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INSURANCE COMMISSIONER
COMPANY SUPERVISION

Via Federal Express

August 19, 2010

Margaret L. O'Hara
Vice President &
Corporate Counsel

Ronald J. Pastuch, CPA
Holding company Manager
Company Supervision Division
State of Washington Office of the Insurance Commissioner
5000 Capitol Blvd.
Tumwater, WA 98501

RE: Redomestication of National Merit Insurance Company

Dear Mr. Pastuch:

Pursuant to RCW 48.07.210(2) of the Washington Insurance Code, I enclose the following documents in support of our request to redomesticate National Merit Insurance Company ("Company") from the State of Washington to the State of Illinois:

1. UCAA Corporate Amendments Application/Application to Amend Certificate of Authority (Form 2C);
2. UCAA Uniform Consent to Service of Process (Form 12);
3. Company's Articles of Reorganization;
4. Company's Amended and Restated Bylaws;
5. Certified Resolution of Company's Board of Directors approving the Redomestication and Articles of Reorganization;
6. Certified Resolution of Company's Board of Directors approving the Amended and Restated By-Laws;
7. Company's Record-Keeping Plan of Operation, and
8. Copy of the Shareholder approval of the Redomestication.

These same documents are being filed simultaneously with the Illinois Department of Insurance ("DOI"), which will review the plan for redomestication. We have requested an approval date of September 30, 2010, or the last day of any subsequent month thereafter, from the Illinois DOI. Upon the approval of the Illinois DOI, we will provide the Washington State Office of the Insurance Commissioner ("OIC") with an approved order. We understand that the OIC will review the plan for redomestication and schedule a hearing. We respectfully request that the hearing be held via teleconference. We also understand that an OIC order approving the redomestication is conditioned upon receipt of the approved order from the Illinois DOI.

If you need to speak to the IL DOI about these documents, you may contact Marcy Savage directly at 217-524.0016 or marcy.savage@illinois.gov. Similarly, we will supply your contact information in our filing cover letter to the IL DOI.

Unitrin Direct
One East Wacker Drive, Suite 3700 • Chicago, Illinois 60601 • 312.661.4542 • *Fax* 312.661.4703 • *Cell* 312.307.2116 • *mohara@unitrin.com*

Please contact me with any questions or requests for additional information. Thank you for the Department's consideration of this matter.

Very truly yours,

Margaret L. O'Hara

MLO/klh
Enclosures
cc: Illinois Department of Insurance (letter only)

Applicant Name: National Merit Insurance Company

NAIC No. 39004
FEIN: _91-1119010_____

Uniform Certificate of Authority Application (UCAA)
Corporate Amendments Application
Application to Amend Certificate of Authority

To the Insurance Commissioner/Director/Superintendent of the State of:

Alabama		Montana	
Alaska		Nebraska	
Arizona		Nevada	
Arkansas		New Hampshire	
California		New Jersey	
Colorado		New Mexico	
District of Columbia		New York	
Connecticut		North Carolina	
Delaware		North Dakota	
Florida		Ohio	
Georgia		Oklahoma	
Hawaii		Oregon	
Idaho		Pennsylvania	
Illinois		Rhode Island	
Indiana		South Carolina	
Iowa		South Dakota	
Kansas		Tennessee	
Kentucky		Texas	
Louisiana		Utah	
Maine		Vermont	
Maryland		Virginia	
Massachusetts		Washington	X
Michigan		West Virginia	
Minnesota		Wisconsin	
Mississippi		Wyoming	
Missouri			

(Check the appropriate states in which you are applying.)

The Uniform Certificate of Authority Corporate Amendments Application can be used to file more than one change in the same submission. The applicant should mark all changes being filed on the application form and submit all items required for those changes in one package

- [ ] Add Lines of Business: The undersigned Insurer hereby certifies that the lines of insurance as indicated on the Lines of Insurance Form 3 are all lines of business that (a) the insurer is currently authorized to transact, (b) are currently transacted and (c) which the Insurer is applying to transact.
- [ ] Name Change
- [ ] Delete Lines of Business
- [ ] Redomestication of a Foreign Insurer
- [ ] Change of city of domicile within domestic state/mailing address
- [ ] Change of Address/Contact Notification
- [ ] Merger of Two or More Foreign Insurers
- [ ] Pre-notification of Change of Control of Foreign Insurer
- [ ] Notification of Change of Control of Foreign Insurer
- [X] Amended Articles of Incorporation
- [X] Amended Bylaws

(Check the type of transaction for which you are applying.)

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Applicant Name: National Merit Insurance Company

NAIC No. 39004
FEIN: 91-1119010

Previous Name of Insurer: National Merit Insurance Company_____ NAIC #39004 _ --215 _____
(Group Code)

New Name of Insurer: N/A _____ NAIC #_____ -- _____
(Group Code)

Effective Date of Redomestication: September 30, 2010, or later date as determined by IL Department of Insurance.

Effective Date of Name Change N/A _____

Effective Date of Change of City within the State of Domicile _____

Previous Home Office Address:1330 N. Washington St,. Suite 2100, Spokane, WA 99201
New Home Office Address:One East Wacker Drive, Suite 3700, Chicago, IL 60601

Previous Administrative Office Address: 500 S. Broad St., Meriden, CT 06450
New Administrative Office Address: One East Wacker Drive, Suite 3700, Chicago, IL 60601

Previous Mailing Address:500 S. Broad St., Meriden, CT 06450
New Mailing Address: One East Wacker Drive, Suite 3700, Chicago, IL 60601

Previous Phone:203-634-7200 _____ Fax:203-634-7315
New Phone:312-661-4700 _____ Fax:312-661-4703

Has the Insurer's designee to appoint and remove agents changed as a result of this corporate amendment?

Yes [ ] No [x]

If yes, please note the new designee (name natural persons only): _____

If a merger of two or more foreign insurers: N/A

Effective Date: _____
Current Name of Surviving Insurer:_____NAIC #_____Group Code _____
Proposed New Name of Surviving Insurer:_____NAIC #_____Group Code _____
Name of Non-Surviving Insurer:_____NAIC #_____Group Code _____
Name of Surviving Insurer_____NAIC #_____Group Code _____

Surviving Insurer's Home Office Address _____
Surviving Insurer's Administrative Office Address: _____
Surviving Insurer's Mailing Address: _____
Surviving Insurer's Telephone:_____Fax: _____

Are these addresses the same as those shown on your Annual Statement?
Yes [ ] No [X]

If not, indicate why.
Addresses on the Annual Statement are 500 S. Broad Street, Meriden, CT, not the new Chicago address.

If this application represents a name change, did the Company experience a merger or an owner change prior to the name change? N/A

Yes [ ] No [ ]

If yes, please be sure an application is also submitted for the merger and/or ownership change transaction.

Date of Last Market Conduct Examination _____

Has your company had an application for these lines of business refused by this or any other state prior to the date of this application? N/A
Yes [ ] No [ ]

Applicant Name: National Merit Insurance Company

NAIC No. 39004
FEIN: 91-1119010

If yes, give full explanation in an attached letter.

The following information is required of the individual (company employee or paid consultant) who is authorized to represent the applicant before the department.

Name: Margaret L. O'Hara
Title: Vice President and Secretary
Mailing Address: One E. Wacker Drive, Suite 3700, Chicago, IL 60601
E-Mail Address: moharaq@unitrin.com Phone: 312-661-4542 Fax:

Please provide a listing of all other applications filed by the applicant, or any of its affiliates, which are pending before the Department.

A Certificate of Compliance from applicant's state of domicile (for foreign applicants) and the applicant's original Certificate of Authority or an Affidavit of Lost Certificate of Authority must accompany this application. (not applicable for Change of Control, Amended Articles of Incorporation or Amended Bylaws.)

Applicant Officers' Certification and Attestation

One of the three officers (listed below) of the Applicant must read the following very carefully before signing:

1. I hereby certify, under penalty of perjury, that I have read the application, that I am familiar with its contents, and that all of the information, including the attachments, submitted in this application is true and complete. I am aware that submitting false information or omitting pertinent or material information in connection with this application is grounds for license discipline or other administrative action and may subject me, the Applicant, or both, to civil or criminal penalties.
2. I acknowledge that I am familiar with the insurance laws and regulations of the jurisdictions in which the Applicant is licensed or to which the Applicant is applying for licensure.
3. I acknowledge that I am the **Corporate Secretary** of the Applicant, am authorized to execute and am executing this document on behalf of the Applicant.
4. I hereby certify under penalty of perjury under the laws of the applicable jurisdictions that all of the forgoing is true and correct, executed at **Chicago, Illinois**.

Date

Signature of President

Full Legal Name of President

Aug. 19, 2010
Date

Signature of Secretary

Margaret L. O'Hara
Full Legal Name of Secretary

Date

Signature of Treasurer

Full Legal Name of Treasurer

Applicant

Signature of Witness

Kristine J. Heykoop
Full Legal Name of Witness

Applicant Name National Merit Insurance Company

NAIC No. 39004
FEIN: 91-1119010

Uniform Consent to Service of Process

_____Original Designation x_____ Amended Designation
(must be submitted directly to states)

Insurer Name:National Merit Insurance Company _____

Previous Name (if applicable): N/A _____

Home Office Address: One East Wacker Drive, Suite 3700 _____

City, State, Zip:Chicago, IL 60601_____ NAIC CoCode:39004_____

The entity named above, organized under the laws of **Illinois** _____, for purposes of complying with the laws of the State(s) designate hereunder relating to the holding of a certificate of authority or the conduct of an insurance business within said State(s), pursuant to a resolution adopted by its board of directors or other governing body, hereby irrevocably appoints the officers of the State(s) and their successors identified in Exhibit A, or where applicable appoints the required agent so designated in Exhibit A hereunder as its attorney in such State(s) upon whom may be served any notice, process or pleading as required by law as reflected on Exhibit A in any action or proceeding against it in the State(s) so designated; and does hereby consent that any lawful action or proceeding against it may be commenced in any court of competent jurisdiction and proper venue within the State(s) so designated; and agrees that any lawful process against it which is served under this appointment shall be of the same legal force and validity as if served on the entity directly. This appointment shall be binding upon any successor to the above named entity that acquires the entity's assets or assumes its liabilities by merger, consolidation or otherwise; and shall be binding as long as there is a contract in force or liability of the entity outstanding in the State. The entity hereby waives all claims of error by reason of such service. The entity named above agrees to submit an amended designation form upon a change in any of the information provided on this power of attorney.

Applicant Officers' Certification and Attestation

One of the two Officers (listed below) of the Applicant must read the following very carefully and sign:

1. I acknowledge that I am authorized to execute and am executing this document on behalf of the Applicant.

2. I hereby certify under penalty of perjury under the laws of the applicable jurisdictions that all of the forgoing is true and correct, executed at Chicago, Illinois.

_____ Date

_____ Signature of President

_____ Full Legal Name of President

Aug. 17, 2010 Date

Margaret L. O'Hara Signature of Secretary

_____Margaret L. O'Hara_____ Full Legal Name of Secretary

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Uniform Consent to Service of Process

Exhibit A

Place an "X" before the names of all the States for which the person executing this form is appointing the designated agent in that State for receipt of service of process:

___	AL	Commissioner of Insurance # and Resident Agent*	___	MT	Commissioner of Insurance #
___	AK	Director of Insurance #	___	NE	Officer of Company* or Resident Agent* (circle one)
___	AZ	Director of Insurance # ^	___	NH	Commissioner of Insurance #
___	AR	Resident Agent *	___	NV	Commissioner of Insurance of Insurance Commission # ^
___	AS	Commissioner of Insurance #	___	NJ	Commissioner of Banking and Insurance #^
___	CO	Commissioner of Insurance # or Resident Agent* (circle one) ^	___	NM	Superintendent of Insurance #
___	CT	Commissioner of Insurance #	___	NY	Superintendent of Insurance #
___	DE	Commissioner of Insurance #	___	NC	Commissioner of Insurance
___	DC	Commissioner of Insurance and Securities Regulation # or Local Agent* (circle one)	___	ND	Commissioner of Insurance # ^
___	FL	Chief Financial Officer # ^	___	OH	Resident Agent*
___	GA	Commissioner of Insurance and Safety Fire # and Resident Agent*	___	OR	Resident Agent*
___	GU	Commissioner of Insurance #	___	OK	Commissioner of Insurance #
___	HI	Insurance Commissioner # and Resident Agent*	___	PR	Commissioner of Insurance #
___	ID	Director of Insurance # ^	___	RI	Commissioner of Insurance ^
___	IL	Director or Insurance #	___	SC	Director of Insurance #
___	IN	Resident Agent* ^	___	SD	Director of Insurance # ^
___	IA	Commissioner of Insurance #	___	TN	Commissioner of Insurance #
___	KS	Commissioner of Insurance ^	___	TX	Resident Agent*
___	KY	Secretary of State #	___	UT	Resident Agent* ^
___	LA	Secretary of State #	___	VT	Secretary of State #
___	MD	Insurance Commissioner #	___	VI	Lieutenant Governor/Commissioner#
___	ME	Resident Agent* ^	x_	WA	Insurance Commissioner #
___	MI	Resident Agent *	___	WV	Secretary of State # @
___	MN	Commissioner of Commerce #	___	WY	Commissioner of Insurance #
___	MS	Commissioner of Insurance and Resident Agent* BOTH are required.	___		

For the forwarding of Service of Process received by a State Officer complete Exhibit B listing by state the entities (one per state) with **full name and address where service of process is to be forwarded**. Use additional pages as necessary. Exhibit not required for New Jersey, and North Carolina. Florida accepts only an individual as the entity and requires an email address. New Jersey allows but does not require a foreign insurer to designate a specific forwarding address on Exhibit B. SC will not forward to an individual by name; however, it will forward to a position, e.g., Attention: President (or Compliance Officer, etc.).

* Attach a completed Exhibit B listing the Resident Agent for the insurer (one per state). Include state name, Resident Agent's **full name and street address**. Use additional pages as necessary. (DC* requires an agent within a ten mile radius of the District).

^ Initial pleadings only. Kansas requires two signatures.

@ Form accepted only as part of a Uniform Certificate of Authority application.

MA will send the required form to the applicant when the approval process reaches that point.

Exhibit A

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Exhibit B

Complete for each state indicated in Exhibit A:

State **WA** _____ Name of Entity : CT Corporation System _____

Phone Number 360-357-6794 _____ Fax Number _____

Email Address _____

Mailing Address 1801 West Bay Drive, NW, Suite 206, Olympia, WA 98502 _____

Street Address Same as above

State _____ Name of Entity _____

Phone Number _____ Fax Number _____

Email Address _____

Mailing Address _____

Street Address _____

State _____ Name of Entity _____

Phone Number _____ Fax Number _____

Email Address _____

Mailing Address _____

Street Address _____

State _____ Name of Entity _____

Phone Number _____ Fax Number _____

Email Address _____

Mailing Address _____

Street Address _____

State _____ Name of Entity _____

Phone Number _____ Fax Number _____

Email Address _____

Mailing Address _____

Street Address _____

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Resolution Authorizing Appointment of Attorney

BE IT RESOLVED by the Board of Directors or other governing body of

National Merit Insurance Company

(company name)

this 10th day of August, 2010, that the President or Secretary of said entity be and are hereby authorized by the Board of Directors and directed to sign and execute the Uniform Consent to Service of Process to give irrevocable consent that actions may be commenced against said entity in the proper court of any jurisdiction in the state(s) of

Washington

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in which the action shall arise, or in which plaintiff may reside, by service of process in the state(s) indicated above and irrevocably appoints the officer(s) of the state(s) and their successors in such offices or appoints the agent(s) so designated in the Uniform Consent to Service of Process and stipulate and agree that such service of process shall be taken and held in all courts to be as valid and binding as if due service had been made upon said entity according to the laws of said state.

CERTIFICATION

I, **Margaret L. O'Hara**, Secretary of **National Merit Insurance Company**, state that this is a true and accurate copy of the resolution adopted effective the 18th day of May, 2009 ~~by the Board of Directors or governing board at a meeting held on the 10th day of August, 2010~~, or by written consent dated the 18th day of May, 2009.

Margaret L. O'Hara, Secretary

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ARTICLES OF REORGANIZATION

OF

NATIONAL MERIT INSURANCE COMPANY

The undersigned, being the President and Secretary of National Merit Insurance Company, for the purpose of re-domesticating National Merit Insurance Company from the State of Washington to the State of Illinois pursuant to the provisions of Article XII of the Illinois Insurance Code, hereby execute the following Articles of Reorganization:

ARTICLE 1

The name of the Company shall be National Merit Insurance Company.

ARTICLE 2

The Company was originally incorporated as Rainier Insurance Company in the State of Washington on June 20, 1980. The Company changed its name to National Merit Insurance Company on March 16, 1984.

ARTICLE 3

The principal office of the Company shall be located in the City of Chicago, County of Cook, and State of Illinois.

ARTICLE 4

The duration of the Company shall be perpetual.

ARTICLE 5

The purpose of the Company is to transact the kinds of insurance business as enumerated in the paragraphs of Class 2 and Class 3 of Section 4 of the Illinois Insurance Code specified below:

Class 2. Casualty, Fidelity and Surety.

(a) Accident and Health. Insurance against bodily injury, disablement or death by accident and against disablement resulting from sickness or old age and every insurance appertaining thereto, including stop-loss insurance. Stop-loss insurance is insurance against the risk of economic loss issued to a single employer self-funded employee disability benefit plan or an employee welfare benefit plan as described in 29 U.S.C. 1001 et seq.

(b) Vehicle. Insurance against any loss or liability resulting from or incident to the ownership, maintenance or use of any vehicle (motor or otherwise), draft animal

or aircraft. Any policy insuring against any loss or liability on account of the bodily injury or death of any person may contain a provision for payment of disability benefits to injured persons and death benefits to dependents, beneficiaries or personal representatives of persons who are killed, including the named insured, irrespective of legal liability of the insured, if the injury or death for which benefits are provided is caused by accident and sustained while in or upon or while entering into or alighting from or through being struck by a vehicle (motor or otherwise), draft animal or aircraft, and such provision shall not be deemed to be accident insurance.

(c) Liability. Insurance against the liability of the insured for the death, injury or disability of an employee or other person, and insurance against the liability of the insured for damage to or destruction of another person's property.

(d) Workers' Compensation. Insurance of the obligations accepted by or imposed upon employers under laws for workers' compensation.

(e) Burglary and Forgery. Insurance against loss or damage by burglary, theft, larceny, robbery, forgery, fraud or otherwise; including all householders' personal property floater risks.

(f) Glass. Insurance against loss or damage to glass including lettering, ornamentation and fittings from any cause.

(g) Fidelity and surety. Become surety or guarantor for any person, copartnership or corporation in any position or place of trust or as custodian of money or property, public or private; or, becoming a surety or guarantor for the performance of any person, copartnership or corporation of any lawful obligation, undertaking, agreement or contract of any kind, except contracts or policies of insurance; and underwriting blanket bonds. Such obligations shall be known and treated as suretyship obligations and such business shall be known as surety business.

(h) Miscellaneous. Insurance against loss or damage to property and any liability of the insured caused by accidents to boilers, pipes, pressure containers, machinery and apparatus of any kind and any apparatus connected thereto, or used for creating, transmitting or applying power, light, heat, steam or refrigeration, making inspection of and issuing certificates of inspection upon elevators, boilers, machinery and apparatus of any kind and all mechanical apparatus and appliances appertaining thereto; insurance against loss or damage by water entering through leaks or openings in buildings, or from the breakage or leakage of a sprinkler, pumps, water pipes, plumbing and all tanks, apparatus, conduits and containers designed to bring water into buildings or for its storage or utilization therein, or caused by the falling of a tank, tank platform or supports, or against loss or damage from any cause (other than causes specifically enumerated below in Class 3) to such sprinkler, pumps, water pipes, plumbing, tanks, apparatus, conduits or containers; insurance against loss or damage which may result from the failure of debtors to pay their obligations to the insured; and

insurance of the payment of money for personal services under contracts of hiring.

(i) Other Casualty Risks. Insurance against any other casualty risk not otherwise specified under Class 3, which may lawfully be the subject of insurance and may properly be classified under Class 2.

(j) Contingent Losses. Contingent, consequential and indirect coverages wherein the proximate cause of the loss is attributable to any one of the causes enumerated under Class 2. Such coverages shall, for the purpose of classification, be included in the specific grouping of the kinds of insurance wherein such cause is specified.

(k) Livestock and Domestic Animals. Insurance against mortality, accident and health of livestock and domestic animals.

(l) Legal expense insurance. Insurance against risk resulting from the cost of legal services as defined under Class 1(c).

Class 3. Fire and Marine, etc.

(a) Fire. Insurance against loss or damage by fire, smoke and smudge, lightning or other electrical disturbances.

(b) Elements. Insurance against loss or damage by earthquake, windstorms, cyclone, tornado, tempests, hail, frost, snow, ice, sleet, flood, rain, drought or other weather or climatic conditions including excess or deficiency of moisture, rising of the waters of the ocean or its tributaries.

(c) War, riot and explosion. Insurance against loss or damage by bombardment, invasion, insurrection, riot, strikes, civil war or commotion, military or usurped power, or explosion (other than explosion of steam boilers and the breaking of fly wheels on premises owned, controlled, managed, or maintained by the insured.)

(d) Marine and transportation. Insurance against loss or damage to vessels, craft, aircraft, vehicles of every kind, (excluding vehicles operating under their own power or while in storage not incidental to transportation) as well as all goods, freights, cargoes, merchandise, effects, disbursements, profits, moneys, bullion, precious stones, securities, chooses in action, evidences of debt, valuable papers, bottomry and respondentia interests and all other kinds of property and interests therein, in respect to, appertaining to or in connection with any or all risks or perils of navigation, transit, or transportation, including war risks, on or under any seas or other waters, on land or in the air, or while being assembled, packed, crated, baled, compressed or similarly prepared for shipment or while awaiting the same or during any delays, storage, transshipment, or reshipment incident thereto, including marine builder's risks and all personal property floater risks; and for loss or damage to persons or property in connection with or appertaining to marine, inland marine, transit or transportation insurance, including liability for

loss of or damage to either arising out of or in connection with the construction, repair, operation, maintenance, or use of the subject matter of such insurance, (but not including life insurance or surety bonds); but, except as herein specified, shall not mean insurances against loss by reason of bodily injury to the person; and insurance against loss or damage to precious stones, jewels, jewelry, gold, silver and other precious metals whether used in business or trade or otherwise and whether the same be in course of transportation or otherwise, which shall include jewelers' block insurance; and insurance against loss or damage to bridges, tunnels and other instrumentalities of transportation and communication (excluding buildings, their furniture and furnishings, fixed contents and supplies held in storage) unless fire, tornado, sprinkler leakage, hail, explosion, earthquake, riot and civil commotion are the only hazards to be covered; and to piers, wharves, docks and slips, excluding the risks of fire, tornado, sprinkler leakage, hail, explosion, earthquake, riot and civil commotion; and to other aids to navigation and transportation, including dry docks and marine railways, against all risk.

(e) Vehicle. Insurance against loss or liability resulting from or incident to the ownership, maintenance or use of any vehicle (motor or otherwise), draft animal or aircraft, excluding the liability of the insured for the death, injury or disability of another person.

(f) Property damage, sprinkler leakage and crop. Insurance against the liability of the insured for loss or damage to another person's property or property interests from any cause enumerated in this class; insurance against loss or damage by water entering through leaks or openings in buildings, or from the breakage or leakage of a sprinkler, pumps, water pipes, plumbing and all tanks, apparatus, conduits and containers designed to bring water into buildings or for its storage or utilization therein, or caused by the falling of a tank, tank platform or supports or against loss or damage from any cause to such sprinklers, pumps, water pipes, plumbing, tanks, apparatus, conduits or containers; insurance against loss or damage from insects, diseases or other causes to trees, crops or other products of the soil.

(g) Other fire and marine risks. Insurance against any other property risk not otherwise specified under Class 2, which may lawfully be the subject of insurance and may properly be classified under Class 3.

(h) Contingent losses. Contingent, consequential and indirect coverages wherein the proximate cause of the loss is attributable to any of the causes enumerated under Class 3. Such coverages shall, for the purpose of classification, be included in the specific grouping of the kinds of insurance wherein such cause is specified.

(i) Legal expense insurance. Insurance against risk retention resulting from the cost of legal services as defined under Class 1(c).

ARTICLE 6

The corporate powers of the Company shall be exercised by, and its business and affairs shall be under the control of, a Board of Directors composed of not less than three (3) nor more than twenty-one (21) natural persons who are at least eighteen (18) years of age and at least three (3) of whom are residents and citizens of the State of Illinois. The number of Directors to be elected from time to time shall be governed by the by-laws of the Company. The regular term of a Director shall be one year, and until a successor is duly elected and qualified.

In all elections for Directors, every shareholder of common shares shall have a right to vote in person or by proxy for the number of shares owned by the holder for as many persons as there are Directors to be elected or to cumulate such shares and give one candidate as many votes as the number of Directors multiplied by the number of shares of stock shall equal, or to distribute them on the same principle among as many candidates as the holder shall think fit.

Vacancies in the Board of Directors shall be filled by the shareholders at a meeting specially called for that purpose or at an annual meeting of the shareholders.

The Directors shall have the power to adopt and amend the by-laws of the Company not inconsistent with these Articles of Reorganization or provisions of law pertaining to the Company.

At any shareholders' meeting, a majority of the outstanding shares represented either in person or by proxy shall constitute a quorum for the transaction of business; provided that in case there shall be less than a quorum present at any meeting, those present may adjourn the meeting from time to time until a quorum is attained or may adjourn sine die.

ARTICLE 7

The amount of the Company's authorized capital shall be $3,000,000, consisting of 30,000 shares of common stock having a par value of $100.00 per share. There are 30,000 shares of common stock issued and outstanding as of the effective date of these Articles of Reorganization, and the Board of Directors shall have the authority to issue additional shares, not to exceed the authorized number of shares, or to reduce the issued and outstanding shares, without restating these Articles of Reorganization. The Company shall be conducted on the stock plan.

No present or future holder of common stock of the Company shall, as such holder, have any right to purchase or subscribe for any shares of stock of the Company of any class, or obligations or instruments which the Company may issue or sell that shall be convertible into or exchangeable for or entitle the holders thereof to subscribe for or purchase any shares of the Company of any class, other than such rights as the Board of Directors in its discretion may determine; all such pre-emptive rights being by each and all such present and future holders expressly waived and denied.

ARTICLE 8

All dividends or other distributions shall be paid from the earned surplus of the Company, and such dividends shall be declared at the direction of the Board of Directors.

ARTICLE 9

The Company shall be bound by all the terms and provisions of the Illinois Insurance Code.

ARTICLE 10

Upon the effective date of the reorganization of the Company, these Articles of Reorganization shall become the Articles of Incorporation of the Company, and the Company shall continue in existence as, and thereafter be, a domestic stock insurance company of the State of Illinois.

These Articles of Reorganization have been executed in duplicate this ___ day of _____, 2010.

NATIONAL MERIT INSURANCE COMPANY

By: _____
Timothy D. Bruns, President

ATTEST:

_____
Margaret L. O'Hara, Secretary

STATE OF ILLINOIS)
) ss.
COUNTY OF COOK)

These Articles of Reorganization were executed in duplicate and acknowledged and sworn to before me this __day of _____, 2010, by Timothy D. Bruns and Margaret L. O'Hara, the President and Secretary, respectively, of National Merit Insurance Company.

_____
Print Name:_____
Notary Public in and for said
County and State

My commission expires:

_____

AMENDED AND RESTATED BY-LAWS

OF

NATIONAL MERIT INSURANCE COMPANY

ADOPTED: **August 10, 2010**
EFFECTIVE: **_____, 2010**

NATIONAL MERIT INSURANCE COMPANY

AMENDED AND RESTATED BY-LAWS

ARTICLE I
OFFICES

SECTION 1. PRINCIPAL OFFICE

The principal office of the company shall be in the City of Chicago, County of Cook, and State of Illinois. The company may have such other offices, either within or without the State of Illinois, as the business of the company may require from time to time.

SECTION 2. REGISTERED OFFICE

The registered office of the company will be maintained in the State of Illinois and may be, but need not be, identical with the principal office in the State of Illinois. The address of the registered office may be changed from time to time by the board of directors.

ARTICLE II
CORPORATE SEAL

The corporate seal of the company shall have inscribed thereon the name of the company and the words "Corporate Seal, Illinois."

ARTICLE III
MEETINGS OF SHAREHOLDERS

SECTION 1. PLACE OF MEETINGS

Meetings of shareholders shall be held at the principal office of the company, or at such other place, either within or without the State of Illinois, as shall be determined by the board of directors.

SECTION 2. ANNUAL MEETINGS

Annual meetings of shareholders shall be held on the last Friday of April of each year at 10:00 a.m., if not a legal holiday, and if a legal holiday, then on the next succeeding business day, for the purpose of electing directors and for the transaction of such other business as may be brought before the meeting. If the election of directors shall not be held on the day designated herein for any annual meeting, or at any adjournment thereof, the board of directors shall cause the election to be held at a meeting of shareholders as soon thereafter as is conveniently possible.

SECTION 3. SPECIAL MEETINGS

Special meetings of shareholders, for any purpose or purposes, unless otherwise prescribed by statute or by the articles of incorporation, may be called by the president and shall be called by the president or secretary at the request in writing of a majority of the board of directors, or at the request in writing of shareholders owning not less than one-fifth (1/5) of the

outstanding shares of the company entitled to vote at any such meetings. Any and all business may be transacted at such special meetings, unless both the call and the notice thereof limit the meetings to the business referred to in such call and notice and shall specifically exclude from consideration any and all other business not referred to therein.

SECTION 4. QUORUM

The presence, in person or by proxy, of the holders of a majority of the outstanding shares entitled to vote shall constitute a quorum at all meetings of the shareholders for the transaction of business, except as otherwise provided by statute or the articles of incorporation. When a quorum is present or represented by proxy at any meeting, the affirmative vote of the holders of a majority of the stock having voting power present in person or represented by proxy shall decide any question brought before such meeting, unless the question is one which, by express provision of statute or the articles of incorporation, requires a different vote, in which case such express provision shall govern and control the vote required. Should a quorum not be present at any meeting of shareholders, the shareholders entitled to vote at any such meeting, present in person or by proxy, shall have the power to adjourn the meeting from time to time without notice other than an announcement at the meeting until a quorum shall be present. At such adjourned meeting at which a quorum is present, any business may be transacted which would have been transacted at the meeting originally noticed.

SECTION 5. NOTICE OF MEETINGS

Written or printed notice of the annual or any special meeting of shareholders stating the place, day and hour of the meeting and the purpose or purposes for which the meeting is called, shall be delivered not less than ten (10) nor more than forty (40) days before the date of the meeting, personally, by mail or by electronic means, by or at the direction of the president, the secretary, or the officer or persons calling the meeting to each shareholder of record entitled to vote at such meeting. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail addressed to the shareholder at his address as it appears on the records of the company with postage prepaid thereon. If delivered personally or by electronic means, such notice shall be deemed delivered when actually received.

SECTION 6. WAIVER OF NOTICE

A waiver of notice of any meeting, signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice.

SECTION 7. ACTION WITHOUT A MEETING

Any action required or permitted to be taken at a meeting of shareholders may be taken without a meeting if a written consent thereto is signed by all the shareholders, and such written consent is filed with the minutes of proceedings of the shareholders.

SECTION 8. PROXY

At all meetings, a shareholder may vote either in person or by proxy executed in writing by the shareholder or by his duly authorized attorney-in-fact. No proxy shall be valid after

eleven (11) months from the date of its execution, unless otherwise provided in the proxy.

SECTION 9. VOTING OF SHARES

In all elections for directors, every shareholder shall have the right to vote, in person or by proxy, the number of shares owned by him for as many persons as there are directors to be elected or to cumulate said shares and give one candidate as many votes as the number of directors to be elected multiplied by the number of his shares shall equal, or to distribute them on the same principle among as many candidates as he shall see fit.

ARTICLE IV
BOARD OF DIRECTORS

SECTION 1. NUMBER, ELECTION AND TERM OF OFFICE

The business, property and affairs of the company shall be managed and controlled by a board of directors, consisting of not less than three (3) nor more than eight (8) members, the specific number to be established by resolution of the board from time to time.

The members of the board of directors shall be elected at the annual meeting of shareholders. Directors shall hold office for a term of one year and until their respective successors shall have been elected and qualified.

SECTION 2. ANNUAL MEETINGS

Annual meetings of the board of directors for the transaction of any and all business as is brought before the meeting, including, but not limited to, the election of officers, shall be held at the place of and immediately succeeding the annual meeting of shareholders, at which directors shall be elected as provided in Section 2 of Article III hereof; provided, however, that if for any reason the shareholders fail to elect directors at any such annual meeting of shareholders, then, and in such event, the annual meeting of the board of directors shall be held at the place of and immediately succeeding the special meeting of the shareholders convened for the election of directors as provided by law and at which directors shall be elected.

SECTION 3. SPECIAL MEETINGS

Special meetings of the board of directors shall be held whenever called by the president or by a majority of the members of the board of directors at the principal office of the company, or at such other place either within or outside the State of Illinois as the president or the majority of the board shall designate.

SECTION 4. QUORUM

A majority of the board of directors shall be necessary at all meetings to constitute a quorum for the transaction of any business, and the act of a majority of the directors present at any meeting at which a quorum is present shall be the act of the board of directors. Should less than a majority of the board of directors be present at any meeting, those present may adjourn the meeting from time to time until a quorum is present.

SECTION 5. NOTICE OF MEETINGS

No notice of the annual meetings need be given to the members of the board of directors.

The secretary shall give, or cause to be given, to members of the board of directors written or printed notice of special meetings. Any such notice shall be given personally, by mail or by electronic means at least twenty-four (24) hours before the time of such meeting to each director. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail addressed to the director at his address as it appears on the records of the company with postage thereon prepaid. If delivered personally or by electronic means, such notice shall be deemed delivered when actually received.

SECTION 6. WAIVER OF NOTICE

A waiver of notice of any meeting signed by any director, whether before or after the meeting, shall be deemed equivalent to the giving of such notice. Attendance of any director at any meeting shall constitute a waiver of notice of such meeting, except where a director attends the meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened.

SECTION 7. ACTION WITHOUT A MEETING

Any action required or permitted to be taken at any meeting of the board of directors may be taken without a meeting if a written consent setting forth the action so taken is signed by all members of the board and such written consent is filed with the minutes of proceedings of the board of directors.

SECTION 8. PARTICIPATION BY ELECTRONIC MEANS

At any meeting of the directors, any member of the board may participate in and act at said meeting through the use of a conference telephone or other communications equipment by means of which all persons participating in the meeting can hear each other. Participation in such meeting shall constitute attendance and presence in person at the meeting of the person or persons so participating.

SECTION 9. VACANCIES

Any vacancies occurring on the board of directors, and any directorship to be filled by reason of any increase in the number of directors, may be filled by an election at an annual meeting of shareholders, or at a special meeting of shareholders called for that purpose. A director elected to fill a vacancy shall be elected for the unexpired term of his predecessor in office.

SECTION 10. REMOVAL

The entire board of directors or any individual director may be removed from office, with or without cause, at any meeting of the shareholders by a vote of the holders of a majority of the shares entitled to vote for directors.

SECTION 11. COMPENSATION

Directors, as such, shall not receive any stated salary for their services, but, by resolution of the board a fixed sum and expenses of attendance, if any, may be allowed for attendance at any annual or special meeting of the board; provided, that nothing herein contained shall be construed to preclude any director from serving the company in any other capacity and receiving compensation therefor.

ARTICLE V
COMMITTEES OF THE BOARD

EXECUTIVE COMMITTEE

SECTION 1. ELECTION AND DUTIES

The board of directors, by resolution passed by a majority of the board, may elect an executive committee composed of three (3) or more directors who shall serve at the pleasure of the board. Except as herein or by resolution of the board of directors otherwise provided, or as provided under Illinois statutes, the executive committee, during the intervals between the meetings of the board of directors, shall possess and may exercise all of the powers of the board of directors in the management of the business and affairs of the company. The executive committee shall keep full and complete records of its proceedings. All actions taken by the executive committee shall be reported to the board of directors at its meeting next succeeding such action and shall be subject to revision and alteration by the board of directors; provided that, no rights of third persons shall be affected by any such revision or alteration. Vacancies on the executive committee shall be filled by the board of directors, but during the temporary absence of a member of the executive committee, the remaining members of the executive committee may appoint a member of the board of directors to act in the place of such absent member.

SECTION 2. MEETINGS

Meetings of the executive committee may be held on twenty-four (24) hours notice to each member of the committee personally, by mail or by electronic means. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail addressed to the member at his address as it appears on the records of the company with postage prepaid thereon. If delivered personally or by electronic means, such notice shall be deemed delivered when actually received.

A majority of the executive committee shall be necessary to constitute a quorum for the transaction of any business, and, unless otherwise set forth in the resolutions of the board of directors, a majority of members present at a meeting and not disqualified from voting shall constitute the acts of the committee. When all of the members of the executive committee shall be present at any meeting, however called or noticed, or shall sign a written consent thereto, the acts of such committee shall be valid as if legally called and noticed.

INVESTMENT COMMITTEE

SECTION 3. ELECTION AND DUTIES

The board of directors, by resolution passed by a majority of the entire board, may elect an investment committee composed of three (3) or more directors who shall serve during the pleasure of the board. The committee shall have full power to buy, sell, invest and/or reinvest in any securities authorized by the Illinois Insurance Code. The actions of a majority of the members of the committee in the purchase or sale of any security shall be binding upon the company. Vacancies on the investment committee shall be filled by the board of directors, but during the temporary absence of a member of the investment committee, the remaining members of the investment committee may appoint a member of the board of directors to act in the place of such absent member. The committee shall keep a record of its actions which shall be reported at the next board meeting succeeding such actions for which formal reports have been prepared and are available.

ADDITIONAL COMMITTEES OF THE BOARD

SECTION 4. APPOINTMENT AND DUTIES

A majority of the board of directors may authorize one or more committees in addition to the executive and investment committees and appoint members to serve on such committee or committees, the members of which may or may not, at the board's discretion unless otherwise required by law, be members of the board of directors. Each such committee shall have three (3) or more members and shall exercise such authority and carry out such duties as may be required by law or as are set forth in resolutions of the board of directors appointing the committee and which are not reserved to the full board by Illinois statutes. Committee members so elected shall serve for a one-year term at the discretion of the board of directors and may be removed by the board of directors. The board of directors may increase or decrease the number of members of any committee at any time, provided that no committee shall at any time have fewer than three (3) members. A majority of members of a committee shall constitute a quorum and, unless otherwise set forth in resolutions of the board of directors, a majority of those members present at a meeting and not disqualified from voting shall constitute the acts of the committee. Any additional committees appointed by the board shall keep a record of its actions which shall be reported to the board of directors as the board may require from time to time.

MEETING PROCEDURES

SECTION 5. WAIVER OF NOTICE, ACTION WITHOUT A MEETING AND PARTICIPATION BY ELECTRONIC MEANS

The provisions of Sections 6, 7 and 8 of Article IV of these by-laws regarding Waiver of Notice, Action Without a Meeting and Participation by Electronic Means, respectively, shall be applicable and available to any committee elected or appointed pursuant to these by-laws with respect to any of its proceedings.

ARTICLE VI
OFFICERS

SECTION 1. ELECTION

At the meeting of the board of directors following each annual meeting of shareholders of the company, the directors shall elect from among their number a chairman of the board and a president, and shall elect, in addition thereto, whether or not members of the board, one or more vice presidents (the number thereof to be determined by the board of directors), a secretary, a treasurer and such other officers with such titles and duties as the board of directors may deem proper and appropriate, all of which such elected officers shall constitute the executive officers of the company. Any two offices may be held by the same person. All of such persons so elected shall hold office at the pleasure of the board or until the meeting of the directors following the next annual meeting of the shareholders and until their respective successors shall have been duly elected and qualified. The board may delegate the powers or duties of such officer to any other officer, except where otherwise provided by statute, for the time being, provided a majority of the entire board concurs therein.

Subject to the rights of the board of directors at any time, and from time to time, to change their duties as the needs of the company may, in the judgment of the board, require, the executive officers named hereafter shall in general have the following duties and responsibilities:

SECTION 2. THE CHAIRMAN OF THE BOARD

The chairman of the board shall, when present, preside at meetings of the board of directors and the shareholders. He may assist the board of directors and other officers in the formulation of the policies of the company, and shall be available to other officers for consultation and advice. He shall have such other powers and duties as may, from time to time, be prescribed by the board of directors.

SECTION 3. THE PRESIDENT

The president shall be vested with all of the powers and shall be required to perform all of the duties of the chairman of the board in the event of the chairman's absence or inability to act. He shall have the general and active management of the business of the company and shall see that all orders and resolutions of the board of directors are carried into effect, subject, however, to the right of the directors to delegate any specific powers, except such as may be by statute exclusively conferred on the president, to any other officer or officers of the company.

The president may appoint assistant or such other officers of the company as he deems necessary or advisable to assist the executive officers of the company elected by the board of directors, and he may prescribe such duties for such assistant or other officers as he deems appropriate from time to time. Such appointments shall be subject to confirmation by the board of directors, but until acted upon by the board, the appointees shall have such powers as may be designated by the president.

SECTION 4. THE VICE PRESIDENT

The vice president or vice presidents shall be vested with all the powers and be required to

perform all the duties of the president in his absence, together with such other duties as may be prescribed by the board of directors or the president. All elected vice presidents shall serve and perform the duties designated to them in the order of their election unless otherwise prescribed or limited by resolution of the board of directors.

SECTION 5. THE SECRETARY

The secretary shall do all things required by law to be done by or incident to the office of secretary, or which by general usage appertain to said office, including, but not limited to, retention of custody of the corporate seal, attendance at and keeping minutes of all meetings of shareholders and the board of directors, and shall perform like duties for all committees when required and record such minutes in books maintained for such purposes. The secretary shall give, or cause to be given, notices required by law or these by-laws of all meetings of shareholders, directors or committees and shall perform such other duties as may be prescribed by the board of directors, the executive committee or the president. Except as may otherwise be directed by the board of directors, the executive committee, or the president, any of the duties of the secretary may be delegated by the secretary to any assistant secretary who shall perform such duties under the direction and supervision of the secretary.

SECTION 6. THE TREASURER

The treasurer shall have the custody of the corporate funds and securities and shall keep full and accurate accounts of receipts and disbursements in books belonging to the company and shall deposit all moneys and other valuable effects in the name and to the credit of the company in such depositories as may be designated or permitted by the board of directors.

The treasurer shall do all things required by law to be done by or incident to the office of treasurer. He shall disburse the funds of the company, including disbursements as may be ordered by the board of directors, taking proper vouchers for such disbursements, and shall render to the president and the board of directors, when requested to do so, an account of all his transactions as treasurer and of the financial condition of the company.

Upon request, the treasurer shall give the company a bond in such sum and with such surety or sureties as shall be satisfactory to the board of directors for the faithful performance of the duties of his office and for the restoration to the company, in case of his death, resignation or retirement, of all books, papers, vouchers, money, securities and other property of whatever kind or nature in his possession or under his control belonging to the company.

SECTION 7. VACANCIES

Except as provided for the appointment of assistant officers by the president of the company in Section 3 of this Article VI, any vacancy occurring in any officer position of the company by death, resignation or otherwise shall be filled by the board of directors.

SECTION 8. REMOVAL OF OFFICERS

Any officer elected or appointed as above provided may be removed by the board of directors, or in the case of appointed officers by the president or the board, whenever in the board's or the president's judgment the best interests of the company would be served thereby, but such removal shall be without prejudice to the contract rights, if any, of the person so

removed.

ARTICLE VII
CERTIFICATES OF STOCK

SECTION 1. INDIVIDUAL CERTIFICATES.

Every shareholder shall be entitled to have a certificate, signed by the president or a vice president and the secretary or an assistant secretary of the company, certifying the number of shares owned by him of the company.

SECTION 2. AUTHENTICATION

Whenever any certificate is countersigned or otherwise authenticated by a transfer agent or transfer clerk, or by a registrar, then a facsimile of the signatures of the officers or agents of the company may be printed or lithographed upon such certificate in lieu of the actual signatures. In case any officer or officers who shall have signed, or whose facsimile signature or signatures shall have been used on, any such certificate or certificates shall cease to be such officer or officers of the company, whether because of death, resignation or otherwise, before such certificate or certificates shall have been delivered by the company, such certificate or certificates may nevertheless be adopted by the company and be issued and delivered as though the person or persons who signed such certificate or certificates, or whose facsimile signature or signatures shall have been used thereon, had not ceased to be the officer or officers of the company.

SECTION 3. REPLACEMENT

The board of directors may direct a new certificate or certificates to be issued in place of any certificate or certificates theretofore issued by the company alleged to have been lost, destroyed or mutilated upon such terms and indemnity to the company as the board of directors may prescribe.

SECTION 4. REGISTERED HOLDER

The company shall be entitled to treat the registered holder of any shares as the absolute owner thereof and shall not be bound to recognize any equitable or other claim to, or interest in, such shares, on the part of any other person, whether or not it shall have actual or other notice thereof, except as may be expressly provided under Illinois statutes.

ARTICLE VIII
DIVIDENDS

The board of directors of the company, in accordance with the laws of the State of Illinois, may declare and pay dividends on its outstanding shares in cash, securities or other property owned by the company, or in its own shares.

ARTICLE IX
FISCAL YEAR

The fiscal year of the company shall be the calendar year.

ARTICLE X
AMENDMENTS TO BY-LAWS

SECTION 1. AMENDMENT BY BOARD

The company's board of directors, by the affirmative vote of a majority of the members present, at any meeting, may alter, amend or repeal these by-laws except to the extent that any of the following applies:

(a) The articles of incorporation or any provision of the Illinois statutes, reserves that power exclusively to the shareholders; or

(b) The shareholders in adopting, amending or repealing a particular by-law provide within the by-laws that the board of directors may not amend, repeal or re-adopt that by-law.

SECTION 2. AMENDMENT BY SHAREHOLDERS

The company's shareholders may amend or repeal the company's by-laws or adopt new by-laws at any time.

ARTICLE XI
INDEMNIFICATION OF DIRECTORS AND OFFICERS

SECTION 1. NON-DERIVATIVE ACTIONS

The company shall indemnify any person who was or is a party, or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the company) by reason of the fact that he is or was a director, officer, employee or agent of the company, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by such person in connection with such action, suit or proceeding, if such person acted in good faith and in a manner he reasonably believed to be in, or not opposed to the best interests of the company, and, with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests of the company or, with respect to any criminal action or proceeding, that the person had reasonable cause to believe that his conduct was unlawful.

SECTION 2. DERIVATIVE ACTIONS

The company shall indemnify any person who was or is a party, or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the company to procure a judgment in its favor by reason of the fact that such person is or was a director, officer, employee or agent of the company, or is or was serving at the request of the company as a director, officer, employee or agent of another company, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees) actually and

reasonably incurred by such person in connection with the defense or settlement of such action or suit, if such person acted in good faith and in a manner he reasonably believed to be in, or not opposed to, the best interests of the company, provided that no indemnification shall be made in respect of any claim, issue, or matter as to which such person shall have been adjudged to be liable for negligence or misconduct in the performance of his duty to the company, unless, and only to the extent that the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability, but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnification for such expenses as the court shall deem proper.

SECTION 3. EXPENSES

To the extent that a director, officer, employee or agent of a company has been successful, on the merits or otherwise, in the defense of any action, suit or proceeding referred to in subsections 1 or 2 of this Article XI, or in defense of any claim, issue or matter therein, such person shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by such person in connection therewith.

SECTION 4. CONDITIONS FOR INDEMNIFICATION

Any indemnification under subsections 1 and 2 of this Article XI (unless ordered by a court) shall be made by the company only as authorized in the specific case, upon a determination that indemnification of the director, officer, employee or agent is proper in the circumstances because he has met the applicable standard of conduct set forth in subsections 1 or 2 of this Article XI. Such determination shall be made: (i) by the board of directors by a majority vote of a quorum consisting of directors who were not parties to such action, suit or proceeding; or (ii) if such a quorum is not obtainable, or, even if obtainable, if a quorum of disinterested directors so directs, by independent legal counsel in a written opinion; or (iii) by the shareholders.

SECTION 5. EXPENSE ADVANCES

Expenses incurred in defending a civil or criminal action, suit or proceeding may be paid by the company in advance of the final disposition of such action, suit or proceeding, as authorized by the board of directors in the specific case, upon receipt of an undertaking by or on behalf of the director, officer, employee or agent to repay such amount, unless it shall ultimately be determined that he is entitled to be indemnified by the company as authorized in this Section.

SECTION 6. NON-EXCLUSIVE RIGHTS

The indemnification provided by this Article XI shall not be deemed exclusive of any other rights to which those seeking indemnification may be entitled under any by-law, agreement, vote of shareholders or disinterested directors, or otherwise, both as to action in his official capacity and as to action in another capacity while holding such office, and shall continue as to a person who has ceased to be a director, officer, employee or agent, and shall inure to the benefit of the heirs, executors and administrators of such a person.

SECTION 7. **INSURANCE**

The company may purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the company, or who is or was serving at the request of the company as a director, officer, employee or agent of another company, partnership, joint venture, trust or other enterprise, against any liability asserted against such person and incurred by such person in any such capacity, or arising out of his status as such, whether or not the company would have the power to indemnify such person against such liability under the provisions of this Article XI.

SECTION 8. **REPORT TO SHAREHOLDERS**

If the company has paid indemnification or has advanced expenses to a director, officer, employee or agent, the company shall report the indemnification or advance in writing to the shareholders with or before the notice of the next shareholders meeting.

SECTION 9. **DEFINITION OF COMPANY**

For purposes of this Article XI, references to "the company" shall include, in addition to the surviving company, any merging company (including any company having merged with a merging company) absorbed in a merger which, if its separate existence had continued, would have had the power and authority to indemnify its directors, officers and employees or agents, so that any person who was a director, officer, employee or agent of such merging company, or was serving at the request of such merging company as a director, officer, employee or agent of another company, partnership, joint venture, trust or other enterprise, shall stand in the same position under the provisions of this Article XI with respect to the surviving company as such person would have with respect to such merging company if its separate existence had continued.

SECTION 10. **OTHER DEFINITIONS**

For purposes of this Article XI, references to "other enterprises" shall include employee benefit plans; references to "fines" shall include any excise taxes assessed on a person with respect to an employee benefit plan; and references to "serving at the request of the company" shall include any service as a director, officer, employee or agent of the company which imposes duties on, or involves services by such director, officer, employee, or agent with respect to any employee benefit plan, its participants, or beneficiaries. A person who acted in good faith and in a manner he or she reasonably believed to be in the best interests of the participants and beneficiaries of any employee benefit plan shall be deemed to have acted in a manner "not opposed to the best interest of the company" as referred to in this Article XI.

ARTICLE XII
MISCELLANEOUS

Unless the context of these by-laws otherwise requires, words of any gender are deemed to include any other gender.

CERTIFIED RESOLUTIONS

OF

NATIONAL MERIT INSURANCE COMPANY

The undersigned, Margaret L. O'Hara certifies that she is a duly qualified and acting Secretary of National Merit Insurance Company (the "Company"), a corporation organized and existing under the laws of the State of Washington; that below is a copy of the recital and resolutions duly passed by the Board of Directors of the Company, effective August 10, 2010, and that such recital and resolutions have not been in any way amended, altered or repealed and remain in full force and effect as of the date hereof:

WHEREAS, it is deemed advisable and in the best interests of the Company that the Company be re-domesticated from the State of Washington to the State of Illinois.

RESOLVED, that the re-domestication of the Company from the State of Washington to the State of Illinois be, and hereby is, authorized; and

RESOLVED, that in furtherance of the foregoing resolution, the Articles of Reorganization of the Company, substantially in the form presented to the Board for review, a copy of which is attached hereto as Exhibit A-1, be, and hereby are, adopted and approved; and

RESOLVED, that the consent of the sole shareholder of the Company to the Company's re-domestication from the State of Washington to the State of Illinois be obtained at a meeting of the sole shareholder duly called for that purpose, the Board recommending to the shareholder that the re-domestication be approved; and

RESOLVED, that the officers of the Company be, and hereby are, authorized, empowered and directed to take, or cause to be taken, any and all actions and to execute and deliver, and file or record with appropriate regulatory authorities if required, any and all documents and amendments thereto which the officers in their sole judgment deem necessary, advisable or appropriate to effect the re-domestication of the Company from the State of Washington to the State of Illinois, all such actions, execution, delivery, filing and recording of documents and amendments thereto to conclusively evidence the authorization thereof by the Board.

DATED: Aug. 19, 2010

Margaret L. O'Hara
Secretary

ARTICLES OF REORGANIZATION

OF

NATIONAL MERIT INSURANCE COMPANY

The undersigned, being the President and Secretary of National Merit Insurance Company, for the purpose of re-domesticating National Merit Insurance Company from the State of Washington to the State of Illinois pursuant to the provisions of Article XII of the Illinois Insurance Code, hereby execute the following Articles of Reorganization:

ARTICLE 1

The name of the Company shall be National Merit Insurance Company.

ARTICLE 2

The Company was originally incorporated as Rainier Insurance Company in the State of Washington on June 20, 1980. The Company changed its name to National Merit Insurance Company on March 16, 1984.

ARTICLE 3

The principal office of the Company shall be located in the City of Chicago, County of Cook, and State of Illinois.

ARTICLE 4

The duration of the Company shall be perpetual.

ARTICLE 5

The purpose of the Company is to transact the kinds of insurance business as enumerated in the paragraphs of Class 2 and Class 3 of Section 4 of the Illinois Insurance Code specified below:

Class 2. Casualty, Fidelity and Surety.

(a) Accident and Health. Insurance against bodily injury, disablement or death by accident and against disablement resulting from sickness or old age and every insurance appertaining thereto, including stop-loss insurance. Stop-loss insurance is insurance against the risk of economic loss issued to a single employer self-funded employee disability benefit plan or an employee welfare benefit plan as described in 29 U.S.C. 1001 et seq.

(b) Vehicle. Insurance against any loss or liability resulting from or incident to the ownership, maintenance or use of any vehicle (motor or otherwise), draft animal

or aircraft. Any policy insuring against any loss or liability on account of the bodily injury or death of any person may contain a provision for payment of disability benefits to injured persons and death benefits to dependents, beneficiaries or personal representatives of persons who are killed, including the named insured, irrespective of legal liability of the insured, if the injury or death for which benefits are provided is caused by accident and sustained while in or upon or while entering into or alighting from or through being struck by a vehicle (motor or otherwise), draft animal or aircraft, and such provision shall not be deemed to be accident insurance.

(c) Liability. Insurance against the liability of the insured for the death, injury or disability of an employee or other person, and insurance against the liability of the insured for damage to or destruction of another person's property.

(d) Workers' Compensation. Insurance of the obligations accepted by or imposed upon employers under laws for workers' compensation.

(e) Burglary and Forgery. Insurance against loss or damage by burglary, theft, larceny, robbery, forgery, fraud or otherwise; including all householders' personal property floater risks.

(f) Glass. Insurance against loss or damage to glass including lettering, ornamentation and fittings from any cause.

(g) Fidelity and surety. Become surety or guarantor for any person, copartnership or corporation in any position or place of trust or as custodian of money or property, public or private; or, becoming a surety or guarantor for the performance of any person, copartnership or corporation of any lawful obligation, undertaking, agreement or contract of any kind, except contracts or policies of insurance; and underwriting blanket bonds. Such obligations shall be known and treated as suretyship obligations and such business shall be known as surety business.

(h) Miscellaneous. Insurance against loss or damage to property and any liability of the insured caused by accidents to boilers, pipes, pressure containers, machinery and apparatus of any kind and any apparatus connected thereto, or used for creating, transmitting or applying power, light, heat, steam or refrigeration, making inspection of and issuing certificates of inspection upon elevators, boilers, machinery and apparatus of any kind and all mechanical apparatus and appliances appertaining thereto; insurance against loss or damage by water entering through leaks or openings in buildings, or from the breakage or leakage of a sprinkler, pumps, water pipes, plumbing and all tanks, apparatus, conduits and containers designed to bring water into buildings or for its storage or utilization therein, or caused by the falling of a tank, tank platform or supports, or against loss or damage from any cause (other than causes specifically enumerated below in Class 3) to such sprinkler, pumps, water pipes, plumbing, tanks, apparatus, conduits or containers; insurance against loss or damage which may result from the failure of debtors to pay their obligations to the insured; and

insurance of the payment of money for personal services under contracts of hiring.

(i) Other Casualty Risks. Insurance against any other casualty risk not otherwise specified under Class 3, which may lawfully be the subject of insurance and may properly be classified under Class 2.

(j) Contingent Losses. Contingent, consequential and indirect coverages wherein the proximate cause of the loss is attributable to any one of the causes enumerated under Class 2. Such coverages shall, for the purpose of classification, be included in the specific grouping of the kinds of insurance wherein such cause is specified.

(k) Livestock and Domestic Animals. Insurance against mortality, accident and health of livestock and domestic animals.

(l) Legal expense insurance. Insurance against risk resulting from the cost of legal services as defined under Class 1(c).

Class 3. Fire and Marine, etc.

(a) Fire. Insurance against loss or damage by fire, smoke and smudge, lightning or other electrical disturbances.

(b) Elements. Insurance against loss or damage by earthquake, windstorms, cyclone, tornado, tempests, hail, frost, snow, ice, sleet, flood, rain, drought or other weather or climatic conditions including excess or deficiency of moisture, rising of the waters of the ocean or its tributaries.

(c) War, riot and explosion. Insurance against loss or damage by bombardment, invasion, insurrection, riot, strikes, civil war or commotion, military or usurped power, or explosion (other than explosion of steam boilers and the breaking of fly wheels on premises owned, controlled, managed, or maintained by the insured.)

(d) Marine and transportation. Insurance against loss or damage to vessels, craft, aircraft, vehicles of every kind, (excluding vehicles operating under their own power or while in storage not incidental to transportation) as well as all goods, freights, cargoes, merchandise, effects, disbursements, profits, moneys, bullion, precious stones, securities, chooses in action, evidences of debt, valuable papers, bottomry and respondentia interests and all other kinds of property and interests therein, in respect to, appertaining to or in connection with any or all risks or perils of navigation, transit, or transportation, including war risks, on or under any seas or other waters, on land or in the air, or while being assembled, packed, crated, baled, compressed or similarly prepared for shipment or while awaiting the same or during any delays, storage, transshipment, or reshipment incident thereto, including marine builder's risks and all personal property floater risks; and for loss or damage to persons or property in connection with or appertaining to marine, inland marine, transit or transportation insurance, including liability for

loss of or damage to either arising out of or in connection with the construction, repair, operation, maintenance, or use of the subject matter of such insurance, (but not including life insurance or surety bonds); but, except as herein specified, shall not mean insurances against loss by reason of bodily injury to the person; and insurance against loss or damage to precious stones, jewels, jewelry, gold, silver and other precious metals whether used in business or trade or otherwise and whether the same be in course of transportation or otherwise, which shall include jewelers' block insurance; and insurance against loss or damage to bridges, tunnels and other instrumentalities of transportation and communication (excluding buildings, their furniture and furnishings, fixed contents and supplies held in storage) unless fire, tornado, sprinkler leakage, hail, explosion, earthquake, riot and civil commotion are the only hazards to be covered; and to piers, wharves, docks and slips, excluding the risks of fire, tornado, sprinkler leakage, hail, explosion, earthquake, riot and civil commotion; and to other aids to navigation and transportation, including dry docks and marine railways, against all risk.

(e) Vehicle. Insurance against loss or liability resulting from or incident to the ownership, maintenance or use of any vehicle (motor or otherwise), draft animal or aircraft, excluding the liability of the insured for the death, injury or disability of another person.

(f) Property damage, sprinkler leakage and crop. Insurance against the liability of the insured for loss or damage to another person's property or property interests from any cause enumerated in this class; insurance against loss or damage by water entering through leaks or openings in buildings, or from the breakage or leakage of a sprinkler, pumps, water pipes, plumbing and all tanks, apparatus, conduits and containers designed to bring water into buildings or for its storage or utilization therein, or caused by the falling of a tank, tank platform or supports or against loss or damage from any cause to such sprinklers, pumps, water pipes, plumbing, tanks, apparatus, conduits or containers; insurance against loss or damage from insects, diseases or other causes to trees, crops or other products of the soil.

(g) Other fire and marine risks. Insurance against any other property risk not otherwise specified under Class 2, which may lawfully be the subject of insurance and may properly be classified under Class 3.

(h) Contingent losses. Contingent, consequential and indirect coverages wherein the proximate cause of the loss is attributable to any of the causes enumerated under Class 3. Such coverages shall, for the purpose of classification, be included in the specific grouping of the kinds of insurance wherein such cause is specified.

(i) Legal expense insurance. Insurance against risk retention resulting from the cost of legal services as defined under Class 1(c).

ARTICLE 6

The corporate powers of the Company shall be exercised by, and its business and affairs shall be under the control of, a Board of Directors composed of not less than three (3) nor more than twenty-one (21) natural persons who are at least eighteen (18) years of age and at least three (3) of whom are residents and citizens of the State of Illinois. The number of Directors to be elected from time to time shall be governed by the by-laws of the Company. The regular term of a Director shall be one year, and until a successor is duly elected and qualified.

In all elections for Directors, every shareholder of common shares shall have a right to vote in person or by proxy for the number of shares owned by the holder for as many persons as there are Directors to be elected or to cumulate such shares and give one candidate as many votes as the number of Directors multiplied by the number of shares of stock shall equal, or to distribute them on the same principle among as many candidates as the holder shall think fit.

Vacancies in the Board of Directors shall be filled by the shareholders at a meeting specially called for that purpose or at an annual meeting of the shareholders.

The Directors shall have the power to adopt and amend the by-laws of the Company not inconsistent with these Articles of Reorganization or provisions of law pertaining to the Company.

At any shareholders' meeting, a majority of the outstanding shares represented either in person or by proxy shall constitute a quorum for the transaction of business; provided that in case there shall be less than a quorum present at any meeting, those present may adjourn the meeting from time to time until a quorum is attained or may adjourn sine die.

ARTICLE 7

The amount of the Company's authorized capital shall be $3,000,000, consisting of 30,000 shares of common stock having a par value of $100.00 per share. There are 30,000 shares of common stock issued and outstanding as of the effective date of these Articles of Reorganization, and the Board of Directors shall have the authority to issue additional shares, not to exceed the authorized number of shares, or to reduce the issued and outstanding shares, without restating these Articles of Reorganization. The Company shall be conducted on the stock plan.

No present or future holder of common stock of the Company shall, as such holder, have any right to purchase or subscribe for any shares of stock of the Company of any class, or obligations or instruments which the Company may issue or sell that shall be convertible into or exchangeable for or entitle the holders thereof to subscribe for or purchase any shares of the Company of any class, other than such rights as the Board of Directors in its discretion may determine; all such pre-emptive rights being by each and all such present and future holders expressly waived and denied.

ARTICLE 8

All dividends or other distributions shall be paid from the earned surplus of the Company, and such dividends shall be declared at the direction of the Board of Directors.

ARTICLE 9

The Company shall be bound by all the terms and provisions of the Illinois Insurance Code.

ARTICLE 10

Upon the effective date of the reorganization of the Company, these Articles of Reorganization shall become the Articles of Incorporation of the Company, and the Company shall continue in existence as, and thereafter be, a domestic stock insurance company of the State of Illinois.

These Articles of Reorganization have been executed in duplicate this ___ day of _____, 2010.

NATIONAL MERIT INSURANCE COMPANY

By: _____
Timothy D. Bruns, President

ATTEST:

_____
Margaret L. O'Hara, Secretary

STATE OF ILLINOIS)
) ss.
COUNTY OF COOK)

These Articles of Reorganization were executed in duplicate and acknowledged and sworn to before me this __day of _____, 2010, by Timothy D. Bruns and Margaret L. O'Hara, the President and Secretary, respectively, of National Merit Insurance Company.

_____
Print Name:_____
Notary Public in and for said
County and State

My commission expires:

_____

CERTIFIED RESOLUTIONS

OF

NATIONAL MERIT INSURANCE COMPANY

The undersigned, Margaret L. O'Hara certifies that she is a duly qualified and acting Secretary of National Merit Insurance Company (the "Company"), a corporation organized and existing under the laws of the State of Washington; that below is a copy of the recitals and resolutions duly passed by the Board of Directors of the Company, effective August 10, 2010, and that such recitals and resolutions have not been in any way amended, altered or repealed and remain in full force and effect as of the date hereof:

WHEREAS, in furtherance of the re-domestication, the By-Laws of the Company have been revised in their entirety to comply with Illinois law and have been otherwise updated (the "Amended and Restated By-Laws"); and

WHEREAS, the Board of Directors have been provided a copy of the Amended and Restated By-Laws and deems it advisable, appropriate and necessary to adopt same as the By-Laws of the Company.

RESOLVED, that the Amended and Restated By-Laws, attached as Exhibit B-1 hereto, be, and hereby are, adopted as the By-Laws of the Company, and will become effective upon approval of the re-domestication by the Illinois Director of Insurance (the "Director"); and

RESOLVED, that the Amended and Restated By-Laws be filed with the Director pursuant to, and within the time limitations of, the Illinois Insurance Code, and that the officers of the Company be, and hereby are, directed and authorized to make any necessary changes to the Amended and Restated By-Laws as may be required by the Director to effect their filing with the Director.

DATED: Aug. 19, 2010

Margaret L. O'Hara
Secretary

Exhibit B-1

AMENDED AND RESTATED BY-LAWS

OF

NATIONAL MERIT INSURANCE COMPANY

ADOPTED: _____, 2010
EFFECTIVE: _____, 2010

NATIONAL MERIT INSURANCE COMPANY

AMENDED AND RESTATED BY-LAWS

ARTICLE I
OFFICES

SECTION 1. PRINCIPAL OFFICE

The principal office of the company shall be in the City of Chicago, County of Cook, and State of Illinois. The company may have such other offices, either within or without the State of Illinois, as the business of the company may require from time to time.

SECTION 2. REGISTERED OFFICE

The registered office of the company will be maintained in the State of Illinois and may be, but need not be, identical with the principal office in the State of Illinois. The address of the registered office may be changed from time to time by the board of directors.

ARTICLE II
CORPORATE SEAL

The corporate seal of the company shall have inscribed thereon the name of the company and the words "Corporate Seal, Illinois."

ARTICLE III
MEETINGS OF SHAREHOLDERS

SECTION 1. PLACE OF MEETINGS

Meetings of shareholders shall be held at the principal office of the company, or at such other place, either within or without the State of Illinois, as shall be determined by the board of directors.

SECTION 2. ANNUAL MEETINGS

Annual meetings of shareholders shall be held on the last Friday of April of each year at 10:00 a.m., if not a legal holiday, and if a legal holiday, then on the next succeeding business day, for the purpose of electing directors and for the transaction of such other business as may be brought before the meeting. If the election of directors shall not be held on the day designated herein for any annual meeting, or at any adjournment thereof, the board of directors shall cause the election to be held at a meeting of shareholders as soon thereafter as is conveniently possible.

SECTION 3. SPECIAL MEETINGS

Special meetings of shareholders, for any purpose or purposes, unless otherwise prescribed by statute or by the articles of incorporation, may be called by the president and shall be called by the president or secretary at the request in writing of a majority of the board of directors, or at the request in writing of shareholders owning not less than one-fifth (1/5) of the

outstanding shares of the company entitled to vote at any such meetings. Any and all business may be transacted at such special meetings, unless both the call and the notice thereof limit the meetings to the business referred to in such call and notice and shall specifically exclude from consideration any and all other business not referred to therein.

SECTION 4. QUORUM

The presence, in person or by proxy, of the holders of a majority of the outstanding shares entitled to vote shall constitute a quorum at all meetings of the shareholders for the transaction of business, except as otherwise provided by statute or the articles of incorporation. When a quorum is present or represented by proxy at any meeting, the affirmative vote of the holders of a majority of the stock having voting power present in person or represented by proxy shall decide any question brought before such meeting, unless the question is one which, by express provision of statute or the articles of incorporation, requires a different vote, in which case such express provision shall govern and control the vote required. Should a quorum not be present at any meeting of shareholders, the shareholders entitled to vote at any such meeting, present in person or by proxy, shall have the power to adjourn the meeting from time to time without notice other than an announcement at the meeting until a quorum shall be present. At such adjourned meeting at which a quorum is present, any business may be transacted which would have been transacted at the meeting originally noticed.

SECTION 5. NOTICE OF MEETINGS

Written or printed notice of the annual or any special meeting of shareholders stating the place, day and hour of the meeting and the purpose or purposes for which the meeting is called, shall be delivered not less than ten (10) nor more than forty (40) days before the date of the meeting, personally, by mail or by electronic means, by or at the direction of the president, the secretary, or the officer or persons calling the meeting to each shareholder of record entitled to vote at such meeting. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail addressed to the shareholder at his address as it appears on the records of the company with postage prepaid thereon. If delivered personally or by electronic means, such notice shall be deemed delivered when actually received.

SECTION 6. WAIVER OF NOTICE

A waiver of notice of any meeting, signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice.

SECTION 7. ACTION WITHOUT A MEETING

Any action required or permitted to be taken at a meeting of shareholders may be taken without a meeting if a written consent thereto is signed by all the shareholders, and such written consent is filed with the minutes of proceedings of the shareholders.

SECTION 8. PROXY

At all meetings, a shareholder may vote either in person or by proxy executed in writing by the shareholder or by his duly authorized attorney-in-fact. No proxy shall be valid after

eleven (11) months from the date of its execution, unless otherwise provided in the proxy.

SECTION 9. VOTING OF SHARES

In all elections for directors, every shareholder shall have the right to vote, in person or by proxy, the number of shares owned by him for as many persons as there are directors to be elected or to cumulate said shares and give one candidate as many votes as the number of directors to be elected multiplied by the number of his shares shall equal, or to distribute them on the same principle among as many candidates as he shall see fit.

ARTICLE IV
BOARD OF DIRECTORS

SECTION 1. NUMBER, ELECTION AND TERM OF OFFICE

The business, property and affairs of the company shall be managed and controlled by a board of directors, consisting of not less than three (3) nor more than eight (8) members, the specific number to be established by resolution of the board from time to time.

The members of the board of directors shall be elected at the annual meeting of shareholders. Directors shall hold office for a term of one year and until their respective successors shall have been elected and qualified.

SECTION 2. ANNUAL MEETINGS

Annual meetings of the board of directors for the transaction of any and all business as is brought before the meeting, including, but not limited to, the election of officers, shall be held at the place of and immediately succeeding the annual meeting of shareholders, at which directors shall be elected as provided in Section 2 of Article III hereof; provided, however, that if for any reason the shareholders fail to elect directors at any such annual meeting of shareholders, then, and in such event, the annual meeting of the board of directors shall be held at the place of and immediately succeeding the special meeting of the shareholders convened for the election of directors as provided by law and at which directors shall be elected.

SECTION 3. SPECIAL MEETINGS

Special meetings of the board of directors shall be held whenever called by the president or by a majority of the members of the board of directors at the principal office of the company, or at such other place either within or outside the State of Illinois as the president or the majority of the board shall designate.

SECTION 4. QUORUM

A majority of the board of directors shall be necessary at all meetings to constitute a quorum for the transaction of any business, and the act of a majority of the directors present at any meeting at which a quorum is present shall be the act of the board of directors. Should less than a majority of the board of directors be present at any meeting, those present may adjourn the meeting from time to time until a quorum is present.

SECTION 5. NOTICE OF MEETINGS

No notice of the annual meetings need be given to the members of the board of directors.

The secretary shall give, or cause to be given, to members of the board of directors written or printed notice of special meetings. Any such notice shall be given personally, by mail or by electronic means at least twenty-four (24) hours before the time of such meeting to each director. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail addressed to the director at his address as it appears on the records of the company with postage thereon prepaid. If delivered personally or by electronic means, such notice shall be deemed delivered when actually received.

SECTION 6. WAIVER OF NOTICE

A waiver of notice of any meeting signed by any director, whether before or after the meeting, shall be deemed equivalent to the giving of such notice. Attendance of any director at any meeting shall constitute a waiver of notice of such meeting, except where a director attends the meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened.

SECTION 7. ACTION WITHOUT A MEETING

Any action required or permitted to be taken at any meeting of the board of directors may be taken without a meeting if a written consent setting forth the action so taken is signed by all members of the board and such written consent is filed with the minutes of proceedings of the board of directors.

SECTION 8. PARTICIPATION BY ELECTRONIC MEANS

At any meeting of the directors, any member of the board may participate in and act at said meeting through the use of a conference telephone or other communications equipment by means of which all persons participating in the meeting can hear each other. Participation in such meeting shall constitute attendance and presence in person at the meeting of the person or persons so participating.

SECTION 9. VACANCIES

Any vacancies occurring on the board of directors, and any directorship to be filled by reason of any increase in the number of directors, may be filled by an election at an annual meeting of shareholders, or at a special meeting of shareholders called for that purpose. A director elected to fill a vacancy shall be elected for the unexpired term of his predecessor in office.

SECTION 10. REMOVAL

The entire board of directors or any individual director may be removed from office, with or without cause, at any meeting of the shareholders by a vote of the holders of a majority of the shares entitled to vote for directors.

SECTION 11. COMPENSATION

Directors, as such, shall not receive any stated salary for their services, but, by resolution of the board a fixed sum and expenses of attendance, if any, may be allowed for attendance at any annual or special meeting of the board; provided, that nothing herein contained shall be construed to preclude any director from serving the company in any other capacity and receiving compensation therefor.

ARTICLE V
COMMITTEES OF THE BOARD

EXECUTIVE COMMITTEE

SECTION 1. ELECTION AND DUTIES

The board of directors, by resolution passed by a majority of the board, may elect an executive committee composed of three (3) or more directors who shall serve at the pleasure of the board. Except as herein or by resolution of the board of directors otherwise provided, or as provided under Illinois statutes, the executive committee, during the intervals between the meetings of the board of directors, shall possess and may exercise all of the powers of the board of directors in the management of the business and affairs of the company. The executive committee shall keep full and complete records of its proceedings. All actions taken by the executive committee shall be reported to the board of directors at its meeting next succeeding such action and shall be subject to revision and alteration by the board of directors; provided that, no rights of third persons shall be affected by any such revision or alteration. Vacancies on the executive committee shall be filled by the board of directors, but during the temporary absence of a member of the executive committee, the remaining members of the executive committee may appoint a member of the board of directors to act in the place of such absent member.

SECTION 2. MEETINGS

Meetings of the executive committee may be held on twenty-four (24) hours notice to each member of the committee personally, by mail or by electronic means. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail addressed to the member at his address as it appears on the records of the company with postage prepaid thereon. If delivered personally or by electronic means, such notice shall be deemed delivered when actually received.

A majority of the executive committee shall be necessary to constitute a quorum for the transaction of any business, and, unless otherwise set forth in the resolutions of the board of directors, a majority of members present at a meeting and not disqualified from voting shall constitute the acts of the committee. When all of the members of the executive committee shall be present at any meeting, however called or noticed, or shall sign a written consent thereto, the acts of such committee shall be valid as if legally called and noticed.

INVESTMENT COMMITTEE

SECTION 3. ELECTION AND DUTIES

The board of directors, by resolution passed by a majority of the entire board, may elect an investment committee composed of three (3) or more directors who shall serve during the pleasure of the board. The committee shall have full power to buy, sell, invest and/or reinvest in any securities authorized by the Illinois Insurance Code. The actions of a majority of the members of the committee in the purchase or sale of any security shall be binding upon the company. Vacancies on the investment committee shall be filled by the board of directors, but during the temporary absence of a member of the investment committee, the remaining members of the investment committee may appoint a member of the board of directors to act in the place of such absent member. The committee shall keep a record of its actions which shall be reported at the next board meeting succeeding such actions for which formal reports have been prepared and are available.

ADDITIONAL COMMITTEES OF THE BOARD

SECTION 4. APPOINTMENT AND DUTIES

A majority of the board of directors may authorize one or more committees in addition to the executive and investment committees and appoint members to serve on such committee or committees, the members of which may or may not, at the board's discretion unless otherwise required by law, be members of the board of directors. Each such committee shall have three (3) or more members and shall exercise such authority and carry out such duties as may be required by law or as are set forth in resolutions of the board of directors appointing the committee and which are not reserved to the full board by Illinois statutes. Committee members so elected shall serve for a one-year term at the discretion of the board of directors and may be removed by the board of directors. The board of directors may increase or decrease the number of members of any committee at any time, provided that no committee shall at any time have fewer than three (3) members. A majority of members of a committee shall constitute a quorum and, unless otherwise set forth in resolutions of the board of directors, a majority of those members present at a meeting and not disqualified from voting shall constitute the acts of the committee. Any additional committees appointed by the board shall keep a record of its actions which shall be reported to the board of directors as the board may require from time to time.

MEETING PROCEDURES

SECTION 5. WAIVER OF NOTICE, ACTION WITHOUT A MEETING AND PARTICIPATION BY ELECTRONIC MEANS

The provisions of Sections 6, 7 and 8 of Article IV of these by-laws regarding Waiver of Notice, Action Without a Meeting and Participation by Electronic Means, respectively, shall be applicable and available to any committee elected or appointed pursuant to these by-laws with respect to any of its proceedings.

ARTICLE VI
OFFICERS

SECTION 1. ELECTION

At the meeting of the board of directors following each annual meeting of shareholders of the company, the directors shall elect from among their number a chairman of the board and a president, and shall elect, in addition thereto, whether or not members of the board, one or more vice presidents (the number thereof to be determined by the board of directors), a secretary, a treasurer and such other officers with such titles and duties as the board of directors may deem proper and appropriate, all of which such elected officers shall constitute the executive officers of the company. Any two offices may be held by the same person. All of such persons so elected shall hold office at the pleasure of the board or until the meeting of the directors following the next annual meeting of the shareholders and until their respective successors shall have been duly elected and qualified. The board may delegate the powers or duties of such officer to any other officer, except where otherwise provided by statute, for the time being, provided a majority of the entire board concurs therein.

Subject to the rights of the board of directors at any time, and from time to time, to change their duties as the needs of the company may, in the judgment of the board, require, the executive officers named hereafter shall in general have the following duties and responsibilities:

SECTION 2. THE CHAIRMAN OF THE BOARD

The chairman of the board shall, when present, preside at meetings of the board of directors and the shareholders. He may assist the board of directors and other officers in the formulation of the policies of the company, and shall be available to other officers for consultation and advice. He shall have such other powers and duties as may, from time to time, be prescribed by the board of directors.

SECTION 3. THE PRESIDENT

The president shall be vested with all of the powers and shall be required to perform all of the duties of the chairman of the board in the event of the chairman's absence or inability to act. He shall have the general and active management of the business of the company and shall see that all orders and resolutions of the board of directors are carried into effect, subject, however, to the right of the directors to delegate any specific powers, except such as may be by statute exclusively conferred on the president, to any other officer or officers of the company.

The president may appoint assistant or such other officers of the company as he deems necessary or advisable to assist the executive officers of the company elected by the board of directors, and he may prescribe such duties for such assistant or other officers as he deems appropriate from time to time. Such appointments shall be subject to confirmation by the board of directors, but until acted upon by the board, the appointees shall have such powers as may be designated by the president.

SECTION 4. THE VICE PRESIDENT

The vice president or vice presidents shall be vested with all the powers and be required to

perform all the duties of the president in his absence, together with such other duties as may be prescribed by the board of directors or the president. All elected vice presidents shall serve and perform the duties designated to them in the order of their election unless otherwise prescribed or limited by resolution of the board of directors.

SECTION 5. THE SECRETARY

The secretary shall do all things required by law to be done by or incident to the office of secretary, or which by general usage appertain to said office, including, but not limited to, retention of custody of the corporate seal, attendance at and keeping minutes of all meetings of shareholders and the board of directors, and shall perform like duties for all committees when required and record such minutes in books maintained for such purposes. The secretary shall give, or cause to be given, notices required by law or these by-laws of all meetings of shareholders, directors or committees and shall perform such other duties as may be prescribed by the board of directors, the executive committee or the president. Except as may otherwise be directed by the board of directors, the executive committee, or the president, any of the duties of the secretary may be delegated by the secretary to any assistant secretary who shall perform such duties under the direction and supervision of the secretary.

SECTION 6. THE TREASURER

The treasurer shall have the custody of the corporate funds and securities and shall keep full and accurate accounts of receipts and disbursements in books belonging to the company and shall deposit all moneys and other valuable effects in the name and to the credit of the company in such depositories as may be designated or permitted by the board of directors.

The treasurer shall do all things required by law to be done by or incident to the office of treasurer. He shall disburse the funds of the company, including disbursements as may be ordered by the board of directors, taking proper vouchers for such disbursements, and shall render to the president and the board of directors, when requested to do so, an account of all his transactions as treasurer and of the financial condition of the company.

Upon request, the treasurer shall give the company a bond in such sum and with such surety or sureties as shall be satisfactory to the board of directors for the faithful performance of the duties of his office and for the restoration to the company, in case of his death, resignation or retirement, of all books, papers, vouchers, money, securities and other property of whatever kind or nature in his possession or under his control belonging to the company.

SECTION 7. VACANCIES

Except as provided for the appointment of assistant officers by the president of the company in Section 3 of this Article VI, any vacancy occurring in any officer position of the company by death, resignation or otherwise shall be filled by the board of directors.

SECTION 8. REMOVAL OF OFFICERS

Any officer elected or appointed as above provided may be removed by the board of directors, or in the case of appointed officers by the president or the board, whenever in the board's or the president's judgment the best interests of the company would be served thereby, but such removal shall be without prejudice to the contract rights, if any, of the person so

removed.

ARTICLE VII
CERTIFICATES OF STOCK

SECTION 1. INDIVIDUAL CERTIFICATES.

Every shareholder shall be entitled to have a certificate, signed by the president or a vice president and the secretary or an assistant secretary of the company, certifying the number of shares owned by him of the company.

SECTION 2. AUTHENTICATION

Whenever any certificate is countersigned or otherwise authenticated by a transfer agent or transfer clerk, or by a registrar, then a facsimile of the signatures of the officers or agents of the company may be printed or lithographed upon such certificate in lieu of the actual signatures. In case any officer or officers who shall have signed, or whose facsimile signature or signatures shall have been used on, any such certificate or certificates shall cease to be such officer or officers of the company, whether because of death, resignation or otherwise, before such certificate or certificates shall have been delivered by the company, such certificate or certificates may nevertheless be adopted by the company and be issued and delivered as though the person or persons who signed such certificate or certificates, or whose facsimile signature or signatures shall have been used thereon, had not ceased to be the officer or officers of the company.

SECTION 3. REPLACEMENT

The board of directors may direct a new certificate or certificates to be issued in place of any certificate or certificates theretofore issued by the company alleged to have been lost, destroyed or mutilated upon such terms and indemnity to the company as the board of directors may prescribe.

SECTION 4. REGISTERED HOLDER

The company shall be entitled to treat the registered holder of any shares as the absolute owner thereof and shall not be bound to recognize any equitable or other claim to, or interest in, such shares, on the part of any other person, whether or not it shall have actual or other notice thereof, except as may be expressly provided under Illinois statutes.

ARTICLE VIII
DIVIDENDS

The board of directors of the company, in accordance with the laws of the State of Illinois, may declare and pay dividends on its outstanding shares in cash, securities or other property owned by the company, or in its own shares.

ARTICLE IX
FISCAL YEAR

The fiscal year of the company shall be the calendar year.

ARTICLE X
AMENDMENTS TO BY-LAWS

SECTION 1. AMENDMENT BY BOARD

The company's board of directors, by the affirmative vote of a majority of the members present, at any meeting, may alter, amend or repeal these by-laws except to the extent that any of the following applies:

(a) The articles of incorporation or any provision of the Illinois statutes, reserves that power exclusively to the shareholders; or

(b) The shareholders in adopting, amending or repealing a particular by-law provide within the by-laws that the board of directors may not amend, repeal or re-adopt that by-law.

SECTION 2. AMENDMENT BY SHAREHOLDERS

The company's shareholders may amend or repeal the company's by-laws or adopt new by-laws at any time.

ARTICLE XI
INDEMNIFICATION OF DIRECTORS AND OFFICERS

SECTION 1. NON-DERIVATIVE ACTIONS

The company shall indemnify any person who was or is a party, or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the company) by reason of the fact that he is or was a director, officer, employee or agent of the company, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by such person in connection with such action, suit or proceeding, if such person acted in good faith and in a manner he reasonably believed to be in, or not opposed to the best interests of the company, and, with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests of the company or, with respect to any criminal action or proceeding, that the person had reasonable cause to believe that his conduct was unlawful.

SECTION 2. DERIVATIVE ACTIONS

The company shall indemnify any person who was or is a party, or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the company to procure a judgment in its favor by reason of the fact that such person is or was a director, officer, employee or agent of the company, or is or was serving at the request of the company as a director, officer, employee or agent of another company, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees) actually and

reasonably incurred by such person in connection with the defense or settlement of such action or suit, if such person acted in good faith and in a manner he reasonably believed to be in, or not opposed to, the best interests of the company, provided that no indemnification shall be made in respect of any claim, issue, or matter as to which such person shall have been adjudged to be liable for negligence or misconduct in the performance of his duty to the company, unless, and only to the extent that the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability, but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnification for such expenses as the court shall deem proper.

SECTION 3. EXPENSES

To the extent that a director, officer, employee or agent of a company has been successful, on the merits or otherwise, in the defense of any action, suit or proceeding referred to in subsections 1 or 2 of this Article XI, or in defense of any claim, issue or matter therein, such person shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by such person in connection therewith.

SECTION 4. CONDITIONS FOR INDEMNIFICATION

Any indemnification under subsections 1 and 2 of this Article XI (unless ordered by a court) shall be made by the company only as authorized in the specific case, upon a determination that indemnification of the director, officer, employee or agent is proper in the circumstances because he has met the applicable standard of conduct set forth in subsections 1 or 2 of this Article XI. Such determination shall be made: (i) by the board of directors by a majority vote of a quorum consisting of directors who were not parties to such action, suit or proceeding; or (ii) if such a quorum is not obtainable, or, even if obtainable, if a quorum of disinterested directors so directs, by independent legal counsel in a written opinion; or (iii) by the shareholders.

SECTION 5. EXPENSE ADVANCES

Expenses incurred in defending a civil or criminal action, suit or proceeding may be paid by the company in advance of the final disposition of such action, suit or proceeding, as authorized by the board of directors in the specific case, upon receipt of an undertaking by or on behalf of the director, officer, employee or agent to repay such amount, unless it shall ultimately be determined that he is entitled to be indemnified by the company as authorized in this Section.

SECTION 6. NON-EXCLUSIVE RIGHTS

The indemnification provided by this Article XI shall not be deemed exclusive of any other rights to which those seeking indemnification may be entitled under any by-law, agreement, vote of shareholders or disinterested directors, or otherwise, both as to action in his official capacity and as to action in another capacity while holding such office, and shall continue as to a person who has ceased to be a director, officer, employee or agent, and shall inure to the benefit of the heirs, executors and administrators of such a person.

SECTION 7. **INSURANCE**

The company may purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the company, or who is or was serving at the request of the company as a director, officer, employee or agent of another company, partnership, joint venture, trust or other enterprise, against any liability asserted against such person and incurred by such person in any such capacity, or arising out of his status as such, whether or not the company would have the power to indemnify such person against such liability under the provisions of this Article XI.

SECTION 8. **REPORT TO SHAREHOLDERS**

If the company has paid indemnification or has advanced expenses to a director, officer, employee or agent, the company shall report the indemnification or advance in writing to the shareholders with or before the notice of the next shareholders meeting.

SECTION 9. **DEFINITION OF COMPANY**

For purposes of this Article XI, references to "the company" shall include, in addition to the surviving company, any merging company (including any company having merged with a merging company) absorbed in a merger which, if its separate existence had continued, would have had the power and authority to indemnify its directors, officers and employees or agents, so that any person who was a director, officer, employee or agent of such merging company, or was serving at the request of such merging company as a director, officer, employee or agent of another company, partnership, joint venture, trust or other enterprise, shall stand in the same position under the provisions of this Article XI with respect to the surviving company as such person would have with respect to such merging company if its separate existence had continued.

SECTION 10. **OTHER DEFINITIONS**

For purposes of this Article XI, references to "other enterprises" shall include employee benefit plans; references to "fines" shall include any excise taxes assessed on a person with respect to an employee benefit plan; and references to "serving at the request of the company" shall include any service as a director, officer, employee or agent of the company which imposes duties on, or involves services by such director, officer, employee, or agent with respect to any employee benefit plan, its participants, or beneficiaries. A person who acted in good faith and in a manner he or she reasonably believed to be in the best interests of the participants and beneficiaries of any employee benefit plan shall be deemed to have acted in a manner "not opposed to the best interest of the company" as referred to in this Article XI.

ARTICLE XII
MISCELLANEOUS

Unless the context of these by-laws otherwise requires, words of any gender are deemed to include any other gender.

RECORD-KEEPING PLAN OF OPERATIONS PURSUANT TO SECTION 133 OF THE ILLINOIS INSURANCE CODE

FILED WITH THE DEPARTMENT OF INSURANCE
OF THE STATE OF ILLINOIS

BY

NATIONAL MERIT INSURANCE COMPANY
ONE EAST WACKER DRIVE, SUITE 3700
CHICAGO, ILLINOIS 60601

Adopted: August 10, 2010
Effective: _____, 2010

In compliance with Section 133 (215 ILCS 5/133) of the Illinois Insurance Code, the Company adopts the following Record Keeping Plan of Operation:

I. Introduction

National Merit Insurance Company ("the Company") is an Illinois corporation licensed to transact an insurance business in the states of Connecticut, Idaho, Illinois, New York, Oregon, Pennsylvania, and Washington. The Company is authorized to sell Casualty, Fidelity, Surety, Fire and Marine insurance. Both the Statutory Home Office and the Administrative Office of the Company are located at One East Wacker Drive, Suite 3700, Chicago, Illinois 60601.

Unitrin, Inc. ("Unitrin"), the ultimate parent company, owns 100% of the shares of Trinity Universal Insurance Company which, in turn, owns 100% of the shares of Direct Response Corporation. Direct Response Corporation owns 100% of the shares of Response Insurance Company which, in turn, owns 100% of the shares of the Company. The Company, together with its affiliates, Merastar Insurance Company, Response Indemnity Company, Response Indemnity Company of California, Response Insurance Company, Response Worldwide Direct Auto Insurance Company, Response Worldwide Insurance Company, Unitrin Direct Insurance Company, Unitrin Direct Property & Casualty Company and Warner Insurance Company comprise the Unitrin Direct companies ("Unitrin Direct"), which are the personal lines direct to consumer business segment of Unitrin.

In February 2009, a wholly-owned subsidiary of Unitrin, Trinity Universal Insurance Company ("Trinity") acquired the Company together with six other insurance companies in the Direct Response Corporation group. Trinity's subsidiaries are divided into three business segments, one of which is Unitrin Direct. The Unitrin Direct business segment writes a broad spectrum of automobile insurance risks, ranging from preferred to nonstandard private passenger automobile. Most recently, the companies have started writing homeowners, renters and condominium insurance in selected markets. Such writings are primarily marketed via direct mail and web insurance portals, including the Company's website and through third party insurance companies. In addition, the Company also specializes in the sale of private passenger automobile and homeowners insurance through employer-sponsored voluntary benefit programs and affinity relationships.

During 2009, the Company consolidated its back office functions with other Unitrin Direct affiliates. The functions remain distributed throughout the various offices indicated within this document.

II. Service of Process

Service of Process on the Company may be served at:

One East Wacker Drive
c/o Unitrin, Inc.
Chicago, Illinois 60601

The Company will immediately notify the Illinois Department of Insurance ("Department") should there be a change of address.

The following Plan of Operations relates to record keeping for the Company's property and casualty business, invested assets and general corporate matters.

III. Records to be maintained outside Illinois

The Company will maintain the following records at offices outside Illinois:

A. Policy/Operational (Underwriting) Records

The Company will maintain Policy/Operational (Underwriting Records) at its Call Center:

Meriden, CT

B. Claim Records

Claim records will be maintained at its various regional claims offices listed below:

- Southeast Region
  Tampa, FL
- East Central Region
  Chattanooga, TN
- New England Region
  Meriden, CT
- Northeast Region
  Plymouth Meeting, PA
- West Region
  Carlsbad, CA

C. Financial/Transactional Records

General Ledgers, source documents, and journal entries to support all transactions posted to the General Ledger will be maintained at the following offices:

- Jacksonville, FL
- Dallas, TX

Cash Receipts and Disbursements Journals and supporting documentation, as well

as various and sundry other records including cancelled checks and bank statements will be maintained at the following offices:

- Jacksonville, FL
- Dallas, TX
- Chattanooga, TN

Premium Collection records will be maintained in:

- Chattanooga, TN

Compensation statements relating to payments made to employees will be maintained in:

- Dallas, TX

D. Annual Statements, Quarterly Statements, and workpapers supporting annual audited financial reports and statutory filings will be maintained in:

- Jacksonville, FL

IV. <u>Records to be maintained in Illinois</u>

A. All of the following records will be maintained at the administrative office:

- Corporate Records: Articles of Incorporation, By-laws, Minutes of Board Meetings or Stockholders meetings, Stock Register, etc.
- Intercompany Reinsurance Agreements
- Tax Sharing Agreements
- Service Agreements
- Securities Safekeeping and Custodial Agreements, Trade Tickets, and Broker Advices
- Certificates of Authority
- Listing of Bank Accounts
- Illinois insurance holding company filings, including registration statements and amendments thereto
- Reinsurance Treaties
- Federal and State Income Tax Records
- Reserve valuation records and workpapers supporting the calculation of reserves and other actuarial items

Insurance Department forms approvals are maintained electronically in:

- Oakbrook Terrace, IL

Historical records are maintained in:

- Meriden, CT

B. Unless otherwise indicated, the following records will be maintained in:

- Unitrin Services Company, an affiliate of the Companies, Chicago, Illinois

- Ownership documents for real estate
- All records supporting the Investment function
- Depository, securities safekeeping and custodial agreements
- All Treasury function signature cards and banking authorization records
- Documentation supporting authorized signers of company bank accounts
- Computer records are maintained in Oakbrook Terrace, Illinois

All of the records described in Part III above will be kept current on a regular basis.

IV. Securities

The Company's securities are maintained in Illinois, except for those on deposit with other states of the United States of America or political subdivisions thereof.

V. Records to be returned to Illinois on Request

Subject to any serious disruption of business, any originals or copies of source documents maintained outside Illinois will be returned to Illinois during and for the purpose of financial or other examinations by the Illinois Director or his staff, on reasonable notice and at the request of the Director. In the event that a serious disruption of business would occur in returning source documents to Illinois, the Director and company will conclude that portion of the examination on some other mutually acceptable basis.

PROXY AND WAIVER OF NOTICE OF SPECIAL MEETING OF SHAREHOLDERS OF NATIONAL MERIT INSURANCE COMPANY

August 16, 2010

The undersigned, being the sole shareholder of National Merit Insurance Company, waives notice of and consents to the holding of a Special Meeting of the Shareholders of the Company at One East Wacker Drive, Chicago, Illinois, on August 16, 2010, at 9:00 a.m.

The undersigned shareholder of National Merit Insurance Company, appoints Scott Renwick and C. Thomas Evans, Jr. as proxies, each with power of substitution, to vote all the stock of National Merit Insurance Company owned by the undersigned at the Special Meeting of Shareholders of National Merit Insurance Company to be held on August 16, 2010, at 9:00 a.m., at One East Wacker Drive, Chicago, Illinois, and at any adjournments thereof, to act on the following proposal:

To consider consenting to the re-domestication of the Company from the State of Washington to the State of Illinois.

RESPONSE INSURANCE COMPANY

By: _____
C. Thomas Evans, Jr.
Assistant Secretary

August 16, 2010

MINUTES OF SPECIAL MEETING OF SHAREHOLDERS
OF
NATIONAL MERIT INSURANCE COMPANY

August 16, 2010

A special meeting of the sole shareholder of National Merit Insurance Company (the "Company") was held at One East Wacker Drive, Chicago, Illinois 60601, at 9:00 a.m. on August 16, 2010 pursuant to the Waiver of Notice which precedes these minutes.

Mr. Scott Renwick acted as Chairman and Mr. C. Thomas Evans, Jr. acted as Secretary of the meeting.

The Secretary advised that a properly executed proxy had been received from the sole shareholder of the Company, Response Insurance Company, representing 30,000 shares of the Company's Common Stock. The Chairman then declared that a quorum was present and that the meeting was duly constituted to transact business.

The Chairman indicated that consideration should be given to consenting to the re-domestication of the Company from the State of Washington to the State of Illinois, which re-domestication had been authorized by the Company's Board of Directors at a meeting held August 10, 2010, the Board recommending to the sole shareholder that the re-domestication be approved. Upon motion duly made, seconded and unanimously carried, 30,000 votes were cast in favor of the following resolutions:

> RESOLVED, that the re-domestication of the Company from the State of Washington to the State of Illinois be, and hereby is, approved;
>
> RESOLVED, that in furtherance of the foregoing resolution, the Articles of Reorganization of the Company, substantially in the form presented at this meeting for review, a copy of which is attached hereto as Exhibit A, be, and hereby are, adopted and approved; and
>
> RESOLVED, that the officers of the Company be, and hereby are, authorized, empowered and directed to take, or cause to be taken, any and all actions and to execute and deliver, and file or record with appropriate regulatory authorities if required, any and all documents and amendments thereto which the officers in their sole judgment deem necessary, advisable or appropriate to effect the re-domestication of the Company from the State of Washington to the State of Illinois, all such actions, execution, delivery, filing and recording of documents and amendments thereto to conclusively evidence the authorization thereof by the sole shareholder.

There being no further business to come before the meeting, upon motion duly made and seconded, the meeting was adjourned.

C. Thomas Evans, Jr.
Secretary of the Meeting

Scott Renwick
Chairman of the Meeting