the Executive Committee and a report on this Nominating Committee will be made at the February meeting. It was unanimously agreed by the Executive Committee that ALL members of the Alliance will serve on the Executive Committee at sometime and that three members each year would go off of the Executive Committee and three new members would then be elected always maintaining a Executive Committee of seven members. President Bill further announced that immediately following the Shareholders Election Meeting in Dallas that there would be a Executive Committee meeting to elect new officers for the period from February 1981 through February 1982. The Dallas meeting will take place from Sunday, February 1st through Monday evening, February 2nd.

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The meeting was adjourned at 6:15 p.m. to be followed by a dinner and further discussion relative to the meeting with the American Continental people on Thursday morning, November 6 at 9:30 a.m.

Respectively submitted,


Stuart Bankhardt, Jr.
Secretary

SB/bam/pi