

USA ALLIANCE
EXECUTIVE COMMITTEE MEETING

FEBRUARY 1, 1983
DALLAS, TEXAS

The Executive Committee Meeting was called to order at 7:30 P.M. by President Ralph L-Allier and those in attendance were Cochran, Katz, L-Allier, Hicks, Williams, Murrey and Bankhardt. Absent was Ed Judge. A motion was made by Cochran and seconded by L-Allier that the reading of the minutes from the previous Executive Committee Meeting be accepted as presented without reading and the motion passed unanimously.

A short discussion was held relative to the IMI contract which expires as of the last day of February 1983. A re-reading of the term and termination paragraphs of that contract was given by Louis Williams together with the contents of a letter from Myron Burge and John Crotts, which in essence advised the Alliance to name David A. Mitchell as Individual rather than IMI, but that all commissions developed from programs implemented by IMI on behalf of the Alliance would be paid to IMI as earned. President L-Allier read a letter addressed to him dated December 20, 1982 from IMI, copy of which is attached to these minutes. A motion was made and seconded that all expenses due David A. Mitchell would be paid directly to Mitchell rather than to IMI per letter received by Louis Williams from IMI for permission given to the Alliance from IMI. A motion was made by Murrey and seconded by Katz and passed unanimously instructing the Treasurer to pay these expenses. Relative to commissions that would be due to IMI, the date of implementation of the one and only program (PEP) would run from February 1982 through February 1985.

*Amend
By-Laws*

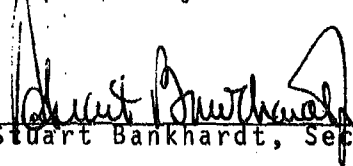
A report of the Nominating Committee was given by Louis Williams and a discussion was held concerning an amendment to the By-Laws relative to Article 6, Sub-Section 6.2; correcting the wording from "Board of Directors," to "Shareholders." This would simply allow the Shareholders to elect the Officers and Directors, rather than the Board of Directors electing the Officers from their members. A slate of Officers and Directors was presented to the Executive Committee for further presentation to the Shareholders at their meeting on February 2, 1983 and a motion was made by Cochran, seconded by Katz that both the amendment and the slate as determined by the Nominating Committee should be accepted for presentation to the Shareholders, and that Directors Williams and Bankhardt would be replaced in this slate by Nominees Val Jones and Herb Kaufman.

A discussion relative to the Purpose of the Alliance was held with the Members Bill Murrey, Bob Katz and Louis Williams expressing the need for the continuation of the Alliance, but as to exactly how this

would be determined would be due in the main as to what our accomplishments were during the next one year period. Louis Williams expressed the sentiment that the Alliance has tremendous potential for success if it is properly harnessed and directed, and that we certainly must keep ourselves a viable entity in the forthcoming insurance marketplace. It was further recommended that as a result of this discussion, that a recommendation from the Executive Committee to the Shareholders should be made in the form of forming a National General Agency with vanilla-type products, utilizing a small percentage of the existing Shareholder's books of business to develop a large enough volume of national business to be attractive to an insurance carrier. It was further recommended that a contract with David A. Mitchell to act as an Independent Contractor with the title of Executive Director, allotting 100% of his time to pursue and develop the business of the Alliance for a period of one year, should be given priority treatment at the Shareholder's meeting on February 2, 1983.

There being no further business to come before the Committee, the meeting adjourned at 11 P.M.

Respectfully submitted


Stuart Bankhardt, Secretary

MINUTES OF THE USA ALLIANCE
SHAREHOLDER'S MEETING

FEBRUARY 2/3, 1983
DALLAS, TEXAS

By-Laws Δ
Exec. Dir. approved

Those members attending were Bill Murrey, Earle Dillard, Bernie Concannon, Bob Cochran, Ralph L-Allier, Glasgow Hicks, Herb Kaufman, Bob Katz, Louis Williams, Larry Haines, and Stuart Bankhardt. Missing from the meeting were Bill Davis, Val Jones (Mr. Jones attended the Thursday morning meeting only), Mike Adams, John Griffin, and Ed Judge. The meeting was called to order at 8:30 A.M. by President Ralph L-Allier.

A motion was made by Bankhardt and seconded by Murrey to accept the minutes of the last Shareholder's meeting without a re-reading, and this was passed unanimously.

The Treasurer's Report was presented and there was an authorization to pay to the Office of Secretary, \$200 for expenses during the previous three years. A motion by Katz and a second by L-Allier to proceed with this authorization was passed unanimously. Louis Williams then presented a Financial Statement as prepared by our CPA's and there was a short discussion on this statement. Mr. Williams advised the Shareholders that the \$200 paid to the Office of Treasurer monthly was divided equally between his Secretary Lynn Fulbright and himself, since she does a goodly part of the work on our behalf at his direction. He further advised the Shareholders that Ed Judge of Rocky Mountain General Agency has agreed to take the state of Idaho, and a motion was made by L-Allier, seconded by Hicks that this be agreed and the motion passed unanimously. The Treasurer further advised the Shareholders that as of December 31, 1982, all Shareholders have paid their individual assessment to the Alliance in full. No proposed budget for 1983-1984 was presented at this time, but would be distributed at a later date directly to the Shareholders. A motion was made in this regard by Murrey and seconded by Hicks to go to an annual budget rather than six months at a time, and this motion carried unanimously. The Treasurer advised the Shareholders that the following expenses for Executive Officers were to be as follows: President-\$300 per month; Treasurer-\$200 per month; Secretary-\$10 per month; Processing Office-\$500 per month for a total of \$1,010 per month and a motion was made by Hicks and seconded by Cochran that these expenses together with the Financial Statement as of December 31, 1982 be accepted by the Shareholders and this passed unanimously.

Exec. Comm
expenses

A Nominating Committee Report was rendered by Louis Williams, and he explained that it was the feeling of the Nominating Committee as well as the Executive Committee that all 16 Shareholders should have a direct in-put to election of Officers, and recommended that the By-Laws, Article 6, Sub-Section 6.2, be changed to read as follows:

By-Law Δ

~~"All elected officers shall be elected by the Shareholders and shall serve until their successors have been elected, and duly qualified."~~ A discussion was held and then a motion was made by Williams, seconded by Hicks and passed by 2/3's of the Shareholders to accept this new amendment to the By-Laws. Williams then presented the Nominating Committee's slate of nominees which were as follows: President-Ralph L-Allier; Vice-President-Bob Cochran; Secretary-Stuart Bankhardt (Ex-Officio Member); Treasurer-Louis Williams (Ex-Officio Member); Herb Kaufman, Val Jones, Ed Judge, Bob Katz, and Glasgow Hicks were to be the Directors. Directors Judge, Katz and Hicks are still serving unexpired terms and the only two new Directors would be Kaufman and Jones. Louis Williams placed in nomination this slate of nominees, it was seconded by Hicks, there were no nominations from the floor and Hicks called for nominations to be closed, which was seconded by Cochran, and these Officers and Directors were unanimously elected to serve for 1983-1984.

Bill Murrey reported on the Executive Committee Meeting's held both in Salt Lake City and Dallas relative to the Alliance's beginning of an In-house National General Agency concept and that the contracting with David A. Mitchell as the Executive Director to spend 100% of his time directing the business of the Alliance and keeping it on course for a term of one year. There was considerable discussion and Mr. Mitchell was asked to address the Shareholders concerning how he saw his duties and there were three principal questions asked of him which were as follows: (1) Your vision and plan for the USA Alliance; (2) How do you see yourself within the structure of the USA Alliance; and (3) What have we missed and where would you take us? Mr. Mitchell's reply to these questions were very direct and acceptable to the Shareholders in attendance. Mr. Mitchell was then excused from the meeting. A ~~motion was made~~ by Cochran, seconded by Kaufman that we would contract with David A. Mitchell for 100% of his time for a period of one year, at a salary, expenses, and office expenses as outlined previously to the Executive Committee and the Shareholders. This contract would become effective February 1, 1983 and the following instructions were given to Mr. Mitchell and will be incorporated within this contract, and they are as follows:

(1) Develop and market PEP and increase production at an annualized rate of \$3 million.

(2) Visit with and in various of the Shareholder's offices relative to underwriting our programs and visiting with the underwriters.

(3) Develop and implement programs for the National General Agency concept and have among them mobile home, automobile, etc., obtaining immediate premium income from business already in Shareholder's offices, and as a result of new programs.

Exec. Dir.
approved

(4) Watch for possible voids in the insurance marketplace nationally.

(5) Release advertisement in the form of news releases as results nationally occur relative to PEP, and other Alliance Programs and encourage the exchange of advertising material among members relative to the individual members own in-house advertising.

(6) Develop and distribute monthly reports to all of the Shareholders relative to the activities and present business affairs of the Alliance.

The morning session adjourned at 11:40 A.M. The meeting was reconvened at 1:10 P.M. wherein the underwriters representing various Shareholder's offices joined the Shareholder's Meeting and joined in the discussion with Jim Hileman and Brant Chandler, our Insurance Intermediaries, were introduced again by Louis Williams and a lengthy discussion followed. As to the surveys which were distributed by Hileman and Chandler on December 14, 1982, as of February 2, 1983, only six firms or Shareholders have responded, namely Casualty Underwriters, Insurance Innovators, Val Jones and Associates, Burns-Wilcox, Jaeger-Haines, and Equity Underwriters have responded. A new survey is to be sent out to all Shareholders with the hope that they will not simply ignore the survey, but complete same and return it immediately to Hileman. Louis Williams will continue to work with the Hileman Office along with David Mitchell.

ADCO joins

Membership Committee Report was given by Bernie Concannon, and the firm of ~~ADCO General Agency~~, headed by Ed Willis of Denver, Colorado was awarded the state of Colorado and becomes a Shareholder after a motion duly made by Hicks and seconded by Murrey was passed. The fee will be \$1900 plus \$100 for the stock certificate or a total of \$2,000. The firm of Wilson-Oakley Special Risk Limited was presented, and accepted by the Shareholders pending the termination of what states (Pennsylvania, New Jersey, Maryland) would be taken by this entity and that a fee of \$2,000 (\$1900 plus \$100 stock share) was included in the motion made by Concannon, seconded by Hicks and passed unanimously by the Shareholders. The name of John Owens was presented by Bob Katz to the Membership Committee, but it was referred to Ralph L-Allier since he has the exclusive right to the state of Wisconsin to work out any arrangement that he might care to make with Mr. Owens. The Membership Committee also presented the name of Smith-Hoyt and Associates (Scott Smith) relative to the state of Connecticut and that was referred to Mike Adams for a determination since he has that state. This concluded the Membership Committee's Report.

A report of the Products Committee was given by Herb Kaufman and it was determined by the Underwriter's Committee that they will hence forth be in charge of the Products Committee under the direction of Greg Murrey as a liaison to David Mitchell and there will be no formal Products Committee in the Shareholder's group.

Bill Murrey gave the Advertising Committee's Report, and there are a number of mailers in stock, namely: 13,000 mobile home; 22,000 auto; 12,000 PEP; and 12,500 truck, and if any Shareholder requires additional supplies, they should contact Murrey directly for cost and mailing costs involved. This basically concluded the Advertising Committee's Report and no new advertising is contemplated at this time.

The Company Committee's Report was given by Earle Dillard and since it was not very long, it was determined that Earle would continue as a resource and assistant to David Mitchell in the future, and that basically he would be relieved as a Committee Chairman for the immediate future.

Bob Katz gave the Long-Range Committee Report which basically broke down into a one year term commitment under the direction of David A. Mitchell.

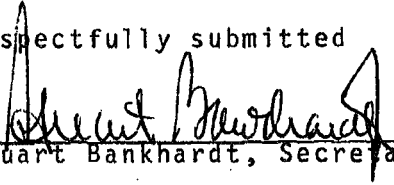
It was determined that the next meeting of the Shareholders would be held at the Amfac Hotel in Dallas, Texas, August 2nd and 3rd, 1983.

This meeting adjourned at 3:45 P.M. to be reconvened at 8:30, Thursday, February 3rd.

The morning meeting of February 3rd was turned over to a round table discussion and a lot of time was taken relative to furnishing 1099's to producers and the consequence of not doing so by the IRS. Also production and profit incentive plans for employees of Shareholders was discussed and how we possibly could improve the production of the PEP Program in association with David Mitchell.

There being no further business to come before the Shareholders the meeting was adjourned.

Respectfully submitted


Stuart Bankhardt, Secretary

SB/sp



Halper
Sent to member
A.D.P. - 1/5/82

INSURANCE MARKETING INTERMEDIARIES, Ltd.

P.O. BOX 276 • EAST HAVEN, CT 06512

(203) 453-0256

December 20, 1982

Mr. Ralph L'Allier
Casualty Underwriters, Inc.
10 W. 6th Street
St. Paul, Minnesota 59403

Dear Ralph,

I have forwarded a letter to Louis Williams regarding IMI's October expenses. You will be receiving a copy under separate cover.

Regarding our current situation, I am attaching an announcement and Press Release on Wilson-Oakley Special Risk, Ltd.

We, WOSR, operate as a Managing General Agency throughout the Eastern portion of the country. You will note our specialties as we also offer a fairly broad range of general service and products.

Myron and I still operate IMI, however, a substantial portion of our time is spent with WOSR.

As indicated in your recent letter, Dave Mitchell will be using the IMI contract between IMI and Alliance. We are very pleased you selected Dave Mitchell to spearhead the executive administrative position. We're sure he will do a fine job.

I would like to take this opportunity to express our appreciation to you and all the members of the Alliance for allowing IMI to participate in a very innovative and creative venture. It has been a tremendous experience for ourselves and we only hope we have added our part to the longevity of the organization.

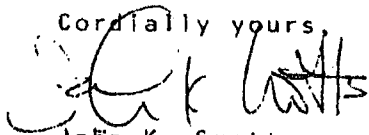
Mr. Ralph L'Allier
Casualty Underwriters, Inc.
December 20, 1982
Page 2

Under separate cover, I will submit to Bernie information on WOSR and possible membership in the Alliance.

Again, per your recent letter, Myron and I will not incur any additional expenses on behalf of Alliance. Per our contract, the only continued compensation from the Alliance to ourselves will be the 1/2 of 1% on PEP for the three year term of the agreement.

Looking forward to visiting you our next time out in St. Paul. Tell Dave we said hello.

Cordially yours,



John K. Crotts
President

JKC/jmm

ALLIANCE

EXECUTIVE COMMITTEE MEETING

October 5, 1983 - Portland, Maine

The Executive Committee was called to order at 3:11, on October 5, by Ralph L'Allier. In attendance were: Ralph L'Allier, Bill Murrey, Bob Katz, Herb Kaufman, Val Jones, Louis Williams, Ed Judge, and David Mitchell.

The minutes of the August 4th meeting were reviewed. Herb Kaufman moved that the minutes stand approved as submitted. Bob Katz seconded, and the motion was carried.

Louis Williams then gave the treasurer's report. Louis moved that we propose to the shareholders, a change in the fiscal year to coincide with the calendar year. Val Jones seconded the motion which was carried.

A discussion was held regarding the Gitel, Inc. advertising proposal. The committee reaffirmed the position taken at the August 4th Executive Committee meeting.

Ed Judge, as nomination committee chairman, reported that Bernie Concannon and Mike Adams would be nominated to begin a three year term of office. Ed also indicated that he would propose to the shareholders that the terms of office coincide with the calendar year.

Bob Katz moved that the ~~terms of office be modified to run from January 1, to December 31, annually and that this change be proposed to the membership for radification.~~ Ed Judge seconded the motion, which was carried.

Bob Katz moved that the semi-annual meetings be held in October and April, and that this change also be presented to the shareholders for radification. Ed Judge seconded, and the motion carried.

At this point, Louis Williams reviewed four budgetary options for fiscal 1984 which would be presented to the membership.

Louis moved that the offices represented at the August 16th underwriters meeting be billed for costs incurred. Herb Kaufman seconded the motion which passed. Louis then moved that ~~any action taken by the shareholders which would commit the Alliance to additional funds, be passed along to the shareholders without change in the budget for the remainder of 1983.~~ Bob Katz seconded and the motion carried.

At this point, a discussion was led by Louis Williams regarding the possibility of the Alliance assisting members and the families of members, in the event of a members death, illness, or unforeseen financial impairment.

Bob Katz agreed to chair a committee to investigate this situation.

A general review of the agenda for the October 6 shareholder's meeting was conducted. Various comments and suggestions were given by the committee.

At 4:40, Ed Judge moved for adjournment. Herb Kaufman seconded the motion which passed.

Officer
Terms
Jan-Dec

EXECUTIVE COMMITTEE RECONVENES

At 8:30 a.m. on October 7, members of the Executive Committee along with the newly elected officers met to further review various issues raised. Various committees were formed to assist Bernie Concannon in the development of the processing center concept.

A discussion was held regarding the future of the Executive Directors Position. It was decided that due to the change in direction, indicated by action taken at the shareholders meeting, the funds currently allocated to that position could be more effectively used elsewhere. Louis Williams and Ralph L'Allier informed David Mitchell of this decision at the end of the meeting. Mitchell would continue until October 31 in official capacity. All parties agreed that the decision made sense and that the action was necessary from a financial point of view. Mitchell told Louis and Ralph that he would continue to work with the Alliance until all business remaining was finalized.

Exec. Dir. contract terminated

Exec. Dir position terminated

SEMI-ANNUAL SHAREHOLDERS MEETING

October 6, 1983 - Portland, Maine

A meeting was called to order on October 6, at 8:30 a.m. by Ralph L'Allier. Members in attendance were: Ralph L'Allier, Ed Judge, Val Jones, Bob Katz, Bernie Concannon, Louis Williams, Bob Concannon, Mike Adams, Herb Kaufman, Bill Murrey, David Mitchell. Also in attendance were: Dick Thomas, representing Ed Willis, and Bill Reed, representing Bill Davis, Jr. Mr. Tom Pratt, a partner in Excess Insurance Underwriters, was also in attendance.

A motion was made by Bob Katz and seconded by Herb Kaufman that the minutes of the February 1st shareholders meeting be accepted as submitted. The motion carried.

Louis Williams gave the Treasurer's report. The statement of financial condition as of 7/31 was reviewed. (Copies attached). Louis indicated that with minor exceptions, the organization was on budget. Further, he felt that the budget would achieve targeted goal of zero balance by year end 1983. Bob Katz moved for acceptance of the Treasurer's report and Herb Kaufman seconded. The motion passed.

Motion to Δ Fiscal Year

Louis Williams then reviewed a proposal developed by the executive committee in which the fiscal year of the Alliance would be changed to coincide with the normal calendar year. Bob Katz moved that the U.S.A. Alliance adopt a resolution calling for the re-alignment of the current fiscal year to coincide with the normal calendar year. Herb Kaufman seconded the motion which was passed by the shareholders.

Louis Williams then informed the membership that the various costs associated with the underwriter's meeting in Lexington, which was held on August 16, would be passed along to those offices in attendance at this meeting.

Meeting Dates

Bob Katz then moved that the meeting dates be formally changed to April and October, with the April, 1984 meeting set for Marshall, Texas. Louis Williams seconded the motion which passed.

Ed Judge gave the report of the nominating committee. The committee nominated Bernie Concannon and Mike Adams for Director positions. Herb Kaufman moved that the nominating committee's recommendation be accepted and the Concannon and Adams be elected to the board. Val Jones seconded the motion, which passed. Ed Judge then presented the committee's recommended slate of officers as follows.

- Bernie Concannon - President
- Bob Katz - Vice President
- Stu Bankhardt - Secretary
- Louis Williams - Treasurer

Herb Kaufman moved that the report be accepted. Dick Thomas seconded and the motion carried.

The floor was then open to further nominations. There being done, Louis Williams moved that the slate of officers be ratified by unanimous affirmation of the shareholders. Val Jones seconded the motion, which passed unanimously. Herb Kaufman, on behalf of the entire membership, thanked Ralph L'Allier and Bob Cochran for their service to the Alliance and the fine job done.

The officers for the January 1, 1984 through December 31, 1984 term are as follows:

<u>Individual</u>	<u>Position</u>	<u>Remaining Term As Director As of 1/1/84</u>
Bernie Concannon	President	3 Years
Bob Katz	Vice President	1 Year
Stu Bankardt	Secretary	Ex-Officio
Louis Williams	Treasurer	Ex-Officio
Ed Judge	Director	1 Year
Glasgow Hicks	Director	1 Year
Herb Kaufman	Director	2 Years
Val Jones	Director	2 Years
Mike Adams	Director	3 Years

*D & O
Policy
Purchased*

Ralph informed the membership that a ~~Directors and Officers Liability~~ cover had been purchased for the Alliance, in accordance with the instructions of the executive committee as established at the August 4 meeting.

David Mitchell raised the question of Errors and Omissions coverage. The membership agreed that the availability and cost of this coverage should be investigated. The following course of action was informally agreed to: first, a copy of each member's policy DEC. page should be collected. Secondly, a proposal for coverage should be established and various companies should be contacted. Care should be taken in the marketing effort to insure that the current E. + O. underwriters are not unduly alarmed about the possibility for increased exposure individually among the membership.

The area of individual agency continuation was addressed. During the executive committee, Louis Williams led a discussion regarding the possibility of the Alliance assisting members and the families of members, in the event of a member's death, poor health, or unforeseen financial impairment. After a brief discussion, the shareholders were in agreement with the executive committee's recommendation, that a committee be formed to study this situation. Bob Katz was named as chairman of the Perpetuation Committee.

Bernie Concannon led a general discussion regarding the future of the industry and the Alliance. Bernie made points regarding the future of the retail agent, the potential of doing business with direct writers, and the need for the Alliance to establish a degree of independence. Bernie proposed that one possible direction of the Alliance might be the establishment of a nationwide

processing center. This center would have computerized rate and issue capabilities and the ability to direct bill on a monthly basis if needed. Further, though the use of existing and easily developed software, actuarial data can be drawn upon as well as standard industry reporting formats. With the additions of claims adjusting/administration and the inspection function, the processing center could perform all the functions of a company. An asset of this nature would expand considerably the options open to the Alliance.

A very great deal of enthusiasm for this concept was exhibited by the shareholders. It was agreed that Bernie, working with Mr. Bob Barton and the general membership, would work to refine and develop the concept. It was suggested that any members wishing to, could meet for further discussion at 8:30 a.m. the following morning.

David Mitchell then reviewed the current status of P.E.P. After some discussion, Bill Murrey motioned that a committee headed by Mr. Tom Pratt be formed to deal with the problems of P.E.P. David Price and Dick Thomas were also named to the committee. Bo Katz seconded and the motion carried.

Ralph L'Allier volunteered to send a letter to Mr. Duffy of St. Paul Surplus Lines Insurance Company in an effort to set up a meeting date for the committee.

Herb Kaufman then gave the membership an outline of the new security guard program.

Mike Adams informed the membership that he wished to develop a market and act as the processing center for the boat program drawn up by I.M.I.

Bill Murrey then gave a presentation of the proposed advertising program submitted by Gitel, Inc. A discussion was held. Bill Murrey moved that we adopt the advertising proposals submitted by Gitel. Herb Kaufman seconded and the motion passed.

Bernie Concannon moved that the allocation of cost be distributed as per the recommendation of the executive committee. Namely, that costs will be allocated based upon the formula used for the assessment of dues. Bill Reed seconded and the motion carried with 2 desending votes.

Brant Chandler of Hileman, Justice then gave a progress report to the membership on the mobile home program. He indicated that between 40 and 50% of the line had been filled. Problems still remain however, regarding non-admitted status of Southern Insurance Company in the states of Illinois, Ohio, West Virginia, and Indiana. Also, bottom line commission income to the Alliance appeared somewhat too low. After Brant left the meeting, a discussion was held in which the membership decided that Brant should discontinue the process with Southern and find a new front company. The reason for this action was the need to find a company not domicile in Texas to reduce the tax burden and thereby increase net commission income. Mitchell will write a letter of thanks to Mr. Hazard at Southern.

Semi-Annual Shareholders Meeting

Page 4

After an adjournment for lunch, further discussion of the processing center was held. Again, it was agreed that Bernie Concannon would work with other members to develop a proposal to be submitted to the shareholders for their consideration.

David Mitchell reviewed the Executive Director's position in terms of accomplishments and goals. A short discussion was then held in which Mitchell answered questions.

A discussion was conducted regarding the possibility of the Alliance hosting a hospitality suite at the NAPSLO convention in Chicago. Ed Judge moved that the Alliance host a room for one night, not to exceed \$1700 in total cost. Herb Kaufman seconded the motion which did not pass.

At this point a discussion of 4 budgetary options was conducted by Louis Williams. Ed Judge moved that budget option # 4 (see attached), be accepted. Bill Reed seconded the motion which was passed.

The final business was a recommendation that the next meeting be held on April 11 in Marshall, Texas. If the members not in attendance have no conflicts with this date, April 11 will stand. Further, Louis Williams mentioned that Marshall is approximately 30 minutes from the Shreveport, Louisiana airport. Members can make their travel plans accordingly.

At 4:34, Ed Judge moved for adjournment. Bill Murrey seconded and the motion passed.