

# **Insurance Trust Agreement of the Texas Society of Certified Public Accountants, Inc.**

APPROVED BY:

Board of Directors

EFFECTIVE DATE:

June 1, 1993

AMENDED DATE:

September 4, 2013

This AGREEMENT made as of the first day of June 1993 between THE TEXAS SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS, herein sometimes called the "Society", and the TRUSTEES hereinafter named, who, by their execution of this agreement hereby accept the trust herein, known as the Texas Society of Certified Public Accountants Insurance Trust, herein called the "Trust," and declare that they will administer the Trust pursuant to the provisions of this agreement.

WHEREAS the Society desires to provide insurance products for its members and their employees and the families of such members and employees, the Society therefore enters into an agreement with the trustees pursuant to which any monies paid to the trustees on account of such insurance will be held in a fund forming the assets of the Texas Society of Certified Public Accountants Insurance Trust, which trust fund is herein referred to as the "Fund."

NOW, THEREFORE, in consideration of the premises, it is mutually agreed as follows:

## **ARTICLE I - PURPOSE OF THE TRUST**

The purpose of the Trust is to establish and maintain the Fund to provide insurance products including, but not limited to, life, accident, and health to qualified members of the Society, their employees, and their families. The Trust shall have the responsibility to review and monitor all insurance policies, products, plans, etc., that are offered to the Society, its members, their employees and their families. Any of such insurance as the trustees may determine shall be provided through one or more insurance policies issued by insurance carriers.

The term "employees" shall include employees of members, the trustees and the trustees' employees (if the trustees have made arrangements to such effect with the insurance carrier) and, to the extent permitted by law, other individuals in a category designated by the trustees as eligible to participate in the Trust because of their employment or other relationship with a member.

## ARTICLE II - THE POLICIES

### Section 1. Procuring of Policies

The trustees shall survey the members of the Society from time to time to determine the interest of the members in the types of insurance products permitted to be provided through the Trust, and shall use such information when determining the insurance policies to be procured for the Trust. The term "policies" as used herein shall include any rider, endorsement, or amendment made a part of the policies. The trustees shall procure such policies of insurance as they shall determine from time to time. The trustees shall act prudently in determining the types of insurance products to be offered through the Trust and in procuring the insurance policies. All new policies procured for the Trust shall be signed by both the chairman of the Society or the chairman's designee and the chair of the Trust. Renewals or amendments of existing policies may be signed by the chair of the Trust with consent of a majority of the trustees at a duly called meeting.

### Section 2. Control by Trustees

The trustees shall approve all of the provisions to be contained in each insurance policy and the requirements for insurance thereunder. Except as specifically provided otherwise herein, all the rights and privileges granted to the policyholder by a policy or allowed by the insurance carrier shall be vested in the trustees, and the trustees may take all action with respect to any policies. The trustees may also enter into such agreements with the insurance carrier as they deem necessary or advisable in regard to any such insurance.

### Section 3. Policy Administration

The policy(ies) shall be administered by the trustees and the insurance carrier with respect to the rights, duties and obligations of each under the policy(ies), and each may designate one or more persons to perform their duties on their behalf. Such duties would include marketing and administration of the coverage provided by the policy(ies).

No insurer shall, for any purpose, be deemed a party to this Trust, or be responsible for its validity or sufficiency. The obligations of the insurer shall be measured and determined solely by the terms and conditions of the policy or policies of insurance then issued to the Trust.

## ARTICLE III - PARTICIPATION

### Section 1. Enrollment of Subscribers and Payments to Subscribers by the Fund

Effective January 1, 1991, individual members of the Society, employees of members, the trustees and the trustees' employees (if the trustees have made arrangements to such effect with the insurance carrier) and, to the extent permitted by law, other individuals in a category designated by the trustees as eligible to participate in the Insurance Trust because of their employment or other relationship with a member ("Applicants"), may apply to participate in the insurance products as Subscribers. Subscribers shall be solely responsible for the payment of all contributions for the coverage selected.

If the requirements for participation in the insurance coverage under a policy are satisfied, the Applicant shall be enrolled as a Subscriber to the Trust. If an Applicant is not accepted for such participation, any payment made for such purpose shall be returned and there shall be no further obligation in connection therewith.

Subscribers shall make payment on such dates and in such amounts as the trustees shall require for providing the insurance coverage under each policy and administering the Trust. Participation of a Subscriber under each policy of coverage shall continue until all insurance upon which the payments of the Subscriber were based has been terminated pursuant to the provisions of the policy.

The trustees are fiduciaries of any employee benefit plan, within the meaning of the Employee Retirement Income Security Act ("ERISA") of 1974 as then constituted or later amended and deemed to be maintained by an employer due to Subscribers participation in the insurance under the policy or policies of the Trust, only to the extent required by ERISA with respect to the trustees' exercise of discretionary authority in the administration of the Trust. The trustees shall not be deemed to be the plan administrator of any such employee benefit plan or to have any fiduciary responsibility with respect to any such employee benefit plan, except as specifically provided herein.

## Section 2. Coverage of Society Employees, Trustees and Trustee Employees

If permitted by the insurance carrier, the employees of the Society may become Subscribers and participate in the insurance under a policy on the same basis as member's employees.

If not otherwise eligible for coverage, if permitted by the insurance carrier and specifically approved by the Society, the trustees may arrange with the insurance carrier that the trustees and their employees be insured under the policies.

## Section 3. Administration of Trust

To properly administer the insurance and the Trust, the trustees' powers shall include, but shall not be limited to, the following discretionary authority, in addition to all other powers provided by this Trust:

(a) to make and enforce such rules and regulations, including any requirements for eligibility of Subscribers and participation in the Trust, as the trustees deem necessary or proper for the efficient administration of the Trust, and to require the Subscribers to furnish such information and assistance as the trustees deem necessary or advisable;

(b) to construe and interpret the Trust, to supply any omissions therein, to reconcile and correct any errors or inconsistencies, to decide any questions in the administration and application of the Trust, and to make equitable adjustments for any mistakes or errors made in the administration of the Trust; and

(c) to appoint such agents, counsel, accountants, and consultants as the trustees deem necessary for the proper administration of the Trust.

(1) Pursuant to Section 3(c), qualified third-party administrators of the trust shall be periodically evaluated by the Trust. A Request for Proposal shall be issued, at least once every ten years, for the purpose of evaluating and selecting such third-party administrators.

All such actions or determinations made by the trustees and the application of rules and regulations by the trustees, in good faith, shall not be subject to review by anyone, but shall be final, binding and conclusive on all persons ever interested hereunder.

#### Section 4. Interest of the Society, Subscribers, Persons Insured and Persons Claiming Through Them

Neither the Society, nor any Subscriber, person insured or person claiming by or through an insured person by reason of having been named a beneficiary for insurance benefits or otherwise, shall have any claim against the Fund or any other property of the Trust. The rights and interests of persons insured and persons claiming by or through them shall be limited to the insurance benefits specified in the policies.

### ARTICLE IV - NATURE AND USE OF THE FUND

#### Section 1. Nature of the Fund

The Fund shall consist of all Subscriber contributions made to the trustees in accordance with the provisions of Section 1, Article III; policy dividends, whether received by the trustees or left with insurance carriers to accumulate with interest; investments made by the trustees and income thereon; and any other money or property which shall come into the hands of the trustees in connection with the administration of the Trust. The trustees may authorize investments only in securities that are legal for investment of Trust funds under the law of the state of Texas. Investments of the funds will be handled in accordance with the Society's policies and guidelines and monitored by the trustees to assure proper administration and future solvency.

#### Section 2. Use of the Funds

The trustees may use the Fund as follows:

- (a) to pay all reasonable expenses which they consider necessary in establishing the Trust and Fund and in administering and maintaining the Trust and Fund, including the cost of fiduciary insurance and bonding and expenses related to the research, development, implementation and marketing of new insurance products;
- (b) to pay premiums on the policies; and
- (c) to make investments as specified in Section 1, Article IV.

The Trust will be audited annually following the close of each fiscal year of the Trust by an independent auditor selected by the Board of Directors of the Society, and the trustees shall cooperate fully therein.

## ARTICLE V - THE TRUSTEES

### Section 1. Trustees Named

The trustees of this Trust shall be:

- (a) The treasurer and treasurer-elect of the Society;
- (b) The Chief Financial Officer of the Society; and
- (c) Nine at-large members nominated by a majority of the Trustees and approved through the Society's committee appointments process, at least five of whom must have expertise in insurance matters, and at least three of whom must purchase insurance through the Trust. The at-large members shall serve a minimum six-year term with rotation, if any, on a staggered basis. The Trustees will determine rotation of added members.

### Section 2. Selection of a Chair

The trustees shall select one of their number to act as chair, to serve for such periods as the trustees shall determine. If the chair is absent from a meeting, the trustees present at the meeting may elect a temporary chair to serve for the duration of that meeting.

### Section 3. Term of Office

Each trustee shall serve until his death, resignation or removal, or until the expiration of his term in office.

### Section 4. Resignation of a Trustee

A trustee may resign upon giving thirty (30) days' notice in writing to the Society and chair of the Trust.

### Section 5. Removal of a Trustee

A trustee may be removed at any time by an instrument in writing authorized by the Executive Board and signed by the chairman of the Society and delivered to all the trustees.

### Section 6. Appointment of a Successor

In case any trustee shall die, resign or be removed, a successor trustee shall be appointed forthwith by an instrument in writing signed by the chairman of the Society and delivered to all the trustees. Immediately upon his acceptance of the trusteeship in writing, he will assume the rights, powers and duties of a trustee hereunder with like effect as if originally named as a trustee.

## Section 7. Compensation of Trustees and the Society and its Employees

The trustees shall be reimbursed for all reasonable and necessary expenses incurred by them in the performance of their duties and shall otherwise receive no compensation, except the provision may be made to compensate one or more trustees for special executive or administrative services performed in the administration of the Trust, to the extent permitted under ERISA. The trustees may call upon the Society and its employees for assistance in the administration of the Trust and may reimburse the Society and its employees for any expenses incurred in connection therewith.

## Section 8. Meeting of Trustees

A meeting may be called at any time by the chair or any two of the trustees upon giving five (5) days' prior written notice to the other trustees. Trustees may attend meetings either in person or by telephone.

## Section 9. Action by Trustees

No action shall be taken by the trustees except at a meeting for which proper notice has been given to all trustees. No action shall be taken during a meeting unless there is a quorum of a least five (5) trustees present. Action may be taken only by a majority vote of the trustees present at the meeting, and the chair shall vote only in the event of a tie.

## Section 10. Name of the Trustees Collectively and Execution of Instruments

Except as stated in Section 2, Article II, the name of the Trust may be used to designate the trustees collectively, and all instruments may be effected by them in such name upon the signature of the chairman or other person that the trustees may designate for this purpose.

## Section 11. Liability of Trustees

No trustee shall be liable for any action pursuant to the Trust in good faith taken or omitted, nor for any action taken or omitted, by any agent, employee or attorney selected with reasonable care, nor for any action taken or omitted by any other trustee, nor for loss incurred through investments or monies of the Trust or failure to invest, regardless of whether such actions, omissions or losses arise in whole or in part from the negligence or other fault of the trustee, except when the same is judicially determined to be due to gross negligence, fraud, recklessness, willful or intentional misconduct of the trustee; provided, however, that nothing herein shall relieve a trustee from responsibility or liability for any responsibility, obligation or duty imposed by ERISA.

## ARTICLE VI - DEALINGS WITH THE TRUSTEES

In dealing with the trustees, there shall be no obligation to see to application by them of any fund or property of the Trust or to see that the terms of the Trust have been complied with and no obligation to inquire into the necessity or expediency of any act of the trustees, and every instrument effected by the trustees, whether signed by all of them or in the manner set forth in Section 10, Article V, may be relied upon as to any facts set forth therein and shall be conclusive that:

(a) at the time of delivery of said instrument the Trust was in full force and effect and, except where there has been notice of an amendment, was in the form set forth in this agreement as of the effective date;

(b) said instrument was executed in accordance with the terms and conditions of the Trust; and

(c) the execution and delivery of the instrument was duly authorized.

## ARTICLE VII - AMENDMENT AND TERMINATION OF THE TRUST

### Section 1. Amendment

The Executive Board of the Society may amend Article I of this agreement and this Article VII at any time to such extent as they deem necessary or advisable. The trustees may amend any provision of the Trust, other than Article I of this agreement or this Article VII, at any time to such extent as they deem necessary or advisable.

### Section 2. Termination

The Trust may be terminated at any time by a written instrument executed by the Society. Upon termination of the Trust, the trustees shall pay all obligations of the Trust from the Fund. The trustees shall thereupon use the Fund first to continue insurance on all Subscribers insured under the policies and the families of such Subscribers to the extent possible, and then either apply any remaining balance of the Fund for the benefit of such of those Subscribers and the families of such Subscribers as were insured thereunder at the time of the termination of the policies, in such manner as the trustees determine shall best carry out the purpose for which the Trust was established, or pay such balance to such Subscribers. Anything herein above to the contrary notwithstanding, the trustees, upon termination of the Trust and settlement of all obligations of the Trust, may, with the consent of the Society, transfer the policies and the remaining surplus, or any portion thereof, of the Fund to the trustees of any trust or trusts established for a substantially similar purpose, to be applied for uses substantially similar to those set forth in Section 2, Article IV.

## ARTICLE VIII - SITUS AND CONSTRUCTION OF THE TRUST

The Trust is accepted in the state of Texas, and all questions pertaining to its validity, construction and administration shall be determined in accordance with the laws of such jurisdiction, including the terms of the Texas Trust Code as now constituted or later amended, except to the extent such laws are pre-empted by ERISA.

IN WITNESS WHEREOF, this agreement has been executed by the undersigned as of the date first above written.

THE TEXAS SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS