

VADA GROUP SELF-INSURANCE ASSOCIATION

BY-LAWS

ARTICLE I

Name and Location

Section 1. The name of this organization shall be VADA Group Self-Insurance Association, hereinafter referred to as the "ASSOCIATION".

Section 2. The ASSOCIATION's principal office shall be located at 1800 West Grace Street, Richmond, Virginia.

Section 3. Other offices for the transaction of business shall be located at such places as the Members' Supervisory Board, hereinafter referred to as the "BOARD," may from time to time determine.

Section 4. These By-Laws are adopted pursuant to and in compliance with the laws of the Commonwealth of Virginia and with the rules and regulations of the State Corporation Commission, hereinafter referred to as the "COMMISSION."

ARTICLE II

Eligibility

Section 1. To join and remain a member in the ASSOCIATION, a member must be engaged in the same or similar type of business or otherwise conform to the rules of the COMMISSION, with a sound and stable financial condition and meet such other qualifications as may be set forth from time to time by the BOARD and appropriate governmental authorities.

Section 2. The BOARD may grant the Administrator the authority to accept new applicants on a provisional basis pending approval by the BOARD and the State Corporation Commission.

ARTICLE III

Members Supervisory Board

Section 1. The business and property of the ASSOCIATION shall be supervised by the Members' Supervisory Board. The initial BOARD has been appointed by members of the ASSOCIATION to

serve temporarily in order to organize the ASSOCIATION. A permanent BOARD shall be elected by the members of the ASSOCIATION each year at an annual meeting. Each member of the Supervisory Board shall have only one vote. The BOARD shall:

- a. Supervise the administration of the ASSOCIATION.
- b. Employ an Administrator who shall contract with a service company that will be responsible for claims administration, safety engineering, and general administration.
- c. Employ legal counsel and accounting services when and as may be required.
- d. Direct the Administrator to contract for reinsurance.
- e. Assure the safe and proper operation of the ASSOCIATION by taking necessary precautions in allowing only financially stable members who are amenable to good safety practices to become members of the ASSOCIATION.
- f. Perform any other functions incident to their office and in keeping with the laws of the Commonwealth of Virginia.
- g. Assure that the ASSOCIATION is safely and prudently administered to insure its financial stability.

Section 2. At the end of the organizational term of the initial BOARD, the members of the ASSOCIATION shall elect a permanent BOARD. Each BOARD member shall serve until the members elect his successor. The BOARD may remove any BOARD member in the event such member has two unexcused absences from consecutive, scheduled BOARD meetings by majority vote at the next scheduled BOARD meeting. In the event the office of any BOARD member shall become vacant, the remaining BOARD members of the ASSOCIATION may appoint, by a two-thirds (2/3) vote, an interim BOARD member to participate in the ASSOCIATION to serve until the next meeting of the members at which time a successor BOARD member shall be elected.

Section 3. The Members ' Supervisory Board shall be composed of no less than nine (9) nor more than twelve (12) members of the ASSOCIATION in good standing. Except as otherwise provided in this section, Board member may be the dealer, dealer operator, general manager, chief financial officer, office manager, director of fixed operations, or a dealership staff general counsel.

Section 4. The BOARD, by a majority vote, shall elect a Chairman, Vice Chairman, a Secretary and a Treasurer. They shall appoint an Administrator. In addition, said BOARD may appoint such Assistant Secretaries and Assistant Treasurers who need not be BOARD members, and may elect such additional officer or officers as they deem advisable. All officers so elected or appointed shall serve at the pleasure of the BOARD.

Section 5. The BOARD shall be privileged to act by and through the officers, who have the authority to act on matters between full BOARD meetings.

Section 6. The BOARD may delegate to the Administrator the authority to act on all claim matters between full BOARD meetings.

Section 7. Compensation to each BOARD member shall be determined annually by the BOARD. Compensation for the Administrator shall be as the BOARD may determine.

Section 8. Any member may be expelled from the ASSOCIATION by the BOARD in the event the member shall fail to pay any premium or assessment due the ASSOCIATION on the date it becomes due; or in the event the member shall not file any report or census required to be filed by ASSOCIATION members on the date the same shall be due; or in the event any report or census required to be filed by ASSOCIATION members shall contain any materially false statement or omit to state any material information required.

Section 9. The Board may approve membership reviews and disciplinary action procedures.

Section 10. The BOARD may refuse to renew a member's membership or may expel a member from the ASSOCIATION by a majority vote in the event the member fails to comply with procedures of the Loss Control/Safety Committee, or in the event of bankruptcy, insolvency, dissolution, or for such other reason as may be provided in these bylaws.

Section 11. There shall be an Executive Committee of this ASSOCIATION. The Executive Committee shall consist of the Chairman, the Vice Chairman, the Secretary and the Treasurer of the ASSOCIATION. The terms of the Executive Committee members shall run concurrently with their terms of office in the ASSOCIATION. The Executive Committee may exercise all powers of the SUPERVISORY BOARD between the meetings of the SUPERVISORY BOARD. The Administrator (or a designee if the Administrator is unavailable) shall attend each Executive Committee Meeting, and the Executive Committee may direct the Administrator to undertake and carry out actions determined by the Executive Committee. The Executive Committee may meet at stated times or on notice to all by any of their own number. It may fix its own rules of procedure, and meetings may take place in person or by means of Communications Equipment. A majority shall constitute a quorum, but the affirmative vote of a majority of the whole committee shall be necessary in every case. The Executive Committee shall keep regular minutes of its proceedings and report them to the SUPERVISORY BOARD.

Section 12. Meetings of the SUPERVISORY BOARD or of the Executive Committee may be held through any electronic means through communications equipment if all persons participating can hear each other or can view each participant's comments, and participation in a meeting pursuant to this paragraph shall constitute presence at such meeting.

ARTICLE IV

Officers

Section 1. The Chairman of the BOARD shall preside at all Members' Supervisory Board and members of the ASSOCIATION meetings; shall have general supervision over the affairs of the ASSOCIATION and over the other officers and shall perform all such other acts and duties as are incident to his executive office; which is comparable to that of president of a corporation. In case of the absence or disability of the Chairman, his duties shall be performed by the Vice Chairman.

Section 2. The Secretary shall record the minutes of all meetings and prepare agendas, records, etc., and other duties normally required of a Secretary.

Section 3. The BOARD may invest its funds in accordance with the rules of the COMMISSION.

ARTICLE V

Meetings

Section 1. The ASSOCIATION shall operate on a fiscal year beginning on July 1 and ending the last day of June of the next calendar year. An annual meeting of the members of the ASSOCIATION shall be held, the exact date and place of which shall be determined by the BOARD and furnished to the members by the Secretary and/or Administrator at least thirty (30) days prior to the date of said meeting.

Section 2. At each annual meeting of the members of the ASSOCIATION, the Chairman of the BOARD shall submit a statement of the claims experience of the ASSOCIATION during the preceding year, together with a financial report of the ASSOCIATION for the same period.

Section 3. An annual meeting of the BOARD shall be held each year immediately following the annual meeting of the members of the ASSOCIATION.

Section 4. Special meetings of the BOARD may be called by the Chairman and in his absence by the Vice Chairman, or by any three (3) members of the BOARD; provided, that in each instance, there has been compliance with the notice requirements hereinafter provided. By unanimous consent of the BOARD, special meetings of the Members' Supervisory Board may be held without notice at any time and place. Otherwise, notice to each BOARD member of all regular and special meetings of such BOARD shall be sent by mail, personal delivery, facsimile, email, or other electronic or non-electronic means reasonably designed to come to the attention of the BOARD member at least ten (10) days previous to the time fixed for the meeting. All notices of special meetings of the BOARD shall state the purpose thereof. If and when all of the members of the BOARD shall severally or collectively consent in writing to any action taken or to be taken by the ASSOCIATION, such action is a valid action as though it had been authorized at a meeting of the BOARD.

Section 5. A quorum for the transaction of business of any regular or special meeting of the BOARD shall consist of a majority of the BOARD.

Section 6. The BOARD shall meet no less often than twice per year. The BOARD shall receive a monthly Interim report from the Administrator detailing all significant activities. A conference call meeting is considered a valid meeting.

ARTICLE VI

Finances and Dividends

Section 1. The ASSOCIATION shall operate three (3) bank accounts, including an Administrative Operating Account, which will be a demand deposit account; an Insurance Collateral account as required by the Commonwealth of Virginia which will be held by the Safekeeping Agent selected by the Commonwealth; and an Investment Account. These three accounts shall be the primary working accounts of the ASSOCIATION.

Section 2. The monies of the three accounts will be handled by the Administrator.

Section 3. On the receipt of any and all contributions, the Administrator shall immediately remit the contribution to the designated depository. The Administrator shall give authority to the Service Company to pay current claims and claim costs and shall reimburse the Service Company from the Administrative Operating Account.

Section 4. That portion of each member's contribution which shall not be required to pay claims, pay administration expenses and fees, or to fund required or appropriate reserves may be returned to the members of the ASSOCIATION from time to time but only when specifically authorized or approved by the COMMISSION. No surplus accumulations may be returned if such payment will impair the capital stability and/or security of the ASSOCIATION. Any member who withdraws and/or is not in good standing shall not be eligible to receive any return from surplus accumulation until the applicable statutes of limitation shall expire on all open or potential claims for the fiscal year involved. Open claims for this purpose shall mean any situation where notice of injury was given to the member, whether or not the member shall have reported the same. In the event the BOARD is unable to identify or deliver a refund for any reason, such monies shall remain in the ASSOCIATION for the benefit of the remaining members.

Section 5. All costs of administration of the ASSOCIATION not otherwise provided for herein shall be paid out of the Administrative Operating Account.

Section 6. An annual audit shall be made of the ASSOCIATION by a firm of certified public accountants designated by the BOARD. The expense of this audit will be paid for out of the claims and expense fund. Copies of each audit shall be made available to each member and the COMMISSION.

Section 7. Each ASSOCIATION year shall be maintained separately for accounting purposes for the benefit of the ASSOCIATION participants active during the year.

Section 8. The BOARD shall assume in any transaction in which the business of a member dealership ("Seller") is acquired by another MEMBER dealership ("Buyer") including, but not limited to asset purchase agreements, asset/ liability agreements, and stock purchase agreements that the Seller retains the rights to future refunds distributed from surplus funds accumulated and resulting from the Seller's VADA GSIA premium payments. Any Buyer who purchases the rights to these refunds through full acquisition of all assets or surplus fund distribution assets in particular and through assumption of liabilities has the responsibility of providing actual notice to the BOARD. Any actions taken by the BOARD prior to actual notice by the Buyer shall be presumed to be correct and shall not be subject to change.

ARTICLE VII

General Provisions

Collections of Premiums

Section 1. Each participating member of the ASSOCIATION shall pay the amount of its premium by the first of the month, following receipt of said invoice from the Administrator; and any payment not received on or before the twentieth of the month for which billed shall subject the member to cancellation. The Administrator is without authority to extend credit to any ASSOCIATION member.

- a. At the expiration of each fiscal year, the premium contributions of all Members will be subject to an audit based upon the payrolls of each Member classified as determined by the Board of the ASSOCIATION. Any member refusing to submit to a payroll audit shall be subject to an Audit Non-compliance Charge as set out by the Bureau of Insurance, the Virginia Workers' Compensation Commission, or its agent.
- b. The procedures of the audit will be as follows:
 - i. On or before that date that is one hundred twenty (120) days following the end of the fiscal year to be audited, the ASSOCIATION will provide to each Member a Report setting forth the ASSOCIATION analysis of the payrolls of the member based upon classifications as determined by the ASSOCIATION. The Report will be based upon the submission by the member containing the payroll information as requested by the ASSOCIATION. The Report shall be delivered by United States mail, first class, postage prepaid or secure electronic means, to the dealer principal of the Member, or to such person as may be designated in writing as the recipient of the Report. The Report must be accompanied by a notice to the member advising the Member of its rights to dispute the findings of the Report.
 - ii. On or before that date that is one hundred thirty five (135) days following the end of the fiscal year to be audited, a Member who has received a Report with which the Member disagrees may provide a notice of dispute signed by the dealer principal of or the person designated as the recipient for the Member to the ASSOCIATION.
 - iii. The ASSOCIATION, acting through a designated agent, shall determine the dispute, and on or before that date that is one hundred forty five (145) days following the end of the fiscal year subject to audit, the Member must pay the amount determined by the ASSOCIATION to be due and owing by the Member as shown on the Report, as it may be changed as a result of the determination of any dispute.
 - iv. On or before that date that is one hundred fifty five (155) days following the end of the fiscal year subject to audit, a Member who still has a dispute with the audit calculation by the ASSOCIATION must give notice to the ASSOCIATION, in writing, directed to the ASSOCIATION and signed by the dealer principal of or the person

designated as the recipient for the Member, specifically setting forth the dispute concerning the final audit of the ASSOCIATION.

v. On or before that date that is one hundred sixty five (165) days following the end of the fiscal year subject to audit, the ASSOCIATION, acting through the Board, must take action to decide the dispute and must give notice to the member of any action taken on the dispute.

vi. On or before one hundred eighty (180) days following the end of the fiscal year subject to audit, the Member must pay to the ASSOCIATION or the ASSOCIATION must pay to the member the final amount determined to be owing one to the other based upon the decision of the Board of the ASSOCIATION.

c. Any dispute as to the Report not filed on or before the date established herein is barred, and the Report will be considered final.

Section 2. At the inception of each successive year of the ASSOCIATION, the Administrator will determine each member's contribution for that year (which will be based on the member's loss experience for the prior years) and shall promptly after the determination thereof notify each member thereof. Each member's contribution shall be subject to review by the BOARD.

Section 3. A member prior to the first month of the fiscal year shall pay fifteen percent (15%) of its annual contribution prior to the effective date of admission and the balance in equal installments over the next succeeding (10) months. A member who joins during the second to eight months shall pay fifteen percent (15%) during the first month and the balance in equal installments so that the entire amount shall be paid in the tenth month. A member who becomes a member subsequent to the ninth month shall pay the entire contribution on becoming a member.

Section 4. Members must keep appropriate safety records and cooperate with the ASSOCIATION, the Administrator, the employees of the Service Company and the representatives of the State Department of Labor. It is expected that each member will take all necessary action to carry out the recommendations of any loss control inspections or give adequate reason for failure.

Section 5. The BOARD shall, in conjunction with the Administrator, issue operating procedures, establish appropriate rules and regulations for the operation of the ASSOCIATION.

Section 6. The Administrator and Service Company shall be bonded at the direction of the COMMISSION.

ARTICLE VIII

Amendments

Section 1. Amendments to these By-Laws may be made by a two-thirds (2/3) vote of the Members' Supervisory Board present at any annual meeting or any special meeting of the members of the ASSOCIATION, and/or Members' Supervisory Board when the meeting has been called for that

purpose and the amendment has been set out in the notice of such meeting. Any amendments to the By-Laws are subject to the approval of the COMMISSION.

ARTICLE IX

Dissolution

In the event of the termination or dissolution of the ASSOCIATION, the BOARD shall apply the assets and funds of the ASSOCIATION to pay any and all obligations of the ASSOCIATION and distribute any remaining surplus among the members in such manner as will, in the judgment of the BOARD, best effectuate the purposes of the ASSOCIATION; provided that all such actions shall be in accordance with the terms of applicable law.

ARTICLE X

Purpose

The sole business purpose of the ASSOCIATION is to provide workmen's compensation and employer's liability benefits, substantially at cost, on a group basis for the members of the ASSOCIATION.

As revised by amendments adopted as of April 1, 1981; May 6, 1982; November 3, 1982; November 18, 1982; January 1, 1983; August 25, 1994; September 19, 1996; September 22, 1998; May 8, 2000; September 20, 2000; June 26, 2001; October 3, 2001; June 8, 2004; April 19, 2005; April 26, 2016, April 28, 2020.