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RECEIVED
Corporate & Financial Regulation
JUL 29 2016
Pennsylvania
Insurance Department

July 28, 2016

FED EX DELIVERY TO:
Pennsylvania Insurance Department
Office of Corporate and Financial Regulation
1345 Strawberry Square
Harrisburg, PA 17120
Attention: Kimberly A. Rankin, Director, Company Licensing & Financial Analysis

ELECTRONIC DELIVERY TO: krankin@pa.gov

Re: Proposed Conversion of The Mutual Insurance Company of Lehigh County from Mutual to Stock Form and Formation of a Mutual Holding Company

Dear Ms. Rankin:

We are special counsel to The Mutual Insurance Company of Lehigh County ("Lehigh Mutual"). On behalf of Lehigh Mutual, we are hereby filing an Application for Approval of a Plan of Mutual Property and Casualty Insurance Company Conversion and Mutual Holding Company Formation ("Application"). We are enclosing two copies of the Application with the physical delivery of this filing and a single copy of the Application with the electronic delivery of this filing. Each has been signed by an officer of Lehigh Mutual.

Also enclosed is Lehigh Mutual's check in the amount of $5,000 for the application fee.

This Application relates to a plan to convert Lehigh Mutual from mutual to stock form, and to simultaneously adopt a mutual holding company structure, all as set forth in a Plan of Mutual Property and Casualty Insurance Company Conversion and Mutual Holding Company Formation included within the Application (the "Plan").

Based upon the information contained in the filing, Lehigh Mutual respectfully requests that the Department approve the Application and the Plan. Questions about this filing may be directed to the undersigned at the phone number and email address listed in our letterhead.

Thank you for your consideration.

Sincerely,

STEVENS & LEE

Scott H. Spencer

Scott H. Spencer

cc (via email): Michael A. Yeager, President
The Mutual Insurance Company of Lehigh County

Application for Approval

of a

Plan of Conversion from Mutual to Stock Organization and Mutual Holding Company Formation

THE MUTUAL INSURANCE COMPANY OF LEHIGH COUNTY

a Mutual Insurer
Domiciled in the Commonwealth of Pennsylvania

Filed with the Pennsylvania Insurance Department

Dated: June 30, 2016

Names, Titles, Addresses and Telephone Numbers of Individuals to Whom Notices and Correspondence Concerning This Application Should be Addressed:

Company	**Counsel**
Michael A. Yeager The Mutual Insurance Company of Lehigh County 1047 Hamilton Street, Suite 49, Allentown, PA 18101 myeager@lehighmutual.com 610-289-0550	Scott H. Spencer, Esq. Stevens & Lee 17 North Second Street, 16th Floor Harrisburg, Pa 17101 shs@stevenslee.com 717-399-6634

Background Statement

This Application is submitted by The Mutual Insurance Company of Lehigh County ("Lehigh Mutual" or the "Applicant"), whose statutory home office and main administrative office is located at 1047 Hamilton Street, Suite 49, Allentown, PA 18101. The NAIC number of Lehigh Mutual is 17485.

Lehigh Mutual proposes to reorganize itself by becoming a wholly-owned stock insurance company subsidiary of a newly-formed mutual holding company. This reorganization would be pursuant to the provisions of the Pennsylvania Insurance Company Mutual-to-Stock Conversion Act, 40 P.S. § 911-A et seq. (the "Conversion Law"), and would involve the following principal steps:

(a) The Applicant will form a mutual insurance holding company to be named Community Holdings Management Inc. (the "Mutual Holding Company").

(b) The Applicant will convert from an incorporated mutual insurance company into an incorporated stock insurance company.

(c) The converted stock insurance company will issue shares of its common stock to the Mutual Holding Company, making the insurance company a wholly-owned subsidiary of the Mutual Holding Company.

(All of the foregoing actions, as further described in this Application, constitute the "Conversion.")

The Board of Directors of Lehigh Mutual believes the Conversion is in the best interests of Lehigh Mutual and that it is fair and equitable to Lehigh Mutual's members. At a meeting duly called and held on April 11, 2016 (the "Adoption Date"), the Board of Directors of Lehigh Mutual unanimously approved the Conversion and adopted a Plan of Conversion from Mutual to Stock Organization and Formation of Mutual Holding Company (the "Plan").

Description of the Proposed Conversion

Conversion of Lehigh Mutual from Mutual to Stock Form

Lehigh Mutual will convert from mutual to stock form by means of an amendment to its Articles of Incorporation, to be filed at the closing of the Conversion. The new stock insurance company will be named "Lehigh County Insurance Company." For purposes of this Application, Lehigh County Insurance Company, as converted to stock form, is sometimes referred to as the "Stock Company."

Formation of a Mutual Holding Company

Under the Plan, the Applicant will create a new Mutual Holding Company, which will be a Pennsylvania non-stock corporation called Community Holdings Management Inc. The Mutual

Holding Company will be the company through which the policyholders of Lehigh County Insurance Company hold membership interests and the right to vote after the completion of the Conversion.

Related Conversion and Merger - Mutual Insurance Company of Lehigh County

Concurrently with Lehigh Mutual's adoption of its Plan, Clearfield County Grange Mutual Fire Insurance Company, a Pennsylvania mutual insurance company ("Clearfield Mutual"), also adopted a similar plan of conversion (the "Clearfield Plan"). Under the Clearfield Plan, Clearfield Mutual will convert from a Pennsylvania mutual insurance company to a Pennsylvania stock insurance company and issue shares of its common stock to Community Holdings Management Inc. (the same Mutual Holding Company as for Lehigh).

Concurrently with the filing of this Application, Clearfield Mutual will be filing its application for approval of the Clearfield Plan with the Department.

In addition to becoming part of the new Mutual Holding Company structure, the respective boards of Lehigh Mutual and Clearfield Mutual determined it would be in the best interests of those insurance companies and their policyholders to combine into a single insurance company. Both insurers on a stand-alone basis are small, with Clearfield Mutual having $1,421,765 and Lehigh Mutual having $2,162,878 in gross written premiums in 2015. By combining into a single insurance company, the companies can reduce certain operating costs, enhance their strategic and financial flexibility, and increase their competitive position in a manner that furthers the interests of both companies and their Members.

Therefore, Lehigh Mutual and Clearfield Mutual have entered into a merger agreement (the "Merger Agreement") pursuant to which after completion of their respective conversions Clearfield County Insurance Company (as-converted) will merge with and into Lehigh County Insurance Company (as-converted), with Lehigh County Insurance Company surviving the merger (the "Merger"). The resulting corporation will be renamed "Community Insurance Company."

Under the Merger Agreement, the parties will form an intermediate holding company to be named Charter Lane Holdings LLC (the "Intermediate Holding Company"). As part of the Merger, the Mutual Holding Company first would contribute to the Intermediate Holding Company the shares of common stock of each of the converted stock insurance companies. Then the converted stock insurance companies will merge to form Community Insurance Company.

If the policyholders of Clearfield Mutual do not approve the conversion of Clearfield Mutual, but the policyholders of Lehigh Mutual approve the conversion of Lehigh Mutual, then Lehigh Mutual will convert into stock form and become a subsidiary of the Mutual Holding Company.

The Applicant hereby specifically requests approval of the Merger with Clearfield County Insurance Company as part of the Plan, including the formation of the Intermediate Holding Company; however, in the alternative, the Applicant seeks approval of the Conversion on a stand-alone basis in the event that the Clearfield Plan does not proceed forward.

A diagram showing the post-Conversion relationship among the companies is attached as Exhibit I. Exhibit I depicts the resulting structure assuming the Merger and formation of the Intermediate Holding Company is consummated, and, in the alternative, the resulting structure if only the Conversion of Lehigh Mutual is consummated.

Corporate Governance

As a result of the Conversion, the policyholders of Lehigh Insurance Company will continue to control the company by virtue of their membership in the Mutual Holding Company, coupled with the fact that the Mutual Holding Company will own all of the outstanding common stock of the converted Stock Company.

The proposed forms of the Articles of Incorporation and Bylaws of Lehigh County Insurance Company and of Community Holdings Management Inc. accompany this Application, and are identified below under "Submission of Required Documents."

The Boards of Directors and Board of Managers will be constituted in the following manner:

- The Mutual Holding Company: Initially, the current Board of Directors of Clearfield Mutual will become the Board of Directors of Community Holdings Management Inc. Thereafter, that board will be elected by the members of the Mutual Holding Company.

- The Insurance Company: Initially, the current Board of Directors of Lehigh Mutual will become the Board of Directors Lehigh County Insurance Company (the converted Stock Company). Thereafter, that board will be elected annually by its sole shareholder, Community Holdings Management Inc.

- The Intermediate Holding Company: Initially, the Board of Managers of the Intermediate Holding Company will consist of the same persons as the Board of Directors of the Mutual Holding Company. Thereafter, the Board of Managers will be elected by the members of the Intermediate Holding Company, which will be the Mutual Holding Company as the sole member, unless and until changed in the future.

Assuming the policyholders of Clearfield Mutual approve the Clearfield Plan, and Clearfield County Insurance Company is merged into Lehigh County Insurance Company, the Board of Directors of Lehigh County Insurance Company will become the board of Community Insurance Company (the resulting combined insurance company).

Additional detail on the individuals expected to serve on the Boards of Directors and as the principal officers of the entities involved in these transactions is found at Exhibit VII.

Acquisition of Control Statement

Community Holdings Management Inc., as the new Mutual Holding Company, will constitute the Ultimate Control Person of Lehigh County Insurance Company upon the closing of the

Conversion. Every policyholder of Lehigh County Insurance Company will be a member of Community Holdings Management Inc., and therefore no person will hold greater than ten percent (10%) of the voting power of Community Holdings Management Inc.

When Community Holdings Management Inc. is incorporated and organized, it will file an acquisition of control statement on Form A and related Form E in accordance with the Conversion Law.

Effect of the Conversion and Business Plan

In general, the proposed Conversion will cause no changes to the operations of Lehigh Mutual. Only the corporate organization matters discussed in this Application will change.

The Merger will, however result in certain changes to operations. A business plan and pro forma financial statement will be filed as part of the Form A referenced in the preceding section.

Submission of Required Documents

In accordance with the provisions of the Conversion Law, we are enclosing for filing the following documents:

Exhibit I – Exhibit I is a diagram depicting the holding company structure.

Exhibit II - Plan: Contains a copy of the Plan as unanimously adopted by the Board of Directors of the Applicant.

Exhibit III - Proxy Materials: Contains the form of notice of the policyholders meeting of Lehigh, and the form of proxy to be solicited from eligible members of Lehigh.

Exhibit IV – Notice to Post-Adoption Policyholders: Contains the form of notice to persons becoming policyholders after the date of adoption.

Exhibit V – Stock Insurance Company Documents: This Exhibit contains the proposed forms of Articles of Incorporation and Bylaws for Lehigh County Insurance Company.

Exhibit VI – Mutual Holding Company Documents: This Exhibit contains the proposed forms of Articles of Incorporation and Bylaws for Community Holdings Management Inc. (the Mutual Holding Company).

Exhibit VII – Rosters of Directors and Officers: This Exhibit contains rosters of the persons initially expected to serve as the directors and principal officers of Community Holdings Management Inc. and Lehigh County Insurance Company.

Exhibit VIII – The Merger Agreement: This Exhibit contains a copy of the Agreement and Plan of Merger pursuant to which Clearfield County Insurance Company would mergé into Lehigh County Insurance Company to form Community Insurance Company. It also contains proposed forms of Certificate of Organization and LLC Operating Agreement for Charter Lane Holdings LLC (the Intermediate Holding Company), which is proposed to be formed as part of the Merger Agreement.

The acquisition of control statement will be filed by Community Holdings Management Inc. when that corporation has been formed and organized.

Filing Fee

The filing fee of $5,000 accompanies this Application.

[Remainder of Page Intentionally Blank – Signature Follows]

The Applicant, The Mutual Insurance Company of Lehigh County, has caused this Application to be duly signed on its behalf by its President in the County of Lehigh and Commonwealth of Pennsylvania on the 30th day of June, 2016.

(SEAL)

By: _____
Name: Michael A. Yeager
Title: President

Attest: _____
Name: Keith A. Ulsh
Title: Treasurer

CERTIFICATION

The undersigned deposes and says that he has duly executed the attached Application dated June 30, 2016, for and on behalf of The Mutual Insurance Company of Lehigh County and that he is the President of such company, and that he is authorized to execute and file such instrument. Deponent further says that he is familiar with the instrument and the contents thereof, and that the facts therein set forth are true to the best of his knowledge, information and belief.

By: _____
Name: Michael A. Yeager
Title: President

The Mutual Insurance Company of Lehigh County

Conversion Application

List of Exhibits:

Exhibit I	-	Organization Chart
Exhibit II	-	Plan of Conversion
Exhibit III	-	Form of Proxy Statement
Exhibit IV	-	Notice to Post-Adoption Policyholders
Exhibit V	-	Stock Insurance Company Documents
Exhibit VI	-	Mutual Holding Company Documents
Exhibit VII	-	Rosters of Directors and Officers
Exhibit VIII	-	Merger Agreement and Intermediate Holding Company Documents

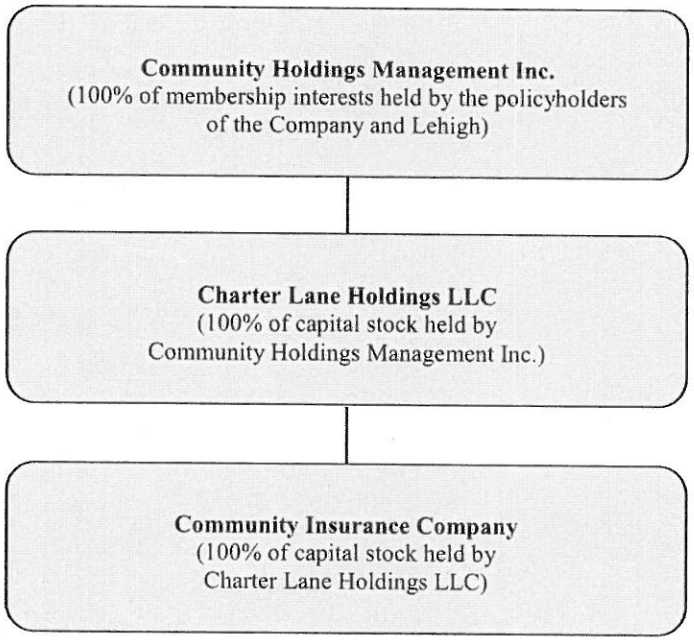
The Mutual Insurance Company of Lehigh County Conversion to Stock Form

Exhibit I
To
Conversion Application Filed with the Pennsylvania Insurance Department:

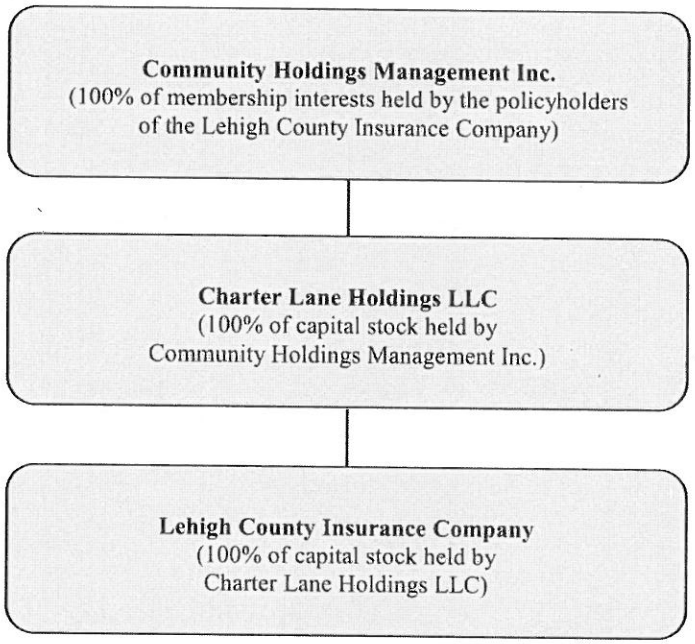
Organization Chart (Post Conversion)

See Attached

COMMUNITY INSURANCE COMPANY
(SUCCESSOR TO THE MUTUAL INSURANCE COMPANY OF LEHIGH COUNTY
AND
CLEARFIELD COUNTY GRANGE MUTUAL
FIRE INSURANCE COMPANY)
POST-CONVERSION ORGANIZATIONAL CHART



LEHIGH COUNTY INSURANCE COMPANY
POST-CONVERSION ORGANIZATIONAL CHART
(Assuming the Merger with Clearfield County Grange Mutual Fire Insurance Company is not Consummated)



The Mutual Insurance Company of Lehigh County Conversion to Stock Form

Exhibit II
To
Conversion Application Filed with the Pennsylvania Insurance Department:

Plan of Conversion

See Attached

PLAN OF CONVERSION
FROM MUTUAL TO STOCK ORGANIZATION
AND FORMATION OF MUTUAL HOLDING COMPANY

THE MUTUAL INSURANCE COMPANY OF LEHIGH COUNTY

Adopted April 11, 2016

I. Background and Business Purpose

On April 11, 2016, the Board of Directors of The Mutual Insurance Company of Lehigh County ("**Lehigh**" or the "**Company**"), after careful study and consideration, adopted by unanimous vote this Plan of Conversion from Mutual to Stock Organization and Formation of Mutual Holding Company (the "**Plan**"). Under this Plan, as of the Effective Date, Lehigh will convert from a Pennsylvania mutual insurance company to a Pennsylvania stock insurance company (the "**Conversion**") pursuant to the alternative plan provisions of the Insurance Company Mutual-to-Stock Conversion Act, 40 P.S. Sections 911-A, et seq. ("**Act**") as follows: (i) Lehigh will convert from mutual to stock form and issue 300,000 shares of Lehigh common stock to Community Holdings Management Inc., a newly formed Pennsylvania nonstock corporation (the "**Holding Company**"), and (ii) Members will become members of the Holding Company. Concurrently with adoption of this Plan, Clearfield County Grange Mutual Fire Insurance Company, a Pennsylvania mutual insurance company ("**Clearfield**"), is adopting a plan of conversion pursuant to which Clearfield will convert from a Pennsylvania mutual insurance company to a Pennsylvania stock insurance company and issue shares of its common stock to the Holding Company. Clearfield and Lehigh have entered into a merger agreement (the "**Merger Agreement**") pursuant to which after completion of their respective conversions Clearfield will merge with and into Lehigh, with Lehigh surviving the merger (the "**Merger**").

The Board has determined that the Conversion and the Merger will enhance Lehigh's strategic and financial flexibility and increase its competitive position in a manner that furthers the interests of Lehigh and its Members. The Board has determined that the Conversion and the Merger are in the best interest of Lehigh. As converted, Lehigh is sometimes hereinafter referred to as the "**Converted Company**." The transactions contemplated by the Plan and the Merger Agreement are sometimes hereinafter referred to as the "**Conversion and Merger**".

Under this Plan, upon the effective date of the Conversion, the Converted Company will issue 300,000 shares of the Converted Company's capital stock, $5.00 par value (the "**Conversion Stock**"), to the Holding Company. Members will exchange their rights as mutual members of Lehigh for membership interests in the Holding Company and as a result of such exchange, their rights as members of Lehigh will be fully satisfied, discharged and extinguished.

The Conversion is subject to provisions of the Act and the policies of the Pennsylvania Insurance Department ("**Department**"). This Plan is subject to the prior written approval of the Department. The Plan also must be approved by the affirmative vote of at least two-thirds of the votes cast at a meeting of Eligible Members of Lehigh called for the purpose of considering and voting upon the Plan.

II. Definitions

2.1. Capitalized Terms. Capitalized terms used and not otherwise defined herein shall have the following meanings:

"Act" means the Insurance Company Mutual-to-Stock Conversion Act (40 P.S. Sections 911-A, et seq.).

"Adoption Date" means the date this Plan was adopted by the Board of Directors of Lehigh.

"Amended Articles" means the articles of incorporation of Lehigh as amended to authorize the issuance of shares of capital stock and to conform to the requirements of a Pennsylvania stock insurance company under the laws of the Commonwealth of Pennsylvania.

"Application" means the application for approval of the Conversion to be filed by Lehigh with the Department as described in Section 3.1 of this Plan.

"Clearfield" means Clearfield County Grange Mutual Fire Insurance Company, a Pennsylvania mutual insurance company.

"Closing" means the conversion of Lehigh pursuant to this Plan by the filing of the Amended Articles in the office of the Department of State of the Commonwealth of Pennsylvania.

"Commissioner" means the Insurance Commissioner of the Commonwealth of Pennsylvania.

"Conversion" means: (i) the amendment of the articles of incorporation of Lehigh to authorize the issuance of shares of capital stock and to conform to the requirements of a Pennsylvania stock insurance company under the laws of the Commonwealth of Pennsylvania, (ii) the issuance of Conversion Stock by the Converted Company to the Holding Company, and (iii) the exchange by Members of their membership interests in Lehigh for membership interests in the Holding Company; all in accordance with the terms of this Plan.

"Conversion Mailing" has the meaning given in Section 4.1.

"Conversion Stock" means the shares of capital stock, $5.00 par value, of the Converted Company to be issued to the Holding Company pursuant to this Plan.

"Converted Company" means Lehigh in its form as a Pennsylvania stock insurance company resulting from its conversion to the stock form of organization in accordance with the terms of this Plan.

"Effective Date" means the date the Amended Articles are filed in the office of the Department of State of the Commonwealth of Pennsylvania or such later date as may be specified in the Amended Articles.

"Eligible Member" means a Person who, on the Adoption Date, is a named insured under a Qualifying Policy that is an individual policy.

"Holding Company" means Community Holdings Management Inc., a Pennsylvania nonstock corporation.

"Lehigh Special Meeting" means the Special Meeting of Eligible Members to be called by Lehigh for the purpose of submitting this Plan to Eligible Members for approval.

"Merger Agreement" means the merger agreement and plan of reorganization dated as of May 2, 2016, by and between Lehigh and Clearfield.

"Member" means the named insured under an individual insurance policy issued by Lehigh.

"Person" means any individual and any corporation, partnership, association, limited liability company, trust or other entity.

"Plan" means this Plan of Conversion, as it from time to time may be amended, under which Lehigh will convert from a Pennsylvania mutual insurance company to a Pennsylvania stock insurance company.

"Proxy Statement" has the meaning given in Section 4.1.

"Qualifying Policy" means a policy of insurance issued by Lehigh and in force as of the close of business on the Adoption Date.

III. Application for Approval

3.1. Filing of Application. Within 90 days after adoption of this Plan by the Board of Directors of Lehigh and prior to submission of this Plan to Eligible Members for approval at the Lehigh Special Meeting, Lehigh shall file the Application with the Department. The Application shall contain the following:

(a) This Plan;

(b) The form of notice required by Section 3.2;

(c) The form of proxy to be solicited from Eligible Members pursuant to Section 4.1 of this Plan;

(d) The Proxy Statement;

(e) The form of notice required by Section 809-A of the Act to be given to Persons whose policies are issued after adoption of this Plan but before the Effective Date;

(f) The proposed amended Articles of Incorporation and Bylaws of the Converted Company; and

(g) The acquisition of control statement of the Holding Company, as required by Section 1402 of the Insurance Company Act of 1921, as amended.

3.2. Notice to Members. Upon the filing of the Application, Lehigh shall send a notice by first class mail to each Eligible Member (as such address appears on the records of Lehigh), which notice shall: (i) advise each Eligible Member of the adoption of this Plan, (ii) advise each Eligible Member of the filing of this Plan with the Department, (iii) notify each Eligible Member of his or her right to provide comments on this Plan to the Department and to Lehigh, (iv) advise each Eligible Member of the procedure to be followed in providing comments on this Plan, (v) notify each Eligible Member of his or her right to request and receive a copy of this Plan, and (vi) disclose to such Eligible Member that the initial Plan is not the final approved Plan and that the Commissioner's approval, if any, of the final Plan does not constitute or imply endorsement of this Plan or the Conversion by the Commissioner or the Department.

IV. The Special Meeting

4.1. Special Meeting of Members. Following the filing of the Application with the Department and its approval by the Commissioner, the Board of Directors shall set the date for the Lehigh Special Meeting. The Eligible Members shall be entitled to vote on this Plan at the Lehigh Special Meeting in accordance with the bylaws of Lehigh and applicable law. Notice of the Lehigh Special Meeting will be given by Lehigh to Eligible Members by mailing: (i) a notice of special meeting, (ii) a proxy statement (the "**Proxy Statement**"), (iii) a form of proxy authorized for use by the Department under which an Eligible Member may vote for or against the Conversion, and (iv) a copy of this Plan as approved by the Department (collectively, the "**Conversion Mailing**"), to the address of each Eligible Member as such address appears on the records of Lehigh on the Adoption Date or otherwise as provided by this Plan. The Conversion Mailing shall be made not less than thirty (30) days prior to the date of the Lehigh Special Meeting.

4.2. Approval by Members. Pursuant to the Act, the Plan must be approved by the affirmative vote of at least two-thirds of the votes cast at the Lehigh Special Meeting. Eligible may be in person or by proxy. The Department shall be promptly notified of the vote of the Eligible Members taken at the Lehigh Special Meeting.

V. Conditions to Closing

5.1. Closing Requirements. The required conditions to Closing under the Plan shall consist of the following:

(a) Each of the Holding Company and Lehigh shall have made such filings, and obtained such permits, authorizations, consents, or approvals (including the order of the Commissioner approving the Conversion and the acquisition of control of Lehigh by the Holding Company) as are required by law to consummate the Conversion, each in form reasonably satisfactory to them, and the appropriate forms shall have been executed, filed and approved as required by the corporate and insurance laws and regulations of all applicable jurisdictions, including Pennsylvania, all as required under this Plan.

(b) The Conversion Plan shall have been approved by the required vote of the Eligible Members in accordance with law.

VI. Consummation of Conversion

6.1. Effective Date; Actions on Effective Date. The Effective Date will be the date on which all of the conditions to Closing described in Section 5.1 have been satisfied. On the Effective Date, (i) the Amended Articles will be filed in the office of the Department of State of the Commonwealth of Pennsylvania, (ii) the Conversion Stock will be issued to the Holding Company, and (iii) the separate existence of Lehigh shall not terminate but shall be deemed to be continued in the Converted Company.

VII. Membership in Holding Company

7.1. Exchange of Membership. Each Member, in exchange for his or her rights as a member of Lehigh shall receive a membership interest in the Holding Company. As a result of

the exchange of each Member's rights as a member of Lehigh for a membership interest in the Holding Company as described in this Article, their rights as members of Lehigh will be fully satisfied, discharged and extinguished. The extinguishment of a Member's rights as a member shall have no effect on such Member's contractual rights to insurance coverage under the Member's insurance policy.

7.2. New Policyholders. Persons who become policyholders of Lehigh subsequent to the Effective Date shall become members of the Holding Company.

VIII. Articles of Incorporation

8.1. Amended and Restated Articles. As part of the Conversion, the existing Articles of Incorporation of Lehigh will be amended and restated to authorize the Converted Company to operate as a Pennsylvania stock insurance company. By approving this Plan, the Eligible Members of Lehigh also will approve amending and restating Lehigh's existing Articles of Incorporation. Prior to completion of the Conversion, the form of amended and restated Articles of Incorporation may be revised in accordance with the provisions and limitations for amending this Plan under Section 10.2 below. The amendment and restatement of the existing Articles of Incorporation of Lehigh shall occur on the Effective Date.

IX. Status of Policies in Force on the Effective Date

9.1. Effect on Existing Policies. Each policy of insurance issued by Lehigh and in force on the Effective Date shall remain in force as a policy issued by the Converted Company in accordance with the terms of such policy, except that, as of the Effective Date: (i) all voting rights (if any) of the holder of such policy as a member of Lehigh shall be extinguished; (ii) all rights (if any) of the holder of such policy to share in the surplus of Lehigh or the Converted Company shall be extinguished; (iii) none of the insurance policies issued by Lehigh which are then in-force shall thereafter be subject to assessment; (iv) except as provided in clause (v), holders of participating policies that are in effect on the Effective Date (if any) shall continue to have a right to receive dividends as provided in their participating policies, if any; and (v) excluding only participating policies that are life policies, guaranteed renewable accident and health policies, or guaranteed renewable, noncancelable accident and health policies, the

Converted Company shall have the right on the renewal date of such policy that next follows the Effective Date to issue a nonparticipating policy as a substitute for the participating policy.

X. Interpretation, Amendment and Termination of the Plan

10.1. Interpretation. The Board of Directors of Lehigh shall have the exclusive authority to interpret and apply the provisions of this Plan to particular facts and circumstances and to make all determinations necessary or desirable to implement this Plan. Any such interpretation, application or determination made in good faith and on the basis of such information and assistance as was then reasonably available for such purpose, shall be final, conclusive and binding upon all Persons, and neither the Holding Company nor Lehigh or any of their respective directors, officers or employees shall be liable to any Person in connection with any such interpretation, application or determination.

10.2. Amendment.

(a) This Plan may be amended at any time by the affirmative vote of two-thirds of the Directors of Lehigh then in office and with the written consent of the Holding Company; *provided, however,* that if such amendment is adopted after the Plan has been approved by the Department, any such amendment also shall be subject to approval by the Department; and *provided further* that, if such amendment is determined by the Department to be material, such amendment shall be subject to approval by the affirmative vote of at least two-thirds of the votes cast at a meeting of the Eligible Members called for that purpose.

(b) In the event that the Department adopts mandatory regulations applicable to the Conversion prior to the Effective Date, this Plan may be amended to conform to such regulations at any time prior to the Effective Date by the affirmative vote of two-thirds of the directors of Lehigh then in office and no resolicitation of proxies or further approval by the Eligible Members shall be required. In the event that the Department adopts regulations applicable to the Conversion prior to the Effective Date and if such regulations contain optional provisions, this Plan may be amended to conform to any such optional provision at any time before the Effective Date by the affirmative vote of two-thirds of the directors of Lehigh then in office, and no resolicitation of proxies or further approval by the Eligible Members shall be required.

10.3. Termination. Subject to receipt of written consent of the Holding Company, this Plan may be terminated at any time by the affirmative vote of two-thirds of the directors of Lehigh then in office.

10.4. Binding upon Members. By approving this Plan, the Eligible Members of Lehigh authorize the amendment and termination of this Plan in accordance with the provisions of Section 10.2.

10.5. Notices. If Lehigh complies substantially and in good faith with the notice requirements of the Conversion Law, its failure to give any member of Lehigh a required notice shall not impair the validity of the action taken under the Conversion Law or this Plan.

10.6. Costs and Expenses. All costs and expenses incurred in connection with this Plan shall be paid by the Holding Company, Lehigh or the Converted Stock Company.

10.7. Limitation on Actions. Any action challenging the validity of or arising out of any act taken or proposed to be taken under the Conversion Law or this Plan shall be commenced within thirty (30) days after the Effective Date.

10.8. Governing Law. The terms of this Plan of Conversion shall be governed by and construed in accordance with the laws of the Commonwealth of Pennsylvania.

10.9. Headings. Article and section headings contained in this Plan are for convenience only, and shall not be considered in construing or interpreting any of the provisions hereof.

10.10. Recitals. The "Background and Purpose" section of this Plan contains a general expression of the concepts of this Plan. The provisions thereof are not, and shall not be construed to be, a substantive part of this Plan except for definitions included therein.

THE MUTUAL INSURANCE COMPANY OF LEHIGH COUNTY

June 30, 2016

By _____

The Mutual Insurance Company of Lehigh County Conversion to Stock Form

Exhibit III To Conversion Application Filed with the Pennsylvania Insurance Department:

Form of Proxy Statement

See Attached

THE MUTUAL INSURANCE COMPANY OF LEHIGH COUNTY

I/We hereby appoint _____, or any one of them acting in the absence of the other, as proxyholders, each with the power to appoint his or her substitute, and hereby authorize them to represent me/us and to vote for me/us as designated below, at the Special Meeting of Members of The Mutual Insurance Company of Lehigh County (the "Company") to be held on _____, 2016, or any postponement or adjournment thereof.

This proxy, if properly signed, will be voted in the manner directed below. IF NO DIRECTION IS MADE, THIS PROXY WILL BE VOTED FOR (i) APPROVAL OF THE PLAN OF CONVERSION AND (ii) APPROVAL OF THE AMENDMENT AND RESTATEMENT OF THE ARTICLES OF INCORPORATION OF THE COMPANY. This proxy will be voted, in the discretion of the proxyholders, upon such other business as may properly come before the Special Meeting of Members or any postponement or adjournment thereof.

THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS OF THE MUTUAL INSURANCE COMPANY OF LEHIGH COUNTY.

Please vote and sign on the other side.

[X] Please mark your vote as in this example.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE "FOR" THE FOLLOWING:

Approval of the Plan of Conversion:

FOR [ ] AGAINST [ ]

Approval of the Amendment and Restatement of the Company's Articles of Incorporation:

FOR [ ] AGAINST [ ]

The undersigned hereby acknowledges receipt of the Proxy Statement dated _____, 2016 and hereby revokes any proxy or proxies heretofore given to vote at such meeting or any adjournment thereof.

(PLEASE DATE, SIGN AND RETURN THIS PROXY IN THE ENCLOSED PROXY REPLY ENVELOPE)

Signature _____ Date _____, 2016

Only one signature is required in the case of joint members. Please sign exactly as name appears hereo

THE MUTUAL INSURANCE COMPANY OF LEHIGH COUNTY
1047 HAMILTON STREET
ALLENTOWN, PENNSYLVANIA 18101

_____, 2016

Dear Policyholder:

On April 11, 2016, the Board of Directors of The Mutual Insurance Company of Lehigh County ("Company") adopted a Plan of Conversion from Mutual to Stock Organization and Formation of Mutual Holding Company (the "Plan") to convert the Company from mutual to stock form within a mutual holding company structure. Under the Plan, the Company will convert from a Pennsylvania mutual insurance company to a Pennsylvania stock insurance company pursuant to the Pennsylvania Insurance Company Mutual-to-Stock Conversion Act (40 P. S. §§ 911-A to 929-A), and will become a wholly owned subsidiary of Charter Lane Holdings LLC, a Pennsylvania limited liability company organized at the direction of the Company ("Charter Lane Holdings"). Charter Lane Holdings will become the wholly owned subsidiary of Community Holdings Management Inc., a Pennsylvania mutual holding company incorporated at the direction of the Company and Clearfield County Grange Mutual Fire Insurance Company ("Clearfield"). Your existing membership interest in the Company will be exchanged for a membership interest in the mutual holding company, and your rights as a member of the Company will be extinguished. **No shares of stock of the Company are being issued to policyholders or the public in connection with the conversion. All of the shares of the Company will be held by Charter Lane Holdings as the intermediate holding company. Community Holdings Management Inc. will be the ultimate parent of the Company and Charter Lane Holdings.**

Contemporaneously with the conversion of the Company, Clearfield will also convert from a mutual insurance company to a stock insurance company and become a wholly owned subsidiary of Community Holdings Management Inc. Shortly thereafter, Clearfield will merge with and into the Company, with the Company as the surviving corporation (the "Merger"), and the Company will change its name to Community Insurance Company. A chart setting forth our corporate structure after the transactions is set forth on page 4 of the enclosed proxy statement.

The conversion will not have any effect on your insurance coverage or your premium. However, you will no longer have a membership interest in the Company following the conversion. Instead, you will have a membership interest in the new mutual holding company, Community Holdings Management Inc., which will be the ultimate parent company in the new corporate structure following the conversion of the Company and its merger with Clearfield.

The Plan must be approved by the affirmative vote of at least two-thirds of the votes cast at a special meeting of the voting members of the Company to be held at our offices at 1047 Hamilton Street, Allentown, Pennsylvania, on _____, 2016, at ___:00 a.m. As defined in the Plan, a voting member of the Company is a named insured who held a policy in force as of April 11, 2016, the date the Plan was adopted. The notice of our special meeting, a proxy card, a self-addressed, stamped envelope, and a proxy statement are enclosed with this letter.

The Board of Directors recommends a vote "FOR" approval of the Plan and a vote "FOR" approval of the related Amended and Restated Articles of Incorporation of the Company.

If you have any questions, please do not hesitate to contact us at (610) 289-0550. Thank you for your support.

Sincerely,

Michael A. Yeager
President

THE MUTUAL INSURANCE COMPANY OF LEHIGH COUNTY
1047 HAMILTON STREET
ALLENTOWN, PENNSYLVANIA 18101

NOTICE OF SPECIAL MEETING OF MEMBERS

Notice is hereby given that a Special Meeting of Members (the "Special Meeting") of The Mutual Insurance Company of Lehigh County (the "Company") will be held at our offices at 1047 Hamilton Street, Allentown, Pennsylvania 18101, on _____, 2016, at __:00 a.m. Business to be considered at the Special Meeting shall be:

(1) To consider and vote upon the Plan of Conversion, which provides for the conversion of the Company from a Pennsylvania mutual insurance company to a Pennsylvania stock insurance company within a mutual holding company structure, the merger of the Company with and into Clearfield, and certain related transactions, including the adoption of Amended and Restated Articles of Incorporation and Amended and Restated Bylaws of the Company and the adoption of the Articles of Incorporation and Bylaws of the mutual holding company to be formed in connection with the conversion.

(2) To consider and vote upon adoption of the Amended and Restated Articles of Incorporation of the Company.

(3) To consider and vote upon any other matters that may properly come before the Special Meeting.

As of the date of mailing of this Notice of Special Meeting, the Board of Directors is not aware of any other matters that may come before the Special Meeting.

Under the current Bylaws of the Company, the named insureds under each policy of insurance issued by the Company that was in force at the close of business on April 11, 2016, are the members entitled to vote at the Special Meeting.

BY THE ORDER OF THE BOARD OF DIRECTORS

Michael A. Yeager
President

_____, 2016
Allentown, Pennsylvania

THE BOARD OF DIRECTORS URGES YOU TO CONSIDER CAREFULLY THIS PROXY MATERIAL. WHETHER OR NOT YOU PLAN TO BE PRESENT IN PERSON AT THE SPECIAL MEETING, PLEASE FILL IN, DATE, SIGN AND PROMPTLY RETURN THE ENCLOSED PROXY CARD USING THE ENCLOSED PROXY REPLY ENVELOPE. THIS WILL ASSURE THAT YOUR VOTE WILL BE COUNTED, BUT WILL NOT PREVENT YOU FROM VOTING IN PERSON IF YOU ATTEND THE SPECIAL MEETING. IF YOU HAVE ANY QUESTIONS, PLEASE CONTACT MICHAEL A. YEAGER AT THE COMPANY AT (610) 289-0550, BETWEEN THE HOURS OF 10:00 A.M. AND 4:00 P.M.

THE MUTUAL INSURANCE COMPANY OF LEHIGH COUNTY

PROXY STATEMENT

YOUR PROXY IS SOLICITED BY THE BOARD OF DIRECTORS OF THE MUTUAL INSURANCE COMPANY OF LEHIGH COUNTY FOR USE AT A SPECIAL MEETING OF ITS MEMBERS TO BE HELD ON _____, 2016, AND ANY POSTPONEMENT OR ADJOURNMENT OF THAT MEETING, FOR THE PURPOSES SET FORTH IN THE FOREGOING NOTICE OF SPECIAL MEETING.

THE BOARD OF DIRECTORS URGES YOU TO VOTE "*FOR*" THE PLAN OF CONVERSION FROM MUTUAL TO STOCK ORGANIZATION AND THE FORMATION OF THE MUTUAL HOLDING COMPANY AND *"FOR"* THE AMENDED AND RESTATED ARTICLES OF INCORPORATION OF THE COMPANY.

A special meeting of the members (the "Special Meeting") of The Mutual Insurance Company of Lehigh County (the "Company") will be held at our offices at 1047 Hamilton Street, Allentown, Pennsylvania 18101, on _____, 2016, at __:00 a.m., local time. The purpose of the Special Meeting is to consider and vote upon a Plan of Conversion (the "Plan"). The Plan was adopted by our Board of Directors on April 11, 2016, and, if approved by two-thirds of the votes cast at the Special Meeting by named insureds under policies of insurance issued by the Company that were in force at the close of business on April 11, 2016 (the "Voting Record Date"), will permit the Company to convert from a Pennsylvania mutual insurance company to a Pennsylvania stock insurance company within a mutual holding company structure pursuant to the provisions of the Pennsylvania Insurance Company Mutual-to-Stock Conversion Act (40 P. S. §§ 911-A to 929-A) (the "Mutual-to-Stock Conversion Act"). Pursuant to the Plan, the Company will become a wholly-owned subsidiary of Charter Lane Holdings LLC, a Pennsylvania limited liability company formed for the purpose of becoming the intermediate holding company of the Company following its conversion. Charter Lane Holdings LLC will be a wholly owned subsidiary of Community Holdings Management Inc., a Pennsylvania nonstock corporation formed for the purpose of becoming the mutual holding company for Charter Lane Holdings LLC and the ultimate controlling parent of the Company following its conversion. For more information regarding the conversion, see "Description of the Plan of Conversion" herein

The members of Clearfield County Grange Mutual Fire Insurance Company ("Clearfield") will also be voting to approve the conversion of Clearfield from a Pennsylvania mutual insurance company to a Pennsylvania stock insurance company and the issuance of all of the capital stock of Clearfield to Community Holdings Management Inc. Shortly after completion of the conversions of the Company and Clearfield to stock insurance companies, Clearfield will merge with and into the Company, with the Company as the surviving corporation, and the Company will change its name to Community Insurance Company. For more information regarding the Merger, see "Description of the Merger" herein.

All statements made in this Proxy Statement regarding the Plan are qualified in their entirety by reference to the Plan, which is attached hereto as Appendix A.

INFORMATION RELATING TO VOTING AT THE SPECIAL MEETING

In accordance with the Bylaws of the Company and the terms of the Plan, each named insured under an insurance policy issued by the Company that was in force at the close of business on the Voting Record Date is a member who is entitled to notice of and to vote at the Special Meeting (an "Eligible Member"). Each Eligible Member will be entitled to cast only one vote at the Special Meeting regardless

of the number of policies insurance held by such Eligible Member. If there is more than one Eligible Member under an insurance policy in force as of the Voting Record Date, only one vote may be cast with respect to such insurance policy.

The attendance of seven Eligible Members at the Special Meeting, in person or by proxy, shall constitute a quorum at the Special Meeting. Approval of the Plan will require the affirmative vote, either in person or by proxy, of at least two-thirds of the votes cast at the Special Meeting. As of the Voting Record Date, the Company had _____ policies in force and outstanding. Eligible Members will be entitled to cast a total of _____ votes at the Special Meeting.

Eligible Members may vote at the Special Meeting or any adjournment thereof in person or by proxy. If no contrary instructions are given, signed proxies will be voted in favor of the Plan and in favor of the proposed amended and restated articles of incorporation of the Company. If any other matters are properly presented before the Special Meeting, the proxies solicited hereby will be voted on such matters by the proxyholders according to their discretion. Any member giving a proxy will have the right to revoke his or her proxy at any time before it is voted by delivering written notice or a duly executed proxy bearing a later date to the Secretary of the Company, or by attending the Special Meeting and voting in person.

In the event there is more than one named insured under an insurance policy, the signature of only one of such policyholders is required on the proxy in order for the vote under such policy to be counted. In the event that conflicting proxies are received from the policyholders under a policy of insurance, the proxyholders will vote in accordance with the instructions set forth in the latest proxy to be filed.

Proxies may be solicited by officers, directors or other employees of the Company, in person, by telephone or through other forms of communication. Such persons will be reimbursed by the Company only for their expenses incurred in connection with this solicitation.

The proxies solicited hereby will be used only at the Special Meeting and at any adjournment or postponement thereof. They will not be used at any other meeting.

COMMUNITY HOLDINGS MANAGEMENT INC.

Community Holdings Management Inc. will be incorporated under the laws of the Commonwealth of Pennsylvania at the direction of the Board of Directors of the Company for the purpose of serving as a mutual holding company and the ultimate corporate parent in the new corporate structure. Community Holdings Management Inc. will own all of the outstanding interests in Charter Lane Holdings, which will own all of the outstanding shares of capital stock of both the Company and Clearfield. Prior to the conversion, Community Holdings Management Inc. will not engage in any material operations. Upon completion of the conversion, Community Holdings Management Inc. will have no significant assets other than outstanding interests in Charter Lane Holdings. The principal business of Community Holdings Management Inc. will be to hold the interests of Charter Lane Holdings.

After the conversion, Community Holdings Management Inc. will be subject to regulation by the Pennsylvania Insurance Department (the "Insurance Department"). The executive offices of Community Holdings Management Inc. will be located at the Company's offices at 1047 Hamilton Street, Allentown, Pennsylvania 18101, and its telephone number will be (610) 289-0550.

CHARTER LANE HOLDINGS LLC

Charter Lane Holdings LLC will be organized under the laws of the Commonwealth of Pennsylvania at the direction of the Board of Directors of the Company for the purpose of serving as the intermediate holding company of the Company and Clearfield upon their conversion from mutual to stock form. Charter Lane Holdings will not engage in any material operations. Upon completion of the conversions, Charter Lane Holdings will have no significant assets other than the outstanding capital stock of the Company and Clearfield.

After the conversion, Charter Lane Holdings LLC will be subject to regulation by the Pennsylvania Insurance Department (the "Insurance Department"). The executive offices of Charter Lane Holdings LLC will be located at the Company's offices at 1047 Hamilton Street, Allentown, Pennsylvania 18101, and its telephone number will be (610) 289-0550.

THE MUTUAL INSURANCE COMPANY OF LEHIGH COUNTY

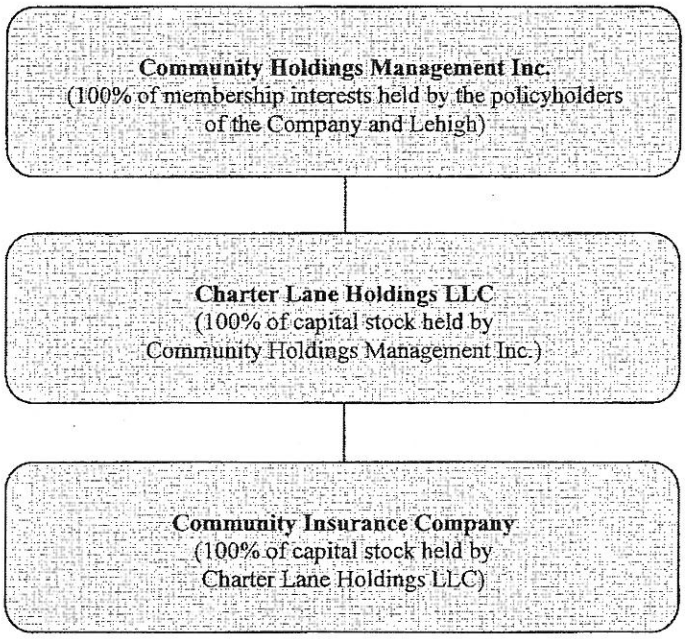
The Company is a Pennsylvania-domiciled mutual insurance company that provides homeowners, fire, commercial lines and liability insurance to residential customers in Pennsylvania. Organized in 1848, the Company is rated is rated "A" by Demotech, Inc.

For the year ended December 31, 2015, the Company had direct written premiums of $2,163,000 and a statutory net loss of $157,000. At December 31, 2015, the Company's statutory surplus was $1,279,000.

The Company is, and after its conversion will continue to be, subject to examination and comprehensive regulation by the Insurance Department. Shortly after the completion of the conversion, the Company will merge with Clearfield, with the Company as the surviving corporation.

The Company's principal office is located at 1047 Hamilton Street, Allentown, Pennsylvania 18101, and its telephone number is (610) 289-0550.

Following the conversion the corporate structure will looks as follows:



CLEARFIELD COUNTY GRANGE MUTUAL FIRE INSURANCE COMPANY

Clearfield is a Pennsylvania-domiciled mutual insurance company that provides homeowners, fire and liability insurance to residential customers in Pennsylvania. Organized in 1910, Clearfield is rated "A" by Demotech, Inc.

For the year ended December 31, 2015, Clearfield had direct written premiums of $1,422,000 and a statutory net loss of $403,000. At March 31, 2016, Clearfield's statutory surplus was $2,339,000.

Clearfield is, and after the conversion will continue to be, subject to examination and comprehensive regulation by the Insurance Department. Shortly after the completion of the conversion, Clearfield will merge with and into the Company, with the Company as the surviving corporation.

Clearfield's principal office is located at 1214 South Second Street, Clearfield, Pennsylvania 16830, and its telephone number is (814) 765-3223.

DESCRIPTION OF THE PLAN OF CONVERSION

General

The Board of Directors of the Company adopted the Plan of Conversion on April 11, 2016. The Plan provides as follows: (i) the Company will form Community Holdings Management Inc. to act as a mutual insurance holding company; (ii) the Company will convert from a Pennsylvania-chartered mutual insurance company to a Pennsylvania-chartered stock insurance company by amending its Articles of Incorporation to authorize the issuance of capital stock and to comply with the requirements of a Pennsylvania stock corporation; (iii) Clearfield will convert from a Pennsylvania-chartered mutual insurance company to a Pennsylvania-chartered stock insurance company by amending its Articles of Incorporation to authorize the issuance of capital stock and to comply with the requirements of a Pennsylvania stock corporation; (iv) Clearfield and the Company will each issue all of their outstanding shares of capital stock to Community Holdings Management Inc., which will then contribute all of such shares to Charter Lane Holdings; and (v) the Company will merge with Clearfield, with the Company as the surviving corporation, and the Company will change its name to Community Insurance Company.

In connection with the conversion, the members of the Company, who consist of the policyholders of the Company, will become members of Community Holdings Management Inc., and their membership interests in the Company will be extinguished. Each policyholder's membership interest in Community Holdings Management Inc. will continue so long as such policyholder has an insurance policy with Community Insurance Company. The membership interest will entitle the policyholder to vote for members of the Board of Directors of, and vote on certain transactions proposed by, Community Holdings Management Inc.

The conversion is contingent upon approval of the Plan by (i) the Insurance Department and (ii) the Eligible Members of the Company at the Special Meeting. The Insurance Department approved the Plan on _____, 2016. **Insurance Department approval does not constitute a recommendation or endorsement of the Plan.** The merger of the Company and Clearfield is contingent upon approval of the plan of conversion adopted by Clearfield by the eligible members of Clearfield at a special meeting of its members to be held on ____, 2016.

Background and Reasons for the Conversion

The strength and stability of the Company is our top priority. The Board of Directors adopted the Plan of Conversion because it believes that the new corporate structure provided by the conversion and the merger with Clearfield will provide Community Insurance Company with greater strategic and financial flexibility that will benefit the Company's policyholders in the future. The new mutual holding company structure will permit the combined insurance companies to more efficiently use their combined capital. The new corporate structure will also enable Community Holdings Management Inc. to engage in acquisitions of and mergers with both stock and mutual insurance companies and insurance agencies. In addition, the new mutual holding company structure will permit Community Holdings Management Inc. to access the capital markets through the sale of limited liability company interests in Charter Lane Holdings. Because Community Insurance Company will be adequately capitalized upon completion of the proposed transactions, there are no current plans to enter the capital markets or to acquire or merge with other companies at this time.

Access to Capital Markets. Although Community Insurance Company will be well-capitalized and there is no need or plans to raise additional capital, Community Holdings Management Inc. would have the ability to do so by selling limited liability company interests in Charter Lane Holdings to the

public without obtaining member approval. In such event, the policyholders could be granted first priority subscription rights to purchase such interests in Charter Lane Holdings, but Community Holdings Management Inc. would not be required to do so.

Financial Impact. The conversion will not have a material impact on the financial statements of the combined insurance companies. The only asset of Community Holdings Management Inc. will be the stock of Community Insurance Company and the limited liability company interests of Charter Lane Holdings. None of these transactions will have a material impact on the financial performance of the combined insurance business of the Company and Clearfield.

Alternative Methods of Conversion. The transaction we are asking you to approve involves the conversion of the Company from mutual to stock form and the formation of a mutual holding company that will hold all of the converted company's outstanding stock. No stock of the converted company will be offered to the public in connection with the proposed conversion. There are two other methods of conversion contemplated by the Mutual-to-Stock Conversion Act that involve the conversion of a mutual insurer accompanied by a stock offering. In the first method of conversion, known as the subscription rights model, a mutual insurance company converts to a stock company and offers its stock for sale to policyholders, and, if necessary, the public. In the second method of conversion, known as the distribution rights model, a mutual insurance company converts to a stock company and policyholders receive stock representing equity in the converted company in return for no consideration. The method of allocating stock in a distribution rights conversion can vary, but is typically based on complex actuarial analysis relating to each policyholder's contribution to surplus. A distribution rights conversion is also generally accompanied by a public offering.

The Company has elected not to incur the expense or expend the time associated with conducting a conversion accompanied by a stock offering for the following reasons.

First, one of the primary reasons a mutual insurer conducts a demutualization accompanied by a stock offering is to raise capital. The Company is well capitalized and does not need to raise additional capital.

Second, each of the above alternative methods of conversion would require the Company to spend considerable time and money complying with federal and state securities laws in connection with the issuance of shares of stock to the public. Additionally, once the Company issued stock, it would become a public company and would be subject to ongoing public company reporting and disclosure obligations. One of the primary reasons why companies go public and subject themselves to burdensome public reporting obligations is to raise additional needed capital. As noted above, the Company does not need to raise additional capital at this time and has no interest in becoming a public company. The distribution rights model outlined above is even less appealing in this regard, because it involves distributing equity in the converted company in return for no consideration. In other words, the Company would be burdened with all the costs of being a public company and yet derive none of the benefits of increased capital.

Effects on Policyholders of the Company

General. Each policyholder in a mutual insurance company, such as the Company, has certain interests in the insurance company issuing the policy, including the contractual right to insurance coverage, the right to vote for the election of Directors and certain other corporate transactions, and the right to receive dividends if, as and when declared by the Board of Directors of the Company.

A policyholder of a mutual insurance company must have an effective insurance policy issued by that mutual company in order to be a member of that company. However, this membership interest has no market value because it cannot be separated from the underlying policy and, in any event, is not transferable. A policyholder whose policy is cancelled, terminated or otherwise not renewed loses the membership interest. As of the completion of the conversion, all policyholder membership interests in the Company will terminate, except the policyholders' contract rights under their policies of insurance. Policyholders of the Company, at the effective time of the conversion, will receive a membership interest in Community Holdings Management Inc., which is described in further detail below under "*Voting Rights*."

Each insurance policy issued by the Company and in force on the date the Amended and Restated Articles of Incorporation of the Company are filed in the office of the Department of State of the Commonwealth of Pennsylvania will remain in force as a policy issued by the Company in accordance with the terms of such policy, except that, as of such date: (i) all voting rights with respect to the Company (if any) of the holder of such policy will terminate and such holder will receive similar voting rights with respect to Community Holdings Management Inc., and (ii) all rights of the holder of such policy to share in the surplus of such converted company (if any) will be extinguished.

If the Plan of Conversion does not receive the requisite approval of the Company's Eligible Members, or if the conversion fails to be completed for any other reason, the Company will continue as a mutual insurance company. In this case, Eligible Members will retain the rights described above.

Continuity of Insurance Coverage and Business Operations. **The conversion will not change the insurance protection or premiums under individual insurance policies with the Company.** During the conversion, the normal business of the Company of issuing insurance policies and processing and paying claims will continue without change or interruption. Following the conversion and the merger with Clearfield, Community Insurance Company will continue to provide services for policyholders under current policies.

The Board of Directors serving Clearfield at the time of the conversion will serve as the Board of Directors of Charter Lane Holdings and Community Holdings Management, Inc. after the conversion. The Board of Directors of Charter Lane Holdings and Community Holdings Management Inc. will consist of the following persons, each of whom is an existing director of Clearfield: James J. Gardner, Mark R. Werkley, Mark J. Keyser, Randall L. Guthrie, Richard E. Bauer, Michael A. Yeager, Matthew A. Schnader, Brian K. Bolinger, and Robert E. Myers, Jr.

Voting Rights. As a result of the conversion, the voting rights of all policyholders in the Company will cease, but policyholders will have voting rights in the new mutual holding company. Policyholders will have no right to elect the Directors of Community Insurance Company or approve transactions involving Community Insurance Company. Instead, voting rights in Community Insurance Company will be held by Charter Lane Holdings, which will own all the capital stock of Community Insurance Company. Voting rights in Charter Lane Holdings will be held by Community Holdings Management Inc. Each policyholder of the Company will receive a membership interest, which includes voting rights, in Community Holdings Management Inc. These voting rights will include the right to elect the Directors of Community Holdings Management Inc. and to approve certain transactions involving Community Holdings Management Inc.

Dividends. The conversion will not affect the reasonable expectation of a policyholder to receive dividends from the Company. Mutual insurance companies may pay two types of dividends. The first

type is a dividend paid to all policyholders as members of the mutual company, if and when, declared by the Board of Directors and paid. We refer to this type of dividend herein as a "member dividend." The Company has not declared or paid a dividend of this type to its policyholders. The second type of dividend is paid to policyholders pursuant to the terms of their policy with the Company. These policies are often referred to as participating policies. The Company has not issued and will not issue any participating policies.

After the conversion, because policyholders will not be members of Community Insurance Company, policyholders will no longer have rights to member dividends from Community Insurance Company. However, as members of Community Holdings Management Inc., policyholders of Community Insurance Company may receive dividends from Community Holdings Management Inc. as members thereof. The payment of member dividends by Community Holdings Management Inc. will occur only if, as and when declared by its Board of Directors. Because Community Holdings Management Inc. has no other business operations other than acting as a holding company, its ability to pay dividends to members may depend upon the dividends it receives, if any, from Community Insurance Company. The payment of dividends by Community Insurance Company is subject to the review and approval of the Insurance Department.

Rights upon Dissolution. Mutual policyholders also may have rights in the unlikely event of a solvent dissolution of a mutual insurance company. Under Pennsylvania law, it is unclear how mutual policyholders are treated in this case. One provision of Pennsylvania law applies to all nonstock corporations. Under this provision, unless otherwise provided in the articles, bylaws or the documents evidencing membership in the nonstock corporation, upon a solvent dissolution, members have the right to receive a pro rata distribution of any surplus remaining after the satisfaction of all claims and other liabilities of the company. However, a more recent provision of Pennsylvania law, specifically applicable to mutual insurance companies, states that any surplus of a mutual insurance company remaining after satisfaction of all claims and liabilities escheats to the Commonwealth of Pennsylvania. See 15 P.S. § 21205. In the view of the Insurance Department, the more recent statute is controlling.

Potential Conflict of Interest

As noted above, Community Insurance Company will be adequately capitalized and has no need or plans to raise additional capital. However, if Community Holdings Management Inc. decided to raise capital by selling limited liability company interests in Charter Lane Holdings, the interests of the policyholders of the insurance company (who will also be members of Community Holdings Management Inc.) might conflict with the interests of the holders of interests in Charter Lane Holdings, as the owner of the insurance company, on issues such as the payment of claims, investment policies, general management of our business and dividend policy. Accordingly, if we were to ever effect a minority offering of interests in Charter Lane Holdings, we would establish separate Boards of Directors for Charter Lane Holdings and Community Holdings Management Inc., and the respective Boards of Directors would consider these differing interests and resolve these conflicts as they arise.

Future Conversion of Mutual Holding Company

Following the conversion, Community Holdings Management Inc. could, at some point in the future, convert from mutual to stock form, a transaction that is sometimes referred to as a "full conversion." Unlike a minority offering of interests in Charter Lane Holdings, a full conversion would involve the full conversion of Community Holdings Management Inc. from mutual to stock form and a related stock offering, and there would be no mutual membership rights following the full conversion. Accordingly, in order to effect a full conversion, Community Holdings Management Inc. would have to

obtain the affirmative vote of a majority of votes cast by members eligible to vote on such transaction in accordance with Pennsylvania law and the company's bylaws.

Tax Effects of Conversion

The following discussion addresses the material United States federal income tax consequences to: (i) the Company as a result of the conversion of the Company from mutual to stock form; and (ii) an Eligible Member that is a U.S. Person, as defined below, that holds membership rights in the Company as a capital asset on the effective date of the conversion, as a result of the termination of such Eligible Member's voting rights in, and rights to share in the surplus of, the Company, and the acquisition by such Eligible Member of membership rights in Community Holdings Management Inc.

The following discussion is based, primarily, on the Internal Revenue Code of 1986, as amended, which we refer to as "the Code," Treasury regulations promulgated under the Code, judicial authorities, published positions of the Internal Revenue Service and other applicable authorities, all as in effect on the date of this discussion and all of which are subject to change (possibly with retroactive effect) and to differing interpretations. No assurance can be given that the Internal Revenue Service will not assert, or that a court will not sustain, a position contrary to any of the conclusions set forth in this discussion. A change in the authorities upon which the following discussion is based could affect our conclusions. With respect to those issues on which there is no direct published authority, we have reached our conclusions based on analogy to and reasoning from analogous provisions of the Code, authorities interpreting the Code, and certain published private letter rulings, which do not have the force of law and may not be used or cited as authority or precedent. Given the absence of direct authority regarding the characterization and tax effects of the termination of Eligible Members' voting rights in, and rights to share in the surplus of, the Company, and the acquisition by such Eligible Members of membership rights in Community Holdings Management Inc., there exists some risk on those issues that cannot be discounted with certainty.

The following discussion is directed solely to Eligible Members that are U.S. Persons that hold membership rights in the Company as a capital asset within the meaning of Section 1221 of the Code on the effective date of the conversion, and it does not purport to address all of the United States federal income tax consequences that may be applicable to the Company or to the individual circumstances of particular categories of Eligible Members in light of their specific circumstances. In addition, the following discussion does not address aspects of United States federal income taxation that may be applicable to Eligible Members subject to special treatment under the Code, such as financial institutions, insurance companies, pass-through entities, regulated investment companies, real estate investment trusts, financial asset securitization investment trusts, dealers or traders in securities or tax-exempt organizations, or any aspect of the U.S. alternative minimum tax or state, local or foreign tax consequences of the proposed transactions.

For purposes of this discussion, the term "U.S. Person" means (i) a citizen or resident of the United States, (ii) a corporation, or entity treated as a corporation, created or organized in or under the laws of the United States or any political subdivision thereof, (iii) an estate, the income of which is subject to United States federal income taxation regardless of its source, (iv) a trust, if either (A) a court within the United States is able to exercise primary supervision over the administration of such trust and one or more U.S. Persons have the authority to control all substantial decisions of such trust, or (B) the trust has a valid election in effect to be treated as a U.S. Person for United States federal income tax purposes, or (v) any other person or entity that is treated for United States federal income tax purposes as if it were one of the foregoing.

This discussion does not consider the tax treatment of partnerships (including entities treated as partnerships for U.S. federal tax purposes) or other pass-through entities or persons who hold membership rights in the Company through such entities. The tax treatment of a partnership and each partner thereof generally will depend upon the status and activities of the partnership and such partner. If you are a partner of a partnership that is an Eligible Member, you should consult your tax advisors.

This discussion does not constitute tax advice and is not intended to be a substitute for careful tax planning. Each Eligible Member and other taxpayer is urged to consult its own tax advisor with respect to the U.S. federal, state, local and non-U.S. income and other tax consequences of the proposed transactions.

The combination of (i) the conversion of the Company from mutual to stock form, (ii) the termination of the Eligible Members' voting rights in, and rights to share in the surplus of, the Company, and (iii) the acquisition by Eligible Members of membership rights in Community Holdings Management Inc., will be treated, for United States federal income tax purposes, as a series of transactions in which, among other things, the Company's Eligible Members will be deemed to have: (A) exchanged their membership rights in the Company (in its pre-conversion mutual form) for interests in all of the authorized capital stock of the Company (in its post-conversion stock form, which we refer to hereinafter as the "Converted Company"); and, immediately thereafter, (B) exchanged all of their outstanding interests in the authorized capital stock of the Converted Company for membership rights in Community Holdings Management Inc. For United States federal income tax purposes:

- the conversion of the Company from a mutual insurance company to a stock insurance company, and the deemed exchange by Eligible Members of their membership rights in the Company (in its pre-conversion mutual form) for interests in the authorized capital stock of the Converted Company, will be a reorganization within the meaning of Section 368(a) of the Code, and the Company will be "a party to a reorganization" within the meaning of Section 368(b) of the Code;

- the Converted Company will constitute one and the same taxable entity as the Company in its pre-conversion mutual form;

- neither the Company in its pre-conversion mutual form nor the Converted Company will recognize gain or loss as a result of the conversion;

- an Eligible Member will not recognize any gain or loss on its deemed exchange of membership rights in the Company (in its pre-conversion mutual form) for interests in the authorized capital stock of the Converted Company;

- the tax attributes of the Company in its pre-conversion mutual form will remain unchanged as tax attributes of the Converted Company; thus, the Company's basis in its assets, holding period for its assets, net operating loss carryovers, if any, capital loss carryovers, if any, earnings and profits and accounting methods will not be changed by reason of the conversion, except for possible limitations on the rate at which such carryovers may be used after the conversion;

- although not free from doubt, it is likely that (i) the basis of an Eligible Member's membership rights in the Company will be zero, and (ii) the basis of an Eligible Member's interest in the capital stock of the Converted Company, deemed received in exchange for such

Eligible Member's membership rights in the Company, will equal the basis of such Eligible Member's membership rights in the Company (i.e., zero);

- the holding period of an Eligible Member's interest in the capital stock of the Converted Company, deemed received in exchange for such Eligible Member's membership rights in the Company, will include the period such Eligible Member held its membership rights in the Company;

- the membership rights in Community Holdings Management Inc. deemed received by Eligible Members in exchange for their interests in the capital stock of the Converted Company will be treated as stock within the meaning of Section 351 of the Code;

- the Converted Company will not recognize any gain or loss on its deemed issuance of Converted Company stock in exchange for Eligible Members' membership rights in the Company; and

- an Eligible Member will not recognize any gain or loss on its deemed exchange of interests in the authorized capital stock of the Converted Company for membership rights in Community Holdings Management Inc.

THE FOREGOING DISCUSSION IS NOT INTENDED AS A SUBSTITUTE FOR CAREFUL TAX PLANNING. THE TAX EFFECTS OF THE PROPOSED TRANSACTIONS ARE COMPLEX AND ARE SUBJECT TO VARYING INTERPRETATIONS. MOREOVER, THE EFFECTS OF EXISTING INCOME TAX LAWS, THE MEANING AND IMPACT OF WHICH IS UNCERTAIN, WILL VARY WITH THE PARTICULAR CIRCUMSTANCES OF EACH ELIGIBLE MEMBER. EACH ELIGIBLE MEMBER AND OTHER TAXPAYER SHOULD SEEK ADVICE BASED ON ITS PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR.

Interpretation and Amendment of the Plan of Conversion

All interpretations of the Plan by the Board of Directors of the Company will be final, subject to the limitations of applicable law. The Plan may be amended at any time before it is approved by the Insurance Department, provided that the amendment is approved by the affirmative vote of two-thirds of the Directors of the Company. The Plan also may be amended at any time after it is approved by the Insurance Department, provided that the amendment is approved by the affirmative vote of two-thirds of the Directors of the Company, and by the Insurance Department. The Plan may be amended at any time after it is approved by the Eligible Members of the Company and prior to the effective date of the conversion, provided that the amendment is approved by the affirmative vote of two-thirds of the Directors of the Company then in office and by the Insurance Department. In addition, if the Insurance Department determines that the amendment is material, the amendment also must be approved by the affirmative vote of at least two-thirds of the votes cast at a meeting of Eligible Members called for that purpose. If Eligible Members are required to approve an amendment to the Plan, a proxy statement will be sent to each Eligible Member as soon as practical after the amendment is approved by the Directors of the Company and the Insurance Department.

If, prior to the effective date of the conversion, the Insurance Department adopts regulations containing mandatory or optional provisions applicable to the conversion, the Plan may be amended to conform to these regulations. This type of amendment can be made at any time prior to the effective date

of the conversion, provided that it is approved by the affirmative vote of two-thirds of the Directors of the Company, and no re-solicitation of proxies or further approval by Eligible Members will be required.

Termination

The Plan may be terminated at any time before it is approved by the Eligible Members provided that the termination is approved by the affirmative vote of two-thirds of the Directors of the Company. The Plan may be terminated at any time after it is approved by Eligible Members and prior to the conversion's effective date by the affirmative vote of two-thirds of the Directors of the Company provided that any such termination is also approved by the Insurance Department.

DESCRIPTION OF THE MERGER

General

The Board of Directors of the Company approved the merger of the Company with Clearfield on April 11, 2016. The Agreement and Plan of Merger (the "Merger Agreement") is dated as of May , 2016, and provides that following the conversion of both the Company and Clearfield from mutual insurance companies to stock insurance companies, the Company will merge with Clearfield, with the Company as the surviving corporation. As a result, the Company will become the insurer under the policies of insurance issued by Clearfield prior to the effective date of the merger and will succeed to all of the assets of Clearfield and will assume all of the liabilities and obligations of Clearfield, including any rights of policyholders under policies of insurance issued by Clearfield.

Background and Reasons for the Merger

The Boards of Directors of the Company and Clearfield believe that the merger of the two insurance companies will lead to operating efficiencies and that Community Insurance Company will be in a stronger financial position than either of the companies on a stand-alone basis. In addition, the Boards of Directors of both companies believe that because they serve different geographic markets, combining the companies will diversify the risk of significant property damage resulting from localized weather incidents such as hail storms, ice storms and tornados.

Effect on Policyholders

The merger will have no effect on the rights of policyholders of the Company. Any contractual obligations of the Company under policies issued by the Company will remain in effect, and any claims made under such policies will be processed by the employees of the Company after the merger.

Management of Lehigh After the Merger

The Merger Agreement provides that the directors of Clearfield will become the directors of Community Holdings Management Inc. after the merger and that Mark Keyser will serve as the Chairman of the Board of Directors of the mutual holding company. The current directors of the Company will become the directors of Community Insurance Company following the conversions and the merger. Following the merger, Michael A. Yeager will be the President of Community Insurance Company, James J. Gardner, Jr. will be an Executive Vice President and the Secretary, and Keith Ulsh will be the Treasurer. Mr. Yeager is currently the President and Chief Executive Officer of the Company, and Mr. Gardner and Mr. Ulsh are currently the President and the Treasurer of Clearfield, respectively. Mr. Yeager is also a director of Clearfield.

Effect on Employees of the Company

The merger will have no effect on employees of the Company or Clearfield because all existing employees of both companies will become employees of Community Insurance Company after the merger. In addition, Community Insurance Company will continue to maintain Clearfield's office at 1214 South 2nd Street, Clearfield, Pennsylvania 16830.

Conditions to Closing of the Merger

The merger is contingent upon approval of the Plan by (i) the Insurance Department and (ii) the Eligible Members of the Company at the Special Meeting. The Insurance Department approved the Plan on _____, 2016. **Insurance Department approval does not constitute a recommendation or endorsement of the Plan.** The merger of the Company and Clearfield is also contingent upon approval of the plan of conversion adopted by Clearfield by the eligible members of Clearfield at a special meeting of its members to be held on ____, 2016.

AMENDED AND RESTATED ARTICLES OF INCORPORATION AND AMENDED AND RESTATED BYLAWS OF THE COMPANY

The following is a summary of certain provisions of the Amended and Restated Articles of Incorporation and the Amended and Restated Bylaws of the Company, which will become effective upon the completion of the conversion. The Amended Restated Articles of Incorporation and Amended and Restated Bylaws of the Company are substantially in the form attached as Exhibits A and B hereto.

The Amended and Restated Articles of Incorporation provide that the Company will change its name to Lehigh County Mutual Insurance Company. The Company's Amended and Restated Articles of Incorporation will authorize it to issue 10,000,000 shares of common stock, $1.00 par value per share. All of its outstanding common stock will be issued to Community Holdings Management Inc. and then contributed to and owned by Charter Lane Holdings. Accordingly, exclusive voting rights with respect to the affairs of the Company after the conversion will be vested in the Board of Directors of Charter Lane Holdings.

The Company's Amended and Restated Bylaws provide that the number of Directors shall not be fewer than seven, and no more than fifteen, with the exact number to be determined by the Board of Directors.

ARTICLES OF INCORPORATION AND BYLAWS OF COMMUNITY HOLDINGS MANAGEMENT INC.

As a mutual corporation, the Articles of Incorporation of Community Holdings Management Inc. do not authorize the issuance of shares. Under the Articles, voting rights shall be vested in the members. Each member shall have one vote. At the effective time of the conversion, the Plan provides that each member of the Company whose membership interest shall cease at the effective time of the conversion shall receive a membership in Community Holdings Management Inc.

The Bylaws of Community Holdings Management Inc. will also provide that the number of Directors of Community Holdings Management Inc. shall not be fewer than seven, and no more than fifteen, with the exact number to be determined by the Board of Directors. Nominations for election to the Board may be made by either a majority of the Nominating Committee of the Board or five percent (5%) or more of the members.

The Articles of Incorporation and Bylaws of Community Holdings Management Inc. are substantially in the form attached as Exhibits C and D hereto.

A vote in favor of the Plan also will constitute a vote to approve the Articles of Incorporation and Bylaws of Community Holdings Management Inc.

RECOMMENDATION OF THE BOARD OF DIRECTORS

THE BOARD OF DIRECTORS OF THE COMPANY UNANIMOUSLY RECOMMENDS THAT YOU VOTE "FOR" APPROVAL OF THE PLAN AND "FOR" APPROVAL OF THE AMENDED AND RESTATED ARTICLES OF INCORPORATION OF THE COMPANY.

ADDITIONAL INFORMATION

YOUR BOARD OF DIRECTORS URGES YOU TO CONSIDER CAREFULLY THIS PROXY MATERIAL AND, WHETHER OR NOT YOU PLAN TO BE PRESENT IN PERSON AT THE SPECIAL MEETING, TO FILL IN, DATE, SIGN AND PROMPTLY RETURN THE ENCLOSED PROXY CARD(S) AS SOON AS POSSIBLE TO ASSURE THAT YOUR VOTE WILL BE COUNTED. THIS WILL NOT PREVENT YOU FROM VOTING IN PERSON IF YOU ATTEND THE SPECIAL MEETING. YOU MAY REVOKE YOUR PROXY BY WRITTEN INSTRUMENT DELIVERED TO THE SECRETARY OF THE COMPANY AT ANY TIME PRIOR TO OR AT THE SPECIAL MEETING OR BY ATTENDING THE SPECIAL MEETING AND VOTING IN PERSON.

BY THE ORDER OF THE BOARD OF DIRECTORS

Michael A. Yeager
President

_____, 2016
Allentown, Pennsylvania

IF YOU HAVE ANY QUESTIONS, PLEASE CONTACT MICHAEL A. YEAGER AT THE COMPANY AT (610) 289-0550, BETWEEN THE HOURS OF 10:00 A.M. AND 4:00 P.M.

The Mutual Insurance Company of Lehigh County Conversion to Stock Form

Exhibit IV
To
Conversion Application Filed with the Pennsylvania Insurance Department:

Notice to Post-Adoption Policyholders

See Attached

NOTICE REGARDING THE PLAN OF CONVERSION
TO BE SENT UPON POLICY ISSUANCE
WITH RESPECT TO THE MUTUAL INSURANCE COMPANY OF LEHIGH COUNTY
POLICIES ISSUED
AFTER APRIL 11, 2016 AND BEFORE THE EFFECTIVE DATE OF THE PLAN

Notice With Respect to Policies Issued After April 11, 2016

On April 11, 2016, the Board of Directors of The Mutual Insurance Company of Lehigh County ("Lehigh") adopted a plan of conversion (the "Plan of Conversion") pursuant to which, if all approvals are obtained, Lehigh will convert from mutual to stock form (the "Conversion"). As part of the Conversion, Lehigh will become a wholly owned subsidiary of Community Holdings Management, Inc., a newly formed nonstock corporation that will become the mutual holding company for Lehigh ("Community Holdings"). Each policyholder of Lehigh will become a member of Community Holdings upon completion of the Conversion.

THE CONVERSION WILL NOT CAUSE ANY CHANGE
IN YOUR INSURANCE COVERAGE UNDER YOUR POLICY OR YOUR PREMIUM.

In accordance with 40 P.S. §919-A, Lehigh hereby notifies you of your right to cancel your policy within ten (10) days after receipt of this notice and (subject to the next paragraph) your right to receive a pro rata refund of unearned premiums. If you elect to cancel your policy, please provide a timely written notice to Lehigh at The Mutual Insurance Company of Lehigh County, 1047 Hamilton Street, Allentown, PA 18101. Your policy will be cancelled and void as of the date your notice is received by Lehigh and a pro rata refund of unearned premiums, if appropriate, will be sent to you.

If you have already made or filed a claim under your policy, you will not be entitled to any refund. In addition, if you exercise your right to cancel your policy, you will not be entitled to make or file any claim under your policy.

If you believe your Lehigh policy was issued on or before April 11, 2016, and you should not have received this notice, you should promptly provide written notice to Lehigh, along with any supporting documentation, at the address above and state in the notice that you believe your policy should not be considered a policy issued after April 11, 2016. Lehigh will notify you of its determination.

The Plan of Conversion is subject to approval by the Insurance Commissioner of the Commonwealth of Pennsylvania. The Plan of Conversion also must be voted on by eligible members of Lehigh and must receive the affirmative vote of at least two-thirds of the votes cast by such members. There is no certainty that the Conversion will occur. In making a decision with respect to cancelling your policy, you should consider your insurance needs. If you would like more information about the Conversion, please call Lehigh at (610) 289-0550.

THIS NOTICE APPLIES ONLY TO POLICIES ISSUED AFTER APRIL 11, 2016, AND NOT TO POLICIES THAT WERE IN FORCE ON APRIL 11, 2016.

The Mutual Insurance Company of Lehigh County Conversion to Stock Form

Exhibit V
To
Conversion Application Filed with the Pennsylvania Insurance Department:

Stock Insurance Company Articles and Bylaws

See Attached

AMENDED AND RESTATED ARTICLES OF INCORPORATION OF THE MUTUAL INSURANCE COMPANY OF LEHIGH COUNTY

FIRST. The name of the Corporation is Lehigh County Insurance Company.

SECOND. The location and post office address of the registered office of the Corporation in this Commonwealth is 1047 Hamilton Street, Allentown, Pennsylvania 18101.

THIRD. The Corporation is incorporated under the provisions of the Pennsylvania Business Corporation Law of 1988 ("PABCL"). The purpose of the Corporation is, and it shall have unlimited power, to engage in and to perform any lawful act concerning, any and all lawful business for which company may be incorporated under the PABCL.

FOURTH. The term of the Corporation's existence is perpetual.

FIFTH. The aggregate number of shares of capital stock which the company shall have authority to issue is 300,000 shares of common stock, with a par value of $5.00 per share. Any or all classes of shares of the Corporation, or any part thereof, may be represented by uncertificated shares to the extent determined by the Board of Directors, except that shares represented by a certificate that is issued and outstanding shall be represented thereby until the certificate is surrendered to the Corporation. Within a reasonable time after the issuance or transfer of uncertificated shares, the Corporation shall send to the registered owner of such shares a written notice required by Section 1528(f) of the Pennsylvania Business Corporation Law.

SIXTH. Each holder of record of Common Stock shall have the right to one vote for each share of Common Stock standing in such holder's name on the books of the Corporation. No shareholder shall be entitled to cumulate any votes for the election of directors.

SEVENTH. No holder of any class of capital stock of the Corporation shall have preemptive rights, and the Corporation shall have the right to issue and to sell to any person or persons any shares of its capital stock or any option, warrant or right to acquire capital stock, or any securities having conversion or option rights, without first offering such shares, rights or securities to any holder of any class of capital stock of the Corporation.

EIGHTH. The management, control and government of the Corporation shall be vested in a board of directors consisting of not less than seven (7) members in number, as fixed by the board of directors of the Corporation from time to time.

NINTH. The Corporation reserves the right to amend, alter, change or repeal any provision contained in its Articles of Incorporation in the manner now or hereafter prescribed by statute and all rights conferred upon shareholders and directors herein are hereby granted subject to this reservation.

IN TESTIMONY WHEREOF, a duly authorized officer of the company has signed these amended and restated Articles of Incorporation this _____ day of _____, 2016.

_____

Michael A. Yeager
President

AMENDED AND RESTATED BYLAWS

OF

LEHIGH COUNTY INSURANCE COMPANY
(a Pennsylvania Insurance Company)

Effective

_____, 2016

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AMENDED AND RESTATED BYLAWS
of
LEHIGH COUNTY INSURANCE COMPANY
(a Pennsylvania Insurance Corporation)

ARTICLE I
OFFICES

Section 1.01. Registered Office. The registered office of Lehigh County Insurance Company (the "Corporation") in Pennsylvania shall be at the place designated in the Articles of Incorporation, subject to change upon notice to the Secretary of the Commonwealth as may be permitted by law.

Section 1.02. Other Offices. The Corporation may also have offices at such other places as the Board of Directors may from time to time designate or as the business of the Corporation may require.

ARTICLE II
SEAL

Section 2.01. Corporate Seal. The corporate seal, if any, shall have inscribed thereon the name of the Corporation, the year of its incorporation and the words "Corporate Seal Pennsylvania." Such seal may be used by causing it or a facsimile thereof to be impressed or affixed or in any manner reproduced.

ARTICLE III
SHAREHOLDERS' MEETINGS

Section 3.01. Place of Meetings. All meetings of the shareholders shall be held at the registered office of the Corporation or at such other place, within or without the Commonwealth of Pennsylvania, as the Board of Directors or shareholders may from time to time determine.

Section 3.02. Annual Meeting. An annual meeting of the shareholders shall be held each year at such time and on such date as shall be designated by resolution of the Board of Directors, not later than five months after the end of the Corporation's fiscal year, for the election of directors and the transaction of such other business as may properly be brought before the meeting. If a meeting for the election of directors shall not be held before the end of any calendar year, any shareholder may call such meeting at any time thereafter.

Section 3.03. Special Meetings. Special meetings of the shareholders may be called at any time by the Chairman of the Board, or a majority of the Board of Directors, or the holder or holders of not less than one-fifth (or such smaller fraction as may be provided by law in particular cases) of all the shares of the Corporation outstanding and entitled to vote at the particular meeting. If called by shareholders, such request shall be in writing delivered to the Secretary of the Corporation and shall state the time, place and general nature of the business to

be transacted at the meeting; and it shall be the duty of the Secretary to call such meeting to be held not more than sixty days after receipt of the request. If the Secretary shall neglect or refuse to issue such call, the person or persons making the request may do so.

Section 3.04. Notice of Meetings. Written notice of every meeting of the shareholders shall be given by or at the direction of the Secretary or other authorized person to each shareholder of record entitled to vote at the meeting at least (i) ten (10) days prior to the day named for a meeting that will consider a fundamental change under Chapter 19 of the Pennsylvania Business Corporation Law (the "PABCL") or (ii) five (5) days prior to the day named for the meeting in any other case. Notice shall be deemed to have been properly given to a shareholder when delivered to such shareholder personally, or when sent by first class or express mail, postage prepaid, or by electronic mail.

Section 3.05. Exception to Notice. Whenever any notice or communication is required to be given to a shareholder and communication with that shareholder is then unlawful, the giving of the notice or communication to that shareholder shall not be required and there shall be no duty to apply for a license or other permission to do so. If the action taken is such as to require the filing of any document with respect thereto, it shall be sufficient, if such is the fact and if notice or communication is required, to state therein that notice or communication was given to all shareholders entitled to receive notice or communication except persons with whom communication was unlawful. This exception shall also be applicable to any shareholder with whom the Corporation has been unable to communicate for more than 24 consecutive months because communications to the shareholder are returned unclaimed or the shareholder has otherwise failed to provide the Corporation with a current address. Whenever the shareholder provides the Corporation with a current address, this exception shall cease to be applicable to the shareholder.

Section 3.06. Waiver of Notice. Whenever any written notice is required to be given to a shareholder under the provisions of applicable law or by these Bylaws, a waiver thereof in writing, signed by the person entitled to notice either before or after the time stated therein, and whether before or after the meeting, shall be deemed equivalent to the giving of due notice. Except as otherwise required by law, neither the business to be transacted at the meeting, nor the purpose of the meeting, need be specified in the waiver of notice of such meeting. In the case of a special meeting of shareholders, the waiver of notice shall specify the general nature of the business to be transacted at the meeting. Attendance of any person, either in person or by proxy, at any meeting shall constitute a waiver of notice of such meeting except where a person entitled to notice attends the meeting for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business because the meeting was not lawfully called or convened.

Section 3.07. Quorum. The presence, in person (including participation by telephone or similar communication as provided in Section 8.04 hereof) or by proxy, of the shareholders entitled to cast at least a majority of the votes which all shareholders are entitled to cast on the particular matter shall be requisite and shall constitute a quorum for the purpose of considering such matter at any meeting of the shareholders for the election of directors or for the transaction of other business except as otherwise provided by statute or in these Bylaws. The shareholders present at a duly organized meeting can continue to do business until adjournment,

notwithstanding the withdrawal of enough shareholders to leave less than a quorum. If, however, any meeting of shareholders cannot be organized because a quorum has not attended, the shareholders entitled to vote thereat present in person or by proxy shall have the power to adjourn the meeting to such time and place as they may determine, except that in the case of any meeting called for the election of directors, such meeting may be adjourned only from day to day, or for such longer periods not exceeding fifteen days each, as may be directed by shareholders who are present in person or by proxy and who are entitled to vote, until such directors have been elected; and those who attend the second of such adjourned meetings, although less than a quorum as fixed by law or in the Articles of Incorporation, shall nevertheless constitute a quorum for the purpose of electing directors.

Section 3.08. Shareholders Entitled to Vote. Unless otherwise provided in the Articles of Incorporation, every shareholder shall be entitled to one vote for every share standing in his or her name on the books of the Corporation. In the event the Board of Directors shall fix a time prior to the date of any meeting of shareholders, as a record date for the determination of the shareholders entitled to notice of or to vote at any such meeting, which time, except in the case of an adjourned meeting, shall not be more than ninety days prior to the date of the meeting of shareholders. Only such shareholders as shall be shareholders of record on the date so fixed shall be entitled to notice of, or to vote at, such meeting notwithstanding any transfer of shares on the books of the Corporation after such record date. If a record date shall not be fixed by the Board of Directors for a particular shareholders' meeting, the record date for determining shareholders entitled to notice of or to vote at a meeting of shareholders shall be at the close of business on the day next preceding the day on which notice is given or, if notice is waived, at the close of business on the day immediately preceding the day on which the meeting is held.

Section 3.09. Shareholders May Vote in Person or by Proxy. Every shareholder entitled to vote may vote either in person or by proxy. Every proxy shall be executed in writing by a shareholder, or by his or her duly authorized attorney-in-fact and filed with the Secretary of the Corporation. A proxy, unless coupled with an interest, shall be revocable at will, notwithstanding any other agreement or any provision in the proxy to the contrary, but the revocation of a proxy shall not be effective until notice thereof has been given to the Secretary of the Corporation. No unrevoked proxy shall be valid after three years from the date of its execution, unless a longer time is expressly provided therein. A proxy shall not be revoked by the death or incapacity of the maker unless, before the vote is counted or the authority is exercised, written notice of such death or incapacity is given to the Secretary of the Corporation. Where two or more proxies of a shareholder are present, the Corporation shall, unless otherwise expressly provided in the proxy, accept as the vote of all shares represented thereby the vote cast by a majority of them and, if a majority of the proxies cannot agree whether the shares represented shall be voted or upon the manner of voting the shares, the voting of the shares shall be divided equally among those persons.

Section 3.10. Nomination and Election of Directors; No Cumulative Voting.

(a) Nominations for Board of Directors other than those recommended by the Board shall be in writing and delivered to the Secretary not less than ninety (90) days before the annual meeting of shareholders. The Secretary shall advise the Board of Directors of such nominations

not less than thirty days before the Board of Director's regular meeting scheduled prior to the date of the annual meeting of shareholders.

(b) Elections for directors need not be by ballot except upon demand made by a shareholder at the election and before the voting begins.

(c) There shall be no cumulative voting. Shareholders shall have one vote per share and directors shall be elected by a plurality of the votes cast, in person or by proxy, at a meeting of shareholders by the holders of shares entitled to vote therein.

Section 3.11. Voting. Except as otherwise provided by law or these Bylaws, whenever any corporate action is to be taken by vote of the shareholders, it shall be authorized by a majority of the votes cast at a duly organized meeting of shareholders by the holders of shares entitled to vote thereon.

Section 3.12. Voting Expenses. The Corporation shall, pay the reasonable expenses of solicitation of votes, proxies or consents of shareholders by or on behalf of the Board of Directors or its nominees for election to the Board, including solicitation by professional proxy solicitors and otherwise, and may pay the reasonable expenses of a solicitation by or on behalf of other persons.

Section 3.13. Voting Lists. The officer or agent having charge of the transfer books for shares of the Corporation shall make a complete list of the shareholders entitled to vote at the meeting, arranged in alphabetical order, with the address of and the number of shares held by each. Such list shall be produced and kept open at the time and place of the meeting, and shall be subject to the inspection of any shareholder during the whole time of the meeting, except that if the Corporation has one thousand (1,000) or more shareholders, in lieu of the making of such list the Corporation may make the information therein available by any other means.

Section 3.14. Judges of Election. In advance of any meeting of shareholders, the Board of Directors may appoint Judges of Election, who may but need not be shareholders, to act at such meeting or any adjournment thereof. If Judges of Election be not so appointed, the Chairman of any such meeting may, and on the request of any shareholder or his proxy shall, make such appointment at the meeting. The number of Judges shall be one or three. If appointed at the meeting on the request of one or more shareholders or proxies, the question of whether one or three Judges are to be appointed shall be determined as provided by law. No person who is a candidate for office to be filled at the meeting shall act as a Judge. In case any person appointed as Judge fails to appear or fails or refuses to act, the vacancy may be filled by appointment made by the Board of Directors in advance of the convening of the meeting, or at the meeting by the person acting as Chairman. The Judges of Election shall do all such acts as may be proper to ascertain the existence of a quorum and the number of votes cast, and to conduct the election or vote with fairness to all shareholders. They shall, if requested by the Chairman of the meeting or any shareholder or his or her proxy, make a written report of any matter determined by them and execute a certificate of any fact found by them. If there be three Judges of Election the decision, act or certificate of a majority shall be effective in all respects as the decision, act, or certificate of all.

Section 3.15. Notice of Adjournments. Upon adjournment of an annual or special meeting of shareholders it shall not be necessary to give any notice of the adjourned meeting or of the business to be transacted thereat, other than by announcement at the meeting at which such adjournment is taken unless the Board fixes a new record date for the adjourned meeting. At any adjourned meeting at which a quorum shall be present or represented, any business may be transacted which might have been transacted at the meeting originally called.

Section 3.16. Informal Action by Shareholders. Except as may be otherwise provided by statute or in the Articles of Incorporation, notwithstanding anything to the contrary contained in these Bylaws, any action required or permitted be taken at a meeting of the shareholders may be taken without a meeting, if, prior or subsequent to the action a consent thereto by all of the shareholders who would be entitled to vote at a meeting for such purpose shall be filed with the Secretary of the Corporation.

ARTICLE IV
DIRECTORS

Section 4.01. Number, Classes, Term of Office, and Retirement.

(a) The business and affairs of the Corporation shall be managed under the direction of a board consisting of not less than seven (7) directors who shall be natural persons of full age. Subject to the preceding sentence, the number of directors shall be such number as shall have been last specified by resolution, if any, of the Board of Directors or shareholders. At least two-thirds of the directors shall be citizens of the United States. Directors need not be residents of Pennsylvania or shareholders of the Corporation.

(b) Each director shall hold office until the expiration of the term for which he or she was selected and until a successor has been selected and qualified or until his or her earlier death, resignation or removal.

(c) The Chairman of the Board shall preside at all meetings of the shareholders and of the Board of Directors. He or she shall have such powers and duties as the Board may prescribe. In the absence of the Chairman of the Board, the President shall preside at all meetings of the shareholders and of the Board of Directors.

Section 4.02. Removal. The shareholders shall have the power to remove any director for cause.

Section 4.03. Vacancies. Vacancies in the Board of Directors, whether or not caused by an increase in the number of directors, may be filled by a majority vote of the remaining members of the Board though less than a quorum, or by a sole remaining director, and each person so elected shall be a director to serve for the balance of the unexpired term.

Section 4.04. Resignation. Any director may resign at any time upon written notice to the Corporation. The resignation shall be effective upon receipt thereof by the Corporation or at such subsequent time as shall be specified in the notice of resignation.

Section 4.05. Place of Meetings. The meetings of the Board of Directors may be held at such place within or without the Commonwealth of Pennsylvania as a majority of the directors may from time to time by resolution appoint, or as may be designated in the notice or waiver of notice of a particular meeting; in the absence of specification, such meetings shall be held at the registered office of the Corporation.

Section 4.06. First Meeting. The first meeting of each newly elected Board of Directors shall be held immediately after the annual meeting of the shareholders at the place where the shareholders' meeting was held, for the purpose of organization, the election of officers and the transaction of other business; or such meeting may convene at such other time and place as may be fixed by resolution of the shareholders adopted at the meeting at which the directors were elected, or by the call of any director or incorporator, who shall give at least five days written notice thereof to each other director or incorporator, which notice shall set forth the time and place of the meeting. Any incorporator may act in person, by written consent or by proxy signed by him or her or his or her attorney-in-fact. If a designated director or an incorporator dies or is for any reason unable to act at the meeting, the other or others may act. If there is no other designated director or incorporator able to act, any person for whom an incorporator was acting as agents may act or appoint another to act in his or her stead.

Section 4.07. Regular Meetings. Regular meetings of the Board of Directors may be held at such times as the Board may by resolution determine. If any day fixed for a regular meeting shall be a legal holiday, then the meeting shall be held at the same hour and place on the next succeeding business day.

Section 4.08. Special Meetings. Special meetings of the Board of Directors may be called at any time by written request of the Chairman of the Board, the President, or at least two directors, delivered to the Secretary. Any such request shall specify all matters to be presented at the special meeting.

Section 4.09. Notice of Meetings. Notice of all meetings of directors shall be given by the Secretary to each Director either in person, by first class or express mail, postage paid, or courier service, charges prepaid, or by facsimile transmission, email or other electronic communication, in each case, not less than one (1) day before the meeting.

Section 4.10. Exception to Notice. Whenever any notice or communication is required to be given to a director under the provisions of applicable law or by the Articles of Incorporation or these Bylaws or by the terms of any agreement or other instrument or as a condition precedent to taking any corporate action and communication with that director is then unlawful, the giving of the notice or communication to that director shall not be required and there shall be no duty to apply for a license or other permission to do so. Any action or meeting that is taken or held without notice or communication to that director shall have the same validity as if the notice or communication had been duly given. If the action taken is such as to require the filing of any document with respect thereto under any provision of law or any agreement or other instrument, it shall be sufficient, if such is the fact and if notice or communication is required, to state therein that notice or communication was given to all directors entitled to receive notice or communication except directors with whom communication was unlawful.

Section 4.11. Waiver of Notice. Whenever any written notice is required by law or the Articles of Incorporation or these Bylaws to be given to a director, a waiver thereof in writing, signed by the director entitled to notice either before or after the time stated therein, and whether before or after the meeting, shall be deemed equivalent to the giving of due notice. Attendance of any director at any meeting shall constitute a waiver of notice of such meeting except where such director attends the meeting for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business because the meeting was not lawfully called or convened.

Section 4.12. Quorum. A majority of directors shall constitute a quorum for any regular or special meeting of the Board, and a majority of the members of any committee of the Board shall constitute a quorum for any meeting of such committee. Unless otherwise required by law or any other provisions of these Bylaws, no determinations of the Board or of any committee of the Board shall be made in the absence of a quorum, and all determinations of the Board and of any committee of the Board shall be by majority vote of those directors present and voting at any regular or special meeting of the Board or at any meeting of a committee of the Board.

Section 4.13. Chairman. At its discretion, the Board may appoint annually one of its directors to be Chairman who shall preside at all meetings of the Board and all meetings of shareholders, and shall perform such other duties and exercise such additional powers as the Board may determine from time to time.

Section 4.14. Adjournment. Adjournment or adjournments of any regular or special meetings may be taken, and it shall not be necessary to give any notice of the adjourned meeting or of the business to be transacted thereat other than by announcement at the meeting at which such adjournment is taken. At any adjourned meeting at which a quorum shall be present any business may be transacted which might have been transacted at the meeting originally called.

Section 4.15. Action in Lieu of a Meeting. Any action required or permitted to be taken by the Board of Directors or by any committee thereof may be taken without a meeting if all of the members of the Board of Directors or of any committee thereof consent in writing to the adoption of a resolution authorizing the action. The resolution and the written consents thereto by the members of the Board of Directors or of any such committee shall be filed with the Secretary of the Corporation.

Section 4.16. General Powers. All such powers of the Corporation and all such lawful acts and things as are not by statute, or by the Articles of Incorporation or by these Bylaws, directed or required to be exercised or done by the shareholders, shall be exercised by or under the authority of the Board of Directors.

Section 4.17. Committees. The Board of Directors may, by resolution adopted by a majority of the directors in office, establish one or more committees to consist of one or more directors of the Corporation. The number of the members of any committee shall be as the Board of Directors may by resolution determine. The Board of Directors shall have power at any time to change the members of any committee, to fill vacancies, and to discharge any committee. Each committee shall have a chairman selected by its own members. Any committee to the

extent provided in the resolution establishing such committee, shall have and may exercise all of the powers and authority of the Board of Directors except that a committee may not:

(a) submit to the shareholders any action that the law requires be approved by the shareholders; nor

(b) create or fill vacancies on the Board of Directors or on any of its committees; nor

(c) amend the Articles of Incorporation; nor

(d) adopt, amend, or repeal the Bylaws; nor

(e) approve a plan of merger not requiring shareholder approval.

Section 4.18. Compensation of Directors. The Board of Directors shall have the authority to establish from time to time reasonable compensation of directors for services to the Corporation and for reimbursement of their out-of-pocket expenses. No officer or employee of the Corporation who serves as a director of the Corporation shall receive separate compensation thereof.

Section 4.19. Removal of Directors.

(a) Removal by the Board. The Board of Directors may declare vacant the office of a director who has been judicially declared of unsound mind or who has been convicted of an offense punishable by imprisonment for a term of more than one year or for any other proper cause, or if, within sixty days after notice of his or her selection such director does not accept the office either in writing or by attending a meeting of the Board.

(b) Effect of Reinstatement. An act of the Board done during the period when a director has been suspended or removed for cause shall not be impugned or invalidated if the suspension or removal is thereafter rescinded by the shareholders or by the Board or by the final judgment of a court.

Section 4.20. Interested Directors or Officers; Quorum.

(a) General Rule. A contract or transaction between the Corporation and one or more of its directors or officers or between the Corporation and another corporation, partnership, joint venture, trust or other enterprise in which one or more of its directors or officers are directors or officers or have a financial or other interest, shall not be void or voidable solely for that reason, or solely because the director or officer is present at or participates in the meeting of the Board of Directors that authorizes the contract or transaction, or solely because his, her or their votes are counted for that purpose, if:

(1) the material facts as to the relationship or interest and as to the contract or transaction are disclosed or are known to the Board of Directors and the Board authorizes the contract or transaction by the affirmative votes of a majority of the disinterested directors even though the disinterested directors are less than a quorum;

(2) the material facts as to his or her relationship or interest and as to the contract or transaction are disclosed or are known to the shareholders entitled to vote thereon and the contract or transaction is specifically approved in good faith by vote of those shareholders; or

(3) the contract or transaction is fair as to the Corporation as of the time it is authorized, approved or ratified by the Board of Directors or the shareholders.

(b) Quorum. Common or interested directors may be counted in determining the presence of a quorum at a meeting of the Board which authorizes a contract or transaction specified in subsection (a).

ARTICLE V
OFFICERS, AGENTS AND EMPLOYEES

Section 5.01. Executive Officers.

(a) Officers. The executive officers of the Corporation shall be elected annually by a majority vote of the Board of Directors and shall be a President and Chief Executive Officer, a Secretary, a Treasurer, and such additional officers as the Board of Directors may determine from time to time, provided that the Board of Directors may decide from time to time not to fill one or more of the foregoing offices (other than President, Secretary, and Treasurer). Except as otherwise provided in these Bylaws, there shall be no limit on the number of offices or terms thereof, successive or otherwise, which may be held by any person.

(b) Powers. The officers shall have such responsibilities and perform such duties as specified in these Bylaws and appropriate to their respective offices, and as otherwise determined by the Board from time to time.

(c) Term of Office; Vacancy. The officers shall serve for one year and until their successors are duly chosen and qualified, unless such officers shall earlier die, resign, or be removed in accordance with law and these Bylaws. Any vacancies occurring among the officers for any reason shall be filled by the Board of Directors.

Section 5.02. Agents or Employees. The Board of Directors may delegate to the Chief Executive Officer (the "CEO") the power to appoint subordinate officers and to retain or appoint employees or other agents, or committees thereof, and to prescribe the authority and duties of such subordinate officers, committees, employees, or other agents.

Section 5.03. Salaries. The Board of Directors shall determine from time to time all salaries, fees and other compensation to be paid to the officers.

Section 5.04. Removal of Officers, Agents, or Employees. Any officer, agent, or employee of the Corporation may be removed or his or her authority revoked by the affirmative vote of a majority of the Board of Directors with or without cause, but such removal or revocation shall be without prejudice to the rights, if any, of the person so removed, to receive

compensation or other benefits in accordance with the terms of existing contracts. Election or appointment of an officer or agent shall not of itself create contract rights.

Section 5.05. President; Powers and Duties. The President shall be responsible for the operations of the Corporation. He or she shall have general charge and supervision of the business of the Corporation and shall exercise or perform all the powers and duties usually incident to the office of President. He or she shall from time to time make such reports of the affairs of the Corporation as the Board may require and shall annually present to the annual meeting of the shareholders a report of the business of the Corporation for the preceding fiscal year.

Section 5.06. Vice President; Powers and Duties. The Vice President shall, in the absence or disability of the President, perform the duties and exercise the powers of the President; and if there be more than one Vice President, their seniority in performing such duties and exercising such powers shall be determined by the Board of Directors or, in default of such determination, by the order in which they were first elected. Each Vice President also shall have such powers and perform such duties as may be assigned to him or her by the Board or the CEO.

Section 5.07. Secretary; Powers and Duties. The Secretary shall attend all sessions of the Board and all meetings of the shareholders and act as clerk thereof, and record all the votes and minutes thereof in books to be kept for that purpose; and shall perform like duties for the executive committee (if any) and of other committees of the Board of Directors when required. He or she shall give, or cause to be given, notice of all meetings of the shareholders and of the Board of Directors, and shall perform such other duties as may be prescribed by the Board or by the CEO. The Secretary shall keep in custody the corporate seal of the Corporation, and may affix the same to any instrument requiring it and attest the same.

Section 5.08. Treasurer; Powers and Duties. The Treasurer shall cause full and accurate accounts of receipts and disbursements to be kept in books belonging to the Corporation. He or she shall see to the deposit of all moneys and other valuable effects in the name and to the credit of the Corporation in such depositary or depositaries as may be designated by the Board of Directors, subject to disbursement or disposition upon orders signed in such manner as the Board of Directors shall prescribe. He or she shall render to the CEO and to the directors, at the regular meetings of the Board or whenever the CEO or the Board may require it, an account of all his or her transactions as Treasurer.

Section 5.09. Delegation of Officers' Duties. Any officer may delegate duties to his or her assistant (if any) appointed by the Board; and in case of the absence of any officer or assistant officer of the Corporation, or for any other reason that the Board of Directors may deem sufficient, the Board may delegate or authorize the delegation of his or her powers or duties, for the time being, to any person.

ARTICLE VI
SHARES OF CAPITAL STOCK

Section 6.01. Stock Certificates. Subject to requirements prescribed by law, the shares of the Corporation shall be represented by stock certificates in such form as shall be approved by the Board of Directors or shall be uncertificated shares. Every shareholder shall be entitled to a stock certificate representing the shares owned by him or her. All certificates representing shares shall be registered in the share register as they are issued, and those of the same class or series shall be consecutively numbered. Every stock certificate shall be executed by facsimile or otherwise, by a corporate officer or assistant officer on behalf of the Corporation. In case any officer, assistant officer, transfer agent or registrar whose signature appears on any stock certificate shall have ceased to be such because of death, resignation or otherwise, before the certificate is issued, it may be issued by the Corporation with the same effect as if he or she had not ceased to be such at the date of its issue.

Section 6.02. Registered Shareholders. The Corporation shall be entitled to treat the registered holder of any share or shares as the holder thereof in fact and law and shall not be bound to recognize any equitable or other claim to, or interest in, such share or shares on the part of any other person, whether or not it shall have express or other notice thereof, save as otherwise expressly provided by statute.

Section 6.03. Transfers of Shares. Shares of the Corporation shall be transferred only on its books upon the surrender to the Corporation or its transfer agent of the stock certificate or certificates therefor duly endorsed by the person named therein, or accompanied by proper evidence of succession, assignment or authority to transfer such shares; *provided*, no transfers of shares shall be made while the books of the Corporation are closed against transfers as hereinafter provided in these Bylaws. Subject to Section 6.04 hereof, upon transfer the transaction shall be recorded upon the books of the Corporation.

Section 6.04. Restrictions on Transfer. Transfers of shares may be restricted in any lawful manner by law, or by contract if a copy of the contract is filed with the Corporation, provided that notice of the restrictions shall be typed or printed conspicuously on the stock certificate or in the equivalent notice with respect to an uncertificated security.

Section 6.05. Replacement of Certificates. The Board of Directors may direct a new stock certificate to be issued in place of any stock certificate theretofore issued by the Corporation and claimed to have been lost, destroyed or mutilated, upon the claimant's furnishing an affidavit of the facts and, if required by the Board of Directors, a bond of indemnity in such amount and in such form, with such surety thereon, as the Board may approve for the protection of the Corporation and its officers and agents.

ARTICLE VII
RECORD DATE

Section 7.01. Directors May Fix Record Date. The Board of Directors may fix a time prior to the date of any meeting of the shareholders as a record date for the determination of the

shareholders entitled to notice of, or to vote at, any such meeting, which time, except in the case of an adjourned meeting, shall be not more than ninety days prior to the date of the meeting of shareholders. Only the shareholders who are shareholders of record and entitled to vote on the date so fixed shall be entitled to notice of and to vote at such meeting notwithstanding any transfer of shares on the books of the Corporation after the record date so fixed. The Board of Directors may similarly fix a record date for the determination of shareholders of record for any other purpose. When a determination of shareholders of record has been made for purposes of a meeting, the determination shall apply to any adjournment thereof unless the Board fixes a new record date for the adjourned meeting.

Section 7.02. Determination When No Record Date Fixed. If a record date is not fixed by the Board of Directors, the record date for determining shareholders entitled to notice of or to vote at a meeting of shareholders shall be at the close of business on the day next preceding the day on which notice is given or, if notice is waived, at the close of business on the day immediately preceding the day on which the meeting is held. The record date for determining shareholders entitled to express consent or dissent to corporate action in writing without a meeting, when prior action by the Board of Directors is not necessary, shall be the day on which the first written consent or dissent is filed with the Secretary of the Corporation. The record date for determining shareholders for any other purpose shall be at the close of business on the date on which the Board of Directors adopts the resolution relating thereto.

Section 7.03. Certification By Nominee. The Board of Directors may adopt a procedure whereby a shareholder of the Corporation may certify in writing to the Corporation that all or a portion of the shares registered in the name of the shareholder are held for the account of a specified person or persons. The resolution of the Board may set forth (i) the classification of shareholder who may certify; (ii) the purpose or purposes for which the certification may be made, (iii) the form of certification and information to be contained therein; (iv) if the certification is with respect to a record date, the time after the record date within which the certification must be received by the Corporation; and (v) such other provisions with respect to the procedure as are deemed necessary or desirable. Upon receipt by the Corporation of a certification complying with the procedure, the persons specified in the certification shall be deemed, for the purposes set forth in the certification, to be the holders of record of the number of shares specified in place of the shareholder making the certification.

ARTICLE VIII
MISCELLANEOUS PROVISIONS

Section 8.01. Corporate Records. The Corporation shall keep complete and accurate books and records of account, minutes of the proceedings of the incorporators, shareholders and directors and a share register giving the names of the shareholders and showing their respective addresses, the number and classes of shares held by each. The share register shall be kept at either the registered office of the Corporation in the Commonwealth of Pennsylvania or at its principal place of business wherever situated or at the office of its registrar or transfer agent. Any books, minutes or other records may be in written form or any other form capable of being converted into written form within a reasonable time.

Section 8.02. Execution of Written Instruments. Any form of execution provided in the Articles of Incorporation or in these Bylaws notwithstanding, any note, mortgage, evidence of indebtedness, contract or other document or any assignment or endorsement thereof, executed and entered into between the Corporation and any other person, when signed by one or more officers or agents having actual or apparent authority to sign it, or by the Chief Executive Officer, the President or a Vice President and attested by the Secretary or the Treasurer or an Assistant Secretary or Assistant Treasurer, shall be held to have been properly executed for and in behalf of the Corporation. All checks, notes, drafts and orders for the payment of money shall be signed by such one or more officers or agents as the Board of Directors may from time to time designate. The affixation of the corporate seal shall not be necessary to the valid execution, assignment or endorsement by the Corporation of any instrument or other document. The Board of Directors may authorize from time to time any other officers or representatives of the Corporation to bind the Corporation contractually.

Section 8.03. Policy Contracts; Facsimile Signatures.

(a) Policy Contracts. Policies of insurance and contracts of annuity shall be subscribed with the manual or facsimile signature of the President and either the Secretary or the Treasurer.

(b) Facsimile Signatures. In the case of the death, retirement or removal from office of any officers whose facsimile signature is authorized to be used in connection with policy forms, checks, receipts or other instruments executed by the Corporation, such policy forms, checks, receipts or other instruments bearing the facsimile signature of such officer may nevertheless be issued during a period not exceeding six months from such date of death, retirement or removal.

Section 8.04. Telecommunications. One or more directors or shareholders may participate in a meeting of the Board or a committee of the Board, or of the shareholders by means of conference telephone or similar communications equipment by mean of which all persons participating in the meeting can hear each other. Participation in a meeting pursuant to this Section shall constitute presence in person at the meeting.

ARTICLE IX
INDEMNIFICATION OF DIRECTORS AND OFFICERS; PERSONAL LIABILITY

Section 9.01. Scope of Indemnification.

(a) General Rule. The Corporation shall indemnify an indemnified representative against any liability incurred in connection with any proceeding in which the indemnified representative may be involved as a party or otherwise by reason of the fact that such person is or was serving in an indemnified capacity, including, without limitation, liabilities resulting from any actual or alleged breach or neglect of duty, error, misstatement or misleading statement, negligence, gross negligence or act giving rise to strict or products liability except:

(1) Where such indemnification is expressly prohibited by applicable law;

(2) Where the conduct of the indemnified representative has been finally determined:

A. to constitute willful misconduct or recklessness within the meaning of 15 Pa.C.S. 513(b) and 1746(b) or any superseding provision of law sufficient in the circumstances to bar indemnification against liabilities arising from the conduct; or

B. to be based upon or attributable to the receipt by the indemnified representative from the Corporation of a personal benefit to which the indemnified representative is not legally entitled; or

C. to the extent such indemnification has been finally determined in a final adjudication to be otherwise unlawful.

(b) Partial Payment. If an indemnified representative is entitled to indemnification in respect of a portion, but not all, of any liabilities to which such person may be subject, the Corporation may indemnify such indemnified representative to the maximum extent for such portion of the liabilities.

(c) Presumption. The termination of a proceeding by judgment, order, settlement or conviction or upon a plea of nolo contendere or its equivalent shall not of itself create a presumption that the indemnified representative is not entitled to indemnification.

(d) Definitions. For purposes of this Article:

(1) "indemnified capacity" means any and all past, present and future service by an indemnified representative in one or more capacities as a director, officer, employee or agent of the Corporation, or, at the request of the Corporation, as a director, officer, employee, agent, fiduciary or trustee of another corporation, partnership, joint venture, trust, employee benefit plan or other entity or enterprise;

(2) "indemnified representative" means any and all directors and officers of the Corporation and any other person designated as an indemnified representative by the Board of Directors of the Corporation (which may, but need not include any person serving at the request of the Corporation, as a director, officer, employee, agent, fiduciary or trustee of another corporation, partnership, joint venture, trust, employee benefit plan or other entity or enterprise);

(3) "liability" means any damage, judgment, amount paid in settlement, fine, penalty, punitive damages, excise tax assessed with respect to an employee benefit plan, or cost or expense of any nature (including, without limitation, attorneys' fees and disbursements); and

(4) "proceeding" means any threatened, pending or completed action, suit, appeal or proceeding of any nature, whether civil, criminal, administrative or investigative, whether formal or informal, and whether brought by or in the right of the Corporation, a class of its members or otherwise.

Section 9.02. Proceedings Initiated by Indemnified Representatives. Notwithstanding any other provision of this Article, the Corporation shall not indemnify under this Article an

indemnified representative for any liability incurred in a proceeding initiated (which shall not be deemed to include counterclaims or affirmative defenses) or participated in as an intervenor or amicus curiae by the person seeking indemnification unless such initiation of or participation in the proceeding is authorized, either before or after its commencement, by the affirmative vote of a majority of the Directors in office. This Section does not apply to a reimbursement of expenses incurred in successfully prosecuting the rights of an indemnified representative granted by or pursuant to this Article.

Section 9.03. Advancing Expenses. The Corporation shall pay the expenses (including attorneys' fees and disbursements) incurred in good faith by an indemnified representative in advance of the final disposition of the proceeding described in Section 9.01 above and for those proceedings for which the initiation of or participation in which is authorized pursuant to Section 9.02 above upon receipt of an undertaking by or on behalf of the indemnified representative to repay the amount if it is ultimately determined that such person is not entitled to be indemnified by the Corporation pursuant to this Article. The financial ability of an indemnified representative to repay an advance shall not be a prerequisite to the making of such advance.

Section 9.04. Securing of Indemnification Obligations. To further effect satisfy or secure the indemnification obligations provided herein or otherwise, the Corporation may maintain insurance, obtain a letter of credit, act as self-insurer, create a reserve, trust, escrow, cash collateral or other fund or account enter into indemnification agreements, pledge or grant a security interest in any assets or properties of the Corporation, or use any other mechanism or arrangement whatsoever in such amounts, at such costs, and upon such other terms and conditions as the Board of Directors shall deem appropriate. Absent fraud, the determination of the Board of Directors with respect to such amounts, costs, terms and conditions shall be conclusive against all members, officers and directors and shall not be subject to voidability.

Section 9.05. Payment of Indemnification. An indemnified representative shall be entitled to indemnification with thirty (30) days after a written request for indemnification has been delivered to the secretary of the Corporation.

Section 9.06. Contribution. If the indemnification provided for in this Article or otherwise is unavailable for any reason in respect of any liability or portion thereof, the Corporation shall contribute to the liabilities to which the indemnified representative may be subject in such proportion as is appropriate to reflect the intent of this Article or otherwise.

Section 9.07. Mandatory Indemnification of Directors, Officers, Etc. To the extent that an authorized representative of the Corporation has been successful on the merits or otherwise in defense of any action or proceeding referred to in 15 Pa.C.S. 1741 or 1742 or in defense of any claim, issue or matter therein, such person shall be indemnified against expenses, including attorneys' fees and disbursements, actually and reasonably incurred by such person in connection therewith.

Section 9.08. Contract Rights; Amendment or Repeal. All rights under this Article shall be deemed a contract between the Corporation and the indemnified representative pursuant to which the Corporation and each indemnified representative intend to be legally bound. Any

repeal, amendment or modification hereof shall be prospective only and shall not affect any rights or obligations then existing.

Section 9.09. Scope of Article. The rights granted by this Article shall not be deemed exclusive of any other rights to which those seeking indemnification, contribution or advancement of expenses may be entitled under any statute, agreement, vote of shareholders or disinterested directors or otherwise both as to action in an indemnified capacity and as to action in any other capacity. The indemnification, contribution and advancement of expenses provided by or granted pursuant to this Article shall continue as to a person who has ceased to be an indemnified representative in respect of matters arising prior to such time, and shall inure to the benefit of the heirs, executors, administrators and personal representatives of such a person.

Section 9.10. Reliance on Provisions. Each person who shall act as an indemnified representative of the Corporation shall be deemed to be doing so in reliance upon the rights provided in this Article.

Section 9.11. Interpretation. The provisions of this Article are intended to constitute bylaws authorized by 15 Pa.C.S. 513 and 1746.

The foregoing right of indemnification shall not be exclusive of any other right to which such person shall be entitled as a matter of law.

Section 9.12. Personal Liability. To the fullest extent permitted by Pennsylvania law, as now in effect and as amended from time to time, a director or officer of the Corporation shall not be personally liable to the Corporation or its shareholders for any monetary damages for any action taken or any failure to take any action or for breach of any duty owed to the Corporation or its shareholders.

Section 9.13. Insurance. The Corporation shall have the right to purchase and maintain insurance on behalf of any director or officer against any expenses and liabilities incurred in any proceeding referred to above by reason of his or her being or having been such director or officer, whether or not the Corporation has the power to indemnify such person against such expenses and liabilities under the PABCL.

ARTICLE X
FISCAL YEAR

Section 10.01. Fiscal Year. The fiscal year of the Corporation shall end on December 31 of each year.

ARTICLE XI
AMENDMENT OF BYLAWS

Section 11.01. Amendments. The Board of Directors (but not a committee thereof), by the affirmative vote of a majority of the whole Board, shall have the power to alter, amend, and repeal these Bylaws at a regular or special meeting, regardless of whether the shareholders have

previously adopted the Bylaw being amended or repealed, subject to the power of the shareholders to change such action, provided that the Board of Directors shall not have the power to amend these Bylaws on any subject that is expressly committed to the shareholders by the express terms hereof, by Section 1504 of the PABCL or otherwise. Any change in these Bylaws shall take effect when adopted unless otherwise provided in the resolution effecting the change.

The Mutual Insurance Company of Lehigh County Conversion to Stock Form

Exhibit VI To Conversion Application Filed with the Pennsylvania Insurance Department:

Mutual Holding Company Articles and Bylaws

See Attached

ARTICLES OF INCORPORATION
OF
COMMUNITY HOLDINGS MANAGEMENT, INC.

FIRST: The name of the Corporation is Community Holdings Management, Inc.

SECOND: The location and post office address of the Corporation's registered office in this Commonwealth is 1047 Hamilton Street, Allentown, Pennsylvania 18101.

THIRD: The purpose of the Corporation is, and it shall have unlimited power to engage in and to do, any lawful act concerning any or all lawful business for which corporations may be incorporated under provisions of the Pennsylvania Business Corporation Law of 1988, the Act approved December 1988, P.L. 1444, as amended (the "PBCL").

FOURTH: The term of the Corporation's existence is perpetual.

FIFTH: The Corporation is a non-stock corporation organized under Chapter 21 (Non-Stock Corporations) of the PBCL, conducting business for the benefit of its members and desiring to incorporate for-profit. As a corporation organized on a non-stock basis, the Corporation is not authorized to create or issue shares.

SIXTH: Membership Interests.

(a) Each person who is a holder of an inforce policy of insurance issued by any insurance company that is a subsidiary of the Corporation (an "Insurance Company Subsidiary"), as provided by the records of an Insurance Company Subsidiary, shall automatically become a member of the Corporation (a "Member") and shall remain a Member so long as such person is a holder of at least one inforce insurance policy issued by an Insurance Company Subsidiary. Each Member shall be entitled to one vote at each meeting of the Members, regardless of the number of such policies or the amount of insurance such Member has with an Insurance Company Subsidiary.

(b) Membership shall automatically follow and shall not be severable from the insurance policy. Membership shall automatically terminate when a Member no longer owns an in-force insurance policy issued by an Insurance Company Subsidiary.

(c) Membership or any rights appertaining thereto or derived therefrom, shall not be conveyable, assignable, salable (including judicial sale), devisable, inheritable, transferrable, or alienable in any manner whatsoever, including transfer by operation of law.

(d) Membership or any rights appertaining thereto or derived therefrom, shall not be separate from the insurance policy, be subject to attachment, execution or levy, or be subject to a lien, mortgage, security interest or in any manner be used as collateral or otherwise be hypothecated.

(e) At an annual or special meeting of the Members and as provided by law, Members on the record date of such meeting shall have the right to vote as provided by these Articles of Incorporation and the Bylaws of the Corporation on any proposition submitted to vote.

(f) The Corporation shall not pay dividends or make other distributions or payments of income or profits to the Members, except as directed or approved by the Insurance Commissioner of the Commonwealth of Pennsylvania.

SEVENTH: Except as required by applicable law, the authority to make, amend, alter, change or repeal the Bylaws of the Corporation is hereby expressly and solely granted to and vested in the board of directors of the Corporation, subject always to the power of the Members to change such action by the affirmative vote of the Members of the Corporation entitled to cast at least sixty-six and two-thirds percent (66-⅔%) of the votes which all Members are entitled to cast, except that provisions of the Bylaws of the Corporation relating to limitations on directors' liabilities and indemnification of directors, officers and others may not be amended to increase the exposure to liability for directors or to decrease the indemnification of directors, officers and others except by the affirmative vote of sixty-six and two-thirds percent (66-⅔%) of the entire board of directors or by the affirmative vote of the Members of the Corporation entitled to cast at least eighty percent (80%) of the votes which all Members are entitled to cast.

EIGHTH: The Corporation reserves the right to amend, alter, change or repeal any provision contained in its Articles of Incorporation in the manner now or hereafter prescribed by statute and all rights conferred upon members and directors herein are hereby granted subject to this reservation; provided, however, that the provisions set forth in Article SEVENTH and this Article EIGHTH, inclusive, of these Articles of Incorporation may not be repealed, altered or amended, in any respect whatsoever, unless such repeal, alteration or amendment is approved by either (a) the affirmative vote of Members of the Corporation entitled to cast at least eighty percent (80%) of the votes which all Members of the Corporation are then entitled to cast or (b) the affirmative vote of eighty percent (80%) of the members of the board of directors of the Corporation and the affirmative vote of the Members of the Corporation entitled to cast at least a majority of the votes which all Members of the Corporation are then entitled to cast.

NINTH: A special meeting of the Members of the Corporation may be called only by: (i) the Chief Executive Officer, (ii) the Chairman of the Board, or (iii) the Board of Directors pursuant to a resolution adopted by a majority of the total number of directors.

IN TESTIMONY WHEREOF, the Incorporator has signed these Articles of Incorporation this _____ day of _____, 2016.

_____

Michael A. Yeager, President

COMMUNITY HOLDINGS MANAGEMENT, INC.

BYLAWS

Effective [ ], 2016

ARTICLE 1

MEMBERS

Section 1.1 Members. Each insurance policy issued by any insurance company subsidiary of Community Holdings Management, Inc. (the "Company"), or any predecessor of such insurance company subsidiary, that is in force shall represent a membership in the Company, and the holders of each such policy shall be members of the Company, entitled to cast a single vote on each matter that the members of the Company are entitled to vote. Such membership interest shall terminate upon the cancellation, nonrenewal or other termination of such insurance policy. Regardless of the number of policies held by a member, each member is entitled to only one vote on each matter presented to the members for their vote or approval. If there are two or more holders of a policy, a majority of the holders of such policy shall determine how such vote may be cast with respect to any matter presented to the members for their vote or approval.

Section 1.2 Annual Meetings of Members. The annual meeting of members of the Company shall be held no later than June 30 of each year at such time and place as directed by the board of directors.

Section 1.3 Special Meetings of Members. Special meetings of the members of the Company may be called at any time by the board of directors. The purpose of every special meeting shall be stated in the notice, and no business shall be transacted except such business as is specified in the notice.

Section 1.4 Quorum for Members' Meetings. There shall be at least ten members of the Company present in person or by proxy to constitute a quorum at any annual or special meeting.

Section 1.5 Notice of Meetings of Members. The Company shall give written notice to its members of the date, time and place of each annual and special meeting. The notice shall be given, either personally or by mail, no less than 10 nor more than 60 days before the date of the meeting unless the Pennsylvania Business Corporation Law (the "PBCL") requires a longer notice period.

Section 1.6 Voting at Meetings of Members. At all meetings of members, votes may be cast either personally or by written proxy executed by the member or his authorized attorney-in-fact. Proxies shall be filed with the Secretary of the Company before or at the time of the meeting. Jointly held memberships shall be entitled to one vote.

ARTICLE 2

DIRECTORS

Section 2.1 Number, Term and Qualifications of Directors. The management of the Company shall be vested in a board of directors of not less than seven (7) persons elected by the members at the annual meeting of the Company. Directors shall be elected for a term of one (1) year each and shall serve until their successors are elected and qualified. Directors may serve until they attain the age of 70 and shall automatically retire from the board of directors on their 70th birthday.

Section 2.2 Vacancies. Vacancies for unexpired terms of directors shall be filled by the board of directors.

Section 2.3 Duties of Directors. All corporate powers of the Company shall be exercised by, or under due authority of, and the business of the Company managed under the direction of the board of directors. The directors shall fix salaries of officers and directors, adopt bylaws, rules and regulations and generally be responsible for the policy-making of the Company. The board of directors shall approve an annual budget and establish policies that are calculated to promote short-term and long-range stability and business growth. The board of directors shall have the right, if it desires, to establish goals for growth and to plan and budget in terms of these goals. At each annual meeting of the members the directors shall cause to be submitted a report of the business of the Company for the preceding year.

Section 2.4 Meetings of the Board of Directors. The directors shall hold an annual meeting immediately after the annual meeting of the members, or at such other time as the directors may determine. The directors shall elect officers of the Company at the annual meeting. Additionally, the directors shall hold regular meetings at such place, either in or out of the Commonwealth of Pennsylvania, and at such times as the directors may from time to time determine. Special meetings of the board of directors may be held whenever called by the Chairman of the board of directors, President, or by a majority of the directors. Any business may be transacted at a special meeting. A majority of the directors in office shall constitute a quorum at any meeting of the board of directors.

Section 2.5 Notice of Meetings of Directors. Oral or written notice of each special meeting of the board of directors shall be given to each director by the President or by someone designated by the President not less than 24 hours prior to the time of the meeting. Notice of a special meeting may be waived by the directors and appearance at a meeting shall constitute a waiver unless the director appears specifically for the purpose of objecting to the meeting. Notice of a special meeting need not describe its purpose. No notice need be given of the regular meetings of the directors provided the same is held at the time and place then customary according to previous action of the board of directors. Notice need not be given as to the annual meeting of the board of directors if the same is held immediately after the annual meeting of the members. If held at another time, then notice of such annual meeting shall be given at least three days prior to the meeting.

Section 2.6 Participation Through Various Means of Communication. Directors may participate in a regular or a special meeting by, or conduct a meeting through the use of, any means of communication by which all directors may simultaneously hear each other during the meeting. A director participating in a meeting by this means is deemed to be present in person at the meeting.

Section 2.7 General Standards of Conduct for Directors. A director shall discharge his duties in accordance with his good faith judgment of the best interests of the Company. Unless a director has knowledge or information concerning the matter in question that makes reliance unwarranted, a director is entitled to rely on information, opinions, reports or statements, including financial statements and other financial data, if prepared or presented by:

1. One or more officers or employees of the Company whom the director believes, in good faith, to be reliable and competent in the matters presented;

2. Legal counsel, public accountants, or other persons as to matters the director believes, in good faith, are within the person's professional or expert competence; or

3. A committee of the board of directors of which he is not a member if the director believes, in good faith, that the committee merits confidence.

Section 2.8 Action Without Meeting. Any action required or permitted to be taken at a board of directors' meeting may be taken without a meeting if the action is taken by all of the members of the board of directors. The action shall be evidenced by one or more written consents stating the action taken, signed by each director either before or after the action taken, and included in the minutes or filed with the corporate records reflecting the action taken. Action taken under this provision becomes effective when the last director signs the consent, unless the consent specifies a different effective date, in which event the action taken is effective as of the date specified provided the consent states the date of execution by each director. A consent signed under this section has the effect of a meeting vote and may be described as such in any document.

Section 2.9 Director Conflicts of Interests. A conflict of interest transaction is one with the Company in which a director has either a direct or indirect personal interest. A conflict of interest transaction shall not be voidable by the Company solely because of a director's interest in the transaction if any one of the following is true:

1. The material facts of the transaction and the director's interest were disclosed or known to the board of directors or a committee of the board of directors and the board of directors or the committee authorized, approved or ratified the transaction; or

2. The material facts of the transaction and the director's interest were disclosed to the members entitled to vote and the members authorized, approved or ratified the transaction; or

3. The transaction was fair to the Company.

Section 2.10 Definition of Indirect Personal Interest. A director of the Company shall be deemed to have an indirect personal interest in a transaction if (a) another entity in which the director has a material financial interest or in which he is a general partner is a party to the transaction, or (b) another entity of which he is a director, an officer or a trustee is a party to the transaction and the transaction is or should be considered by this board of directors. A vote or consent of an entity in which the director has an interest is deemed a vote or consent of the director.

Section 2.11 Approval of Conflict of Interest Transaction. In instances where the material facts of the transaction and the director's interest were disclosed or known to the board of directors or a committee of the board of directors, the transaction will be deemed authorized, approved or ratified if it receives the affirmative vote of a majority of the directors on the board of directors, or on the committee, who have no direct or indirect personal interest in the transaction. Such a transaction may not, however, be authorized, approved or ratified by a single director. If a majority of the directors who have no direct or indirect personal interest in the transaction vote to authorize, approve or ratify the transaction, all quorum requirements will be deemed met for purposes of taking action under this bylaw.

ARTICLE 3

OFFICERS

Section 3.1 Title, Term and Qualifications.

(a) Principal Officers. The board of directors shall at its annual meeting elect the officers of the Company. The officers shall be a Chairman of the board of directors, a President (also interchangeably referred to as the "Chief Executive Officer"), one or more Vice Presidents, one or more of whom may be named an Executive Vice President or Senior Vice President if the board of directors deems advisable, a Secretary, a Treasurer, and a Chief Financial Officer. The board of directors may also elect such additional officers as it deems appropriate.

(b) Assistant Officers. The President may appoint assistant officers subordinate to those appointed under paragraph (a) of this section.

(c) Directors of the Company. The President and Chairman of the board of directors must be directors, but the other officers and assistant officers need not be directors.

(d) Term. Officers shall be elected for a term of one year, but shall hold such office only at the pleasure of the board of directors. Assistant officers appointed by the President under paragraph (b) of this section shall hold office at the pleasure of the President.

(e) Multiple offices. Any two or more offices may be held by the same person.

Section 3.2 Vacancies. Vacancies for unexpired terms of officers shall be filled by the board of directors. In the event of resignation of an officer made effective at a later date and

accepted by the Company, the directors may fill the pending vacancy before the effective date, but the successor shall not take office until such effective date.

Section 3.3 Duties of the Chairman of the Board of Directors. The Chairman of the board of directors shall be a link between the board of directors and management of the Company. He shall serve as chairman of and preside at the meetings of the board of directors and shall perform such other duties as may be assigned to him from time to time by the directors. By reason of his office he shall have the right to attend all meetings of committees, but shall have no vote unless designated as a voting member of such committee by the board of directors.

Section 3.4 Duties of the President. The President shall be the Chief Executive Officer of the Company, and shall have general management and control of the business and affairs of the Company, subject to the policies established by the board of directors. The President shall keep the board of directors informed of major issues and developments that affect the Company and of management's position and plans with regard to these issues. He shall, when appropriate, engage the board of directors in a discussion of such issues and developments while management's position and plans are still being developed. He shall respond to board of directors and committee requests for information. In addition, he shall provide for officers and employees of the Company to respond on their own behalf, as well as his, in accordance with a policy communicated to the organization. He shall cooperate with the Chairman of the board of directors in developing board of directors and committee meeting schedules and agendas that meet the needs of the board of directors and of management. He shall maintain with the Chairman of the board of directors a mutual communication system to meet each other's needs. The President shall perform generally such other duties as may be delegated to him by the board of directors.

Section 3.5 Duties of Vice Presidents. Vice Presidents of the Company shall perform such tasks as may be assigned to them by the board of directors or the President. Vice Presidents may be assigned duties as heads of departments, and in such event their work and effort shall be concentrated in that field according to guidelines established by the board of directors, or in the absence of board of directors policy, by the President, reporting, unless otherwise specified, to the President of the Company. Vice Presidents shall attend regular sessions of meetings of the board of directors and shall attend meetings of committees at the request of the chairman of any such committee.

Section 3.6 Duties of the Secretary. The Secretary shall have responsibility for preparing and maintaining custody of minutes of meetings of the directors and members and for authenticating records of the Company. The Secretary shall further perform such duties as are assigned by the board of directors or the President. The Secretary shall attend all regular sessions of meetings of the board of directors and shall attend meetings of committees at the request of the chairman of any such committee. The Secretary shall cause to be kept the minutes of all committee meetings attended by him.

Section 3.7 Duties of the Treasurer. The Treasurer shall receive, safely keep and in keeping with policies established or condoned by the board of directors disburse Company funds, keep such appropriate and accurate books and accounts as are necessary to show in detail all matters handled by him. Additionally, he shall have such powers and perform such other duties

as are usually exercised and performed by the Treasurer of a business corporation or as may be assigned to him by the board of directors or by the President. He shall attend all regular sessions of meetings of the board of directors and shall attend meetings of committees at the request of the chairman of any such committee.

Section 3.8 Duties of the Chief Financial Officer. The Chief Financial Officer shall have responsibility for monitoring, evaluating and reporting on the financial performance and condition of the Company. The Chief Financial Officer further shall develop and review with the board of directors short and long-range financial forecasts that will assure the long-term financial soundness and solvency of the Company. The Chief Financial Officer shall take appropriate action to cause all corporate level financial and regulatory reports to be duly filed in accordance with applicable laws and regulations and shall be responsible for monitoring the Company's investment portfolio, including the placement of investments in accordance with directions from the board of directors and the Company's investment policy.

Section 3.9 Duties of Other Officers. Other officers of the Company shall have and perform such duties as are assigned to them by the board of directors or by the President.

Section 3.10 Facsimile Signatures. Any officer's signature may be by facsimile except on negotiable instruments, provided that signatures on checks may also be by facsimile within limits and safeguards approved by management.

ARTICLE 4

COMMITTEES

Section 4.1 Standing Committees. There shall be three standing committees consisting of the Audit Committee, the Nominating and Corporate Governance Committee, and the Compensation Committee. Each of these committees shall consist of at least three persons, all of whom are appointed by the board of directors. Each committee shall have a chairman selected by its members. The members of each standing committee shall serve a one-year term. Members and chairmen are eligible for reappointment or reelection. No person may serve as chairman of more than one standing committee. All meetings of these committees shall be held with no less than 24 hours' notice, either oral or written, given to each member. The chairman of each committee shall provide a report to the board of directors summarizing issues addressed and action taken or recommended by the committee. A majority of the members of each committee shall constitute a quorum of that committee.

Section 4.2 Audit Committee. The Audit Committee shall meet at least quarterly. It shall recommend to the board of directors the appointment of a firm of independent public accountants (the "auditors") to audit the accounts of the Company. It shall oversee the activities of the auditor, shall review matters associated with financial reporting and internal controls and shall, if requested by the board of directors, submit reports to the board of directors concerning the audit.

Section 4.3 Compensation Committee. The Compensation Committee shall meet at least quarterly. It shall have the responsibility of providing general oversight for the Company's

compensation program, including salaries and benefits and specific compensation recommendations for officers and senior managers. It shall further have oversight and responsibility for the development and implementation of incentive compensation programs for management. It shall conduct performance appraisals, as requested, of the President.

Section 4.4 Nominating and Corporate Governance Committee. The Nominating and Corporate Governance Committee shall meet at least quarterly. It shall have the responsibility for providing general oversight for corporate governance matters including the development and implementation of the appropriate governance policies and procedures to assure that the board of directors is appropriately constituted and equipped to meet its fiduciary obligations to policyholders. The Nominating and Corporate Governance Committee shall nominate candidates for election as director and shall make recommendations to the board of directors with respect to qualifications of directors.

Section 4.5 Other Committees. The board of directors may appoint special committees whose membership is selected by a majority of the board of directors. These committees so constituted and appointed shall serve at the pleasure of the board of directors and shall, through the chairman of each, from time to time report to and advise the board of directors within the committee's particular area of responsibility and interest. The board of directors may provide, by resolution applicable to all such special committees, for the organization and conduct of the business of the committees.

Section 4.6 Changes in Committee Membership; Filling of Vacancies. The board of directors may remove any member from any committee. Any vacancy in a committee shall be filled by appointment by the board of directors. The board of directors may, at any time, discharge any committee except a standing committee.

Section 4.7 Action of Committees Without a Meeting. Any action required or permitted to be taken by a committee of the board of directors may be taken without a meeting if all members of the committee consent to the action in writing either before or after the action is taken and the writing or writings evidencing such consent are filed with the minutes of proceedings of such committee. For all purposes of these bylaws, any such consent shall constitute a resolution duly passed by such committee.

Section 4.8 General Action of Committees. Any committee established under these bylaws shall have the right to examine all reports that are relevant to its work made by the Company or a subsidiary to regulatory authorities and of examinations of the Company or any of its subsidiaries made by regulatory authorities.

ARTICLE 5

INDEMNIFICATION OF OFFICERS, DIRECTORS AND EMPLOYEES

Section 5.1 Scope of Indemnification.

(a) **General Rule**. The Corporation shall indemnify an indemnified representative against any liability incurred in connection with any proceeding in which the indemnified representative may be involved as a party or otherwise by reason of the fact that such person is or

was serving in an indemnified capacity, including, without limitation, liabilities resulting from any actual or alleged breach or neglect of duty, error, misstatement or misleading statement, negligence, gross negligence or act giving rise to strict or products liability except:

(i) Where such indemnification is expressly prohibited by applicable law;

(ii) Where the conduct of the indemnified representative has been finally determined:

A. to constitute willful misconduct or recklessness within the meaning of 15 Pa.C.S. 513(b) and 1746(b) or any superseding provision of law sufficient in the circumstances to bar indemnification against liabilities arising from the conduct; or

B. to be based upon or attributable to the receipt by the indemnified representative from the Corporation of a personal benefit to which the indemnified representative is not legally entitled; or

C. to the extent such indemnification has been finally determined in a final adjudication to be otherwise unlawful.

(b) **Partial Payment**. If an indemnified representative is entitled to indemnification in respect of a portion, but not all, of any liabilities to which such person may be subject, the Corporation may indemnify such indemnified representative to the maximum extent for such portion of the liabilities.

(c) **Presumption**. The termination of a proceeding by judgment, order, settlement or conviction or upon a plea of nolo contendere or its equivalent shall not of itself create a presumption that the indemnified representative is not entitled to indemnification.

(d) **Definitions**. For purposes of this Article:

(i) "indemnified capacity" means any and all past, present and future service by an indemnified representative in one or more capacities as a director, officer, employee or agent of the Corporation, or, at the request of the Corporation, as a director, officer, employee, agent, fiduciary or trustee of another corporation, partnership, joint venture, trust, employee benefit plan or other entity or enterprise;

(ii) "indemnified representative" means any and all directors and officers of the Corporation and any other person designated as an indemnified representative by the Board of Directors of the Corporation (which may, but need not include any person serving at the request of the Corporation, as a director, officer, employee, agent, fiduciary or trustee of another corporation, partnership, joint venture, trust, employee benefit plan or other entity or enterprise);

(iii) "liability" means any damage, judgment, amount paid in settlement, fine, penalty, punitive damages, excise tax assessed with respect to an employee benefit plan,

or cost or expense of any nature (including, without limitation, attorneys' fees and disbursements); and

(iv) "proceeding" means any threatened, pending or completed action, suit, appeal or proceeding of any nature, whether civil, criminal, administrative or investigative, whether formal or informal, and whether brought by or in the right of the Corporation, a class of its members or otherwise.

Section 5.2 Proceedings Initiated by Indemnified Representatives. Notwithstanding any other provision of this Article, the Corporation shall not indemnify under this Article an indemnified representative for any liability incurred in a proceeding initiated (which shall not be deemed to include counterclaims or affirmative defenses) or participated in as an intervenor or amicus curiae by the person seeking indemnification unless such initiation of or participation in the proceeding is authorized, either before or after its commencement, by the affirmative vote of a majority of the Directors in office. This Section does not apply to a reimbursement of expenses incurred in successfully prosecuting the rights of an indemnified representative granted by or pursuant to this Article.

Section 5.3 Advancing Expenses. The Corporation shall pay the expenses (including attorneys' fees and disbursements) incurred in good faith by an indemnified representative in advance of the final disposition of the proceeding described in Section 5.01 above and for those proceedings for which the initiation of or participation in which is authorized pursuant to Section 5.02 above upon receipt of an undertaking by or on behalf of the indemnified representative to repay the amount if it is ultimately determined that such person is not entitled to be indemnified by the Corporation pursuant to this Article. The financial ability of an indemnified representative to repay an advance shall not be a prerequisite to the making of such advance.

Section 5.4 Securing of Indemnification Obligations. To further effect satisfy or secure the indemnification obligations provided herein or otherwise, the Corporation may maintain insurance, obtain a letter of credit, act as self-insurer, create a reserve, trust, escrow, cash collateral or other fund or account enter into indemnification agreements, pledge or grant a security interest in any assets or properties of the Corporation, or use any other mechanism or arrangement whatsoever in such amounts, at such costs, and upon such other terms and conditions as the Board of Directors shall deem appropriate. Absent fraud, the determination of the Board of Directors with respect to such amounts, costs, terms and conditions shall be conclusive against all members, officers and directors and shall not be subject to voidability.

Section 5.5 Payment of Indemnification. An indemnified representative shall be entitled to indemnification with thirty (30) days after a written request for indemnification has been delivered to the secretary of the Corporation.

Section 5.6 Contribution. If the indemnification provided for in this Article or otherwise is unavailable for any reason in respect of any liability or portion thereof, the Corporation shall contribute to the liabilities to which the indemnified representative may be subject in such proportion as is appropriate to reflect the intent of this Article or otherwise.

Section 5.7 Mandatory Indemnification of Directors, Officers, Etc. To the extent that an authorized representative of the Corporation has been successful on the merits or otherwise in defense of any action or proceeding referred to in 15 Pa.C.S. 1741 or 1742 or in defense of any claim, issue or matter therein, such person shall be indemnified against expenses, including attorneys' fees and disbursements, actually and reasonably incurred by such person in connection therewith.

Section 5.8 Contract Rights; Amendment or Repeal. All rights under this Article shall be deemed a contract between the Corporation and the indemnified representative pursuant to which the Corporation and each indemnified representative intend to be legally bound. Any repeal, amendment or modification hereof shall be prospective only and shall not affect any rights or obligations then existing.

Section 5.9 Scope of Article. The rights granted by this Article shall not be deemed exclusive of any other rights to which those seeking indemnification, contribution or advancement of expenses may be entitled under any statute, agreement, vote of Members or disinterested directors or otherwise both as to action in an indemnified capacity and as to action in any other capacity. The indemnification, contribution and advancement of expenses provided by or granted pursuant to this Article shall continue as to a person who has ceased to be an indemnified representative in respect of matters arising prior to such time, and shall inure to the benefit of the heirs, executors, administrators and personal representatives of such a person.

Section 5.10 Reliance on Provisions. Each person who shall act as an indemnified representative of the Corporation shall be deemed to be doing so in reliance upon the rights provided in this Article.

Section 5.11 Interpretation. The provisions of this Article are intended to constitute bylaws authorized by 15 Pa.C.S. 513 and 1746. The foregoing right of indemnification shall not be exclusive of any other right to which such person shall be entitled as a matter of law.

Section 5.12 Personal Liability. To the fullest extent permitted by Pennsylvania law, as now in effect and as amended from time to time, a director or officer of the Corporation shall not be personally liable to the Corporation or its Members for any monetary damages for any action taken or any failure to take any action or for breach of any duty owed to the Corporation or its Members.

Section 5.13 Insurance. The Corporation shall have the right to purchase and maintain insurance on behalf of any director or officer against any expenses and liabilities incurred in any proceeding referred to above by reason of his or her being or having been such director or officer, whether or not the Corporation has the power to indemnify such person against such expenses and liabilities under the PBCL.

ARTICLE 6

CHANGE OF ADDRESS

Section 6.1 Change of Address of Member. Any member acquiring a post office address, e-mail address or facsimile number other than that shown on the Company records shall immediately notify the Company in writing in a reasonably acceptable manner (including by post, express courier, e-mail or facsimile) of such new address or number. Until receipt of such notice the Company may treat the last post office address, e-mail address or facsimile number shown on its records as the correct address or number of the member.

ARTICLE 7

MISCELLANEOUS

Section 7.1 Audits. At least once a year the board of directors shall secure a certified audit of the books and accounts of the Company with a written report. A condensed version of such report or the information contained in the report shall be submitted to the members of the Company at the annual meeting. Any member may obtain a copy of the entire report upon request.

Section 7.2 The Seal. The seal of the Company, if any, shall bear the words the name of the Company and the year of its incorporation and the word "Pennsylvania."

Section 7.3 Amendment of Bylaws. These bylaws may be amended by the board of directors. In the event of amendment by the board of directors, the notice of intention to amend the bylaws shall be given in the notice of the meeting.

The Mutual Insurance Company of Lehigh County Conversion to Stock Form

Exhibit VII
To
Conversion Application Filed with the Pennsylvania Insurance Department:

Rosters of Directors and Officers

See Attached

COMMUNITY INSURANCE COMPANY
(SUCCESSOR TO THE MUTUAL INSURANCE COMPANY OF LEHIGH COUNTY
AND
CLEARFIELD COUNTY GRANGE MUTUAL
FIRE INSURANCE COMPANY)

CONVERSION APPLICATION WITH THE
PENNSYLVANIA INSURANCE DEPARTMENT

EXHIBIT VII
ROSTER OR DIRECTORS AND OFFICERS

PART A – COMMUNITY HOLDINGS MANAGEMENT, INC.

DIRECTORS	
Mark J. Keyser	**Chairman and Director**
Richard E. Bauer	**Director**
Brian K. Bollinger	**Director**
James J. Gardner	**Director**
Randall L. Guthrie	**Director**
Robert E. Myers, Jr.	**Director**
Matthew A. Schnader	**Director**
Mark R. Werkley	**Director**
Michael A. Yeager	**Director**
OFFICERS	**Position**
Michael A. Yeager	**President**
James J. Gardner, Jr.	**Executive Vice President and Secretary**
Keith A. Ulsh	**Treasurer**

PART B – CHARTER LANE HOLDINGS, LLC

DIRECTORS	
Mark J. Keyser	**Chairman and Director**
Richard E. Bauer	**Director**
Brian K. Bollinger	**Director**
James J. Gardner	**Director**
Randall L. Guthrie	**Director**
Robert E. Myers, Jr.	**Director**
Matthew A. Schnader	**Director**
Mark R. Werkley	**Director**
Michael A. Yeager	**Director**
OFFICERS	**Position**
Michael A. Yeager	**President**
James J. Gardner, Jr.	**Executive Vice President and Secretary**
Keith A. Ulsh	**Treasurer**

PART C – COMMUNITY INSURANCE COMPANY

DIRECTORS	
John E. Freund III	Director
Bruce Jackson	Director
Thomas C. Reichl	Director
William P. Reiss	Director
Frederick G. Rummel	Director
Anthony G. Stellar	Director
Michael A. Yeager	Director
OFFICERS	**Position**
Michael A. Yeager	President
James J. Gardner, Jr.	Executive Vice President and Secretary
Keith A. Ulsh	Treasurer

The Mutual Insurance Company of Lehigh County Conversion to Stock Form

Exhibit VIII To Conversion Application Filed with the Pennsylvania Insurance Department:

Merger Agreement and Intermediate Holding Company Documents

See Attached

AGREEMENT AND PLAN OF MERGER

This Agreement and Plan of Merger (the "**Agreement**") is dated as of May 2, 2016, by and among The Mutual Insurance Company of Lehigh County, a Pennsylvania mutual insurance company ("**Lehigh**"), Clearfield County Grange Mutual Fire Insurance Company, a Pennsylvania mutual insurance company ("**Clearfield**"), Community Holdings Management, Inc., a Pennsylvania nonstock corporation (**Community Holdings**"), and Charter Lane Holdings LLC (the "**Company**" and, collectively with Lehigh, Clearfield and Community Holdings, the "**Parties**").

RECITALS

WHEREAS, Lehigh has adopted a Plan of Conversion from Mutual to Stock Organization and Formation of Mutual Holding Company pursuant to which Lehigh will convert from a mutual insurance company to a stock insurance company and issue all of its authorized shares of common stock to Community Holdings (the "Lehigh Conversion");

WHEREAS, Clearfield has adopted a Plan of Conversion from Mutual to Stock Organization and Formation of Mutual Holding Company pursuant to which Clearfield will convert from a mutual insurance company to a stock insurance company and issue all of its authorized shares of common stock to Community Holdings (the "Clearfield Conversion," and collectively with the Lehigh Conversion, the "Conversions");

WHEREAS, the Company is a wholly owned subsidiary of Community Holdings and Community Holdings intends to contribute to the Company all of the shares of common stock of Lehigh and Clearfield that are issued to Community Holdings in connection with the Conversions;

WHEREAS, the respective Boards of Directors of Lehigh, Clearfield, Community Holdings and the Company have adopted this Agreement and the transaction contemplated therein, in each case after making a determination that this Agreement and such transaction are advisable and fair to, and in the best interests of, their respective corporation and its shareholders;

WHEREAS, pursuant to the transactions contemplated by this Agreement and on the terms and subject to the conditions set forth herein, Clearfield, in accordance with Section 1921(a) of the Pennsylvania Business Corporation Law of 1988, as amended (the "**BCL**"), will merge with and into Lehigh, with Lehigh as the surviving corporation (the "**Merger**");

WHEREAS, for United States federal income tax purposes, the Parties intend to the fullest extent applicable that the Merger qualify as a tax-free reorganization within the meaning of Section 368(a) of the Internal Revenue Code of 1986, as amended; and

WHEREAS, the Parties desire to enter into the transactions contemplated by this Agreement.

NOW, THEREFORE, in consideration of the mutual covenants, terms and conditions set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties, intending to be legally bound, agree as follows:

ARTICLE I: DEFINITIONS

1.1. Defined Terms. As used in this Agreement, the following terms have the following meanings:

"**Agreement**" has the meaning set forth in the **Preamble**.

"**BCL**" has the meaning set forth in the **Recitals**.

"**Charter Lane**" has the meaning set forth in **Section 5.5.**

"**Clearfield**" has the meaning set forth in the **Preamble**.

"**Clearfield Common Stock**" has the meaning set forth in **Section 4.1(a)**.

"**Company**" has the meaning set forth in the **Preamble**.

"**Community Holdings**" has the meaning set forth in the **Preamble.**

"**Conversions**" has the meaning set forth in the **Preamble**.

"**Effective Time**" means the date and time upon which the Merger contemplated by this Agreement will be effective, subject to the approval of the shareholders of the Parties as set forth in **Section 3.4**, which shall be at the time and on the date that a statement of merger is filed with the Secretary of State of the Commonwealth of Pennsylvania or at such later time and date as specified in the articles of merger.

"**Lehigh**" has the meaning set forth in the **Preamble**.

"**Merger**" has the meaning set forth in the **Recitals**.

"**Parties**" has the meaning set forth in the **Preamble**.

"**Surviving Corporation**" has the meaning set forth in **Section 3.1**.

1.2. Other Terms. Any other terms defined herein have the meaning given to them herein.

ARTICLE II: CONTRIBUTION OF SHARES

2.1. Contribution of Shares to the Company. Community Holdings agrees that (a) upon consummation of the Lehigh Conversion, Community Holdings will promptly contribute to the Company all of the shares of common stock of Lehigh issued to Community Holdings, and (b) upon consummation of the Clearfield Conversion, Community Holdings will promptly

contribute to the Company all of the shares of common stock of Clearfield issued to Community Holdings.

2.2. Voting of Shares. The Company agrees to vote all of the shares of Lehigh and Clearfield contributed to the Company pursuant to Section 2.1 in favor of the Merger.

ARTICLE III: MERGER

3.1. Merger. Upon the terms and subject to the conditions set forth in this Agreement, and in accordance with the BCL, Clearfield shall be merged with and into Lehigh as of the Effective Time. Following the Effective Time, the separate corporate existence of Clearfield shall cease and Lehigh shall be the surviving corporation (the "**Surviving Corporation**"). The effects and consequences of the Merger shall be as set forth in this Agreement and the BCL.

3.2. Organizational Documents. The bylaws of Lehigh in effect at the Effective Time shall be the bylaws of the Surviving Corporation until thereafter amended as provided therein or by the BCL, and the articles of incorporation of Lehigh in effect at the Effective Time shall be the articles of incorporation of the Surviving Corporation until thereafter amended as provided therein or by the BCL. In connection with the Merger, Lehigh will amend its articles of incorporation to change its name to "Community Insurance Company."

3.3. Board of Directors and Officers.

(a) The directors of Lehigh immediately prior to the Effective Time shall be the directors of the Surviving Corporation from and after the Effective Time and shall hold office until the earlier of their respective death, resignation or removal or until their respective successors are duly elected or appointed and qualified in the manner provided for in the articles of incorporation and bylaws of the Surviving Corporation or as otherwise provided by the BCL.

(b) The directors of Clearfield immediately prior to the Effective Time shall be directors of the Company and Community Holdings Management Inc. from and after the Effective Time and shall hold office until the earlier of their respective death, resignation or removal or until their respective successors are duly elected or appointed and qualified in the manner provided for in the articles of incorporation and bylaws of the Company or as otherwise provided by the BCL. Mark Keyser shall be elected as the Chairman of the board of directors of the Company and Community Holdings Management Inc.

(c) The board of directors of the Surviving Corporation shall cause the following persons to be elected as officers of the Surviving Corporation immediately after the Effective Time. Such persons shall hold such offices until the earlier of their respective death, resignation or removal or until their respective successors are duly elected or appointed by the board of directors of the Surviving Corporation:

Michael A. Yeager	President
James J. Gardner, Jr.	Executive Vice President and Secretary

Keith Ulsh Treasurer

3.4. Shareholder Approval. The consummation of the Merger is subject to (i) approval of this Agreement and the Merger contemplated hereby by the shareholders of each of Clearfield and Lehigh, and (ii) receipt of any required approval of the Merger by the Pennsylvania Insurance Department.

ARTICLE IV: CANCELLATION OF SHARES

4.1. Cancellation of Shares. At the Effective Time, by virtue of the Merger and without any action on the part of Lehigh, Clearfield, or the holders of shares of capital stock of Clearfield:

(a) Each share of common stock of Clearfield, par value $5.00 per share ("**Clearfield Common Stock**"), issued and outstanding immediately prior to the Effective Time shall automatically be canceled and retired and will cease to exist, and no consideration will be delivered in exchange for such shares; and

(b) Each share of capital stock of Lehigh issued and outstanding immediately prior to the Effective Time shall remain outstanding following the consummation of the Merger.

4.2. Effect. Upon the Effective Time, (a) Lehigh, without further act, deed or other transfer, shall retain or succeed to, as the case may be, and possess and be vested with all the rights, privileges, immunities, powers, franchises and authority, of a public as well as of a private nature, of Clearfield; (b) all property of every description and every interest therein, and all debts and other obligations of or belonging to or due to Clearfield shall thereafter be deemed to be held by or transferred to, as the case may be, or invested in Lehigh without further act or deed; (c) title to any real estate, or any interest therein vested in Clearfield, shall not revert or in any way be impaired by reason of the Merger; and (d) all of the rights of creditors of Clearfield shall be preserved unimpaired, and all liens upon the property of Clearfield shall be preserved unimpaired, and all debts, liabilities, obligations and duties of Clearfield shall thenceforth be debts, liabilities, obligations and duties of Lehigh and may be enforced against it to the same extent as if it had incurred or contracted all such debts, liabilities, obligations and duties.

ARTICLE V: COVENANTS OF THE PARTIES

The Parties covenant and agree as follows and covenant and agree to take all such actions as may be legal and necessary to cause the following to occur:

5.1. Location of Principal Office. The location of the principal executive office of the Surviving Corporation shall be in the Allentown, Pennsylvania geographic area.

5.2. Lehigh Employees. Each of the employees of Lehigh on the day immediately preceding the Effective Date shall be employees of the Surviving Corporation on the Effective Date and immediately thereafter. The Surviving Corporation shall provide such employees with

the same level of compensation and the same employee benefits as were provided to such employees by Lehigh immediately prior to the Effective Date.

5.3. Duties of Officers and Employees of the Surviving Corporation. The duties and responsibilities of the officers and employees of the Surviving Corporation after the Effective Date shall be as follows:

Position	Duties and Responsibilities
Chairman	Strategic Planning and Capital Management
President	Day to day operations and Strategic Planning
Secretary	Development of new products; special projects; operational management succession
Employees	Same as responsibilities prior to the Effective Date

5.4. Employment Agreements. The existing employment agreement between Clearfield and James J. Gardner, Jr. shall be assumed by the Surviving Corporation. The Surviving Corporation and Michael A. Yeager shall enter into an employment agreement in the form of Exhibit A attached hereto and incorporated into this Agreement by reference thereto.

5.5. Charter Lane Consulting. Any existing agreements between Lehigh and Charter Lane Consulting LLC ("**Charter Lane**") and between Clearfield and Charter Lane shall be assumed by and become obligations of the Surviving Corporation.

5.6. Agreements with Outside Service Providers. Existing agreements between Clearfield and outside service providers and Lehigh and outside service providers will be treated by the Surviving Corporation in the following manner.

(a) IT Services. The agreement under which Lehigh provides IT services to Clearfield shall be terminated on the Effective Date.

(b) Reinsurance. The Surviving Corporation shall adopt the reinsurance agreements to which Lehigh is a party and shall take all actions necessary to maintain or amend such reinsurance agreements as the board of directors of the Surviving Corporation shall deem necessary.

(c) Investments. The Surviving Corporation shall retain the investment manager and custodian used by Lehigh as of the Effective Date with respect to the investment portfolio of Lehigh. Such investment manager shall be responsible for the management of the investment portfolio of the Surviving Corporation after the Effective Date. The Surviving Corporation shall cause the custody of the investments of Clearfield to be transferred to the custodian used by Lehigh as soon as practical after the Effective Date.

(d) Audit. The Surviving Corporation shall request proposals from independent certified public accounting firms that are experienced in auditing property and casualty insurance companies regarding auditing the financial statements of the Surviving Corporation for the year ending December 31, 2016.

(e) Actuarial Services. The Surviving Corporation shall appoint the independent actuary for Clearfield as the independent actuary of the Surviving Corporation for the year ending December 31, 2016.

(f) Banking Services. The Surviving Corporation shall maintain all of the banking relationships of both Clearfield and Lehigh that exist on the day immediately preceding the Effective Date.

(g) Employee Benefits. The Surviving Corporation shall maintain the employee benefit plans of Lehigh existing on the Effective Date.

5.7. Future Changes. After consideration by and with the approval of its board of directors, the Surviving Corporation shall have the right to (i) terminate or amend any employee benefits provided by the Surviving Corporation after the Effective Date, (ii) terminate, modify or fail to renew any contractual relationships with outside service providers described in Section 5.6, and (iii) request proposals from any outside service provider for any of the services described in Section 5.6 upon the termination or nonrenewal of any contract or other agreement for such services. No provision of this Agreement shall be deemed to grant any employee of any of the Parties a right to employment by the Surviving Corporation.

ARTICLE VI: OTHER PROVISIONS

6.1. Notices. All notices, requests, consents, claims, demands, waivers and other communications hereunder shall be in writing and shall be deemed to have been given (a) when delivered by hand (with written confirmation of receipt); (b) when received by the addressee if sent by a nationally recognized overnight courier (receipt requested); (c) on the date sent by e-mail of a PDF document (with confirmation of transmission) if sent during normal business hours of the recipient, and on the next business day if sent after normal business hours of the recipient; or (d) on the third business day after the date mailed, by United States certified or registered mail, return receipt requested, postage prepaid. Such communications must be sent to the respective Parties at the following addresses (or at such other address for a Party as shall be specified in a notice given in accordance with this Section 6.1):

If to Lehigh, to:

The Mutual Insurance Company of Lehigh County
1047 Hamilton Street
Allentown, PA 18101
Email: myeager@lehighmutual.com
Attention: Michael Yeager

If to Clearfield, to:

Clearfield County Grange Mutual Fire Insurance Company
1214 South 2nd Street
Clearfield, PA 16830

Email: jgardner@hanoverfire.com
Attention: James Gardner

If to the Company, to: Charter Lane Holdings LLC
805 Estelle Drive
Lancaster, PA 17601
Email: mkeyser22@comcast.net
Attention: Mark Keyser

or to such other persons, addresses or facsimile numbers as may be designated in writing by the person entitled to receive such communication as provided above.

6.2. Entire Agreement. This Agreement constitutes the sole and entire agreement of the Parties to this Agreement with respect to the subject matter contained herein and therein, and supersedes all prior and contemporaneous understandings, representations and warranties and agreements, both written and oral, with respect to such subject matter.

6.3. Successor and Assigns. This Agreement shall be binding upon and shall inure to the benefit of the Parties hereto and their respective successors and assigns.

6.4. Headings. The headings in this Agreement are for reference only and shall not affect the interpretation of this Agreement.

6.5. No Third-Party Beneficiaries. This Agreement is for the sole benefit of the parties hereto and their respective successors and permitted assigns and nothing herein, express or implied, is intended to or shall confer upon any other person any legal or equitable right, benefit or remedy of any nature whatsoever, under or by reason of this Agreement.

6.6. Amendment and Modification; Waiver. This Agreement may only be amended, modified or supplemented by an agreement in writing signed by each Party hereto. No waiver by any Party of any of the provisions hereof shall be effective unless explicitly set forth in writing and signed by the Party so waiving. Except as otherwise set forth in this Agreement, no failure to exercise, or delay in exercising, any rights, remedy, power or privilege arising from this Agreement shall operate or be construed as a waiver thereof; nor shall any single or partial exercise of any right, remedy, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege.

6.7. Severability. If any term or provision of this Agreement is invalid, illegal or unenforceable in any jurisdiction, such invalidity, illegality or unenforceability shall not affect any other term or provision of this Agreement or invalidate or render unenforceable such term or provision in any other jurisdiction. Upon a determination that any term or other provision is invalid, illegal or unenforceable, the Parties hereto shall negotiate in good faith to modify this Agreement in order to accomplish the original intent of the Parties as closely as possible in a mutually acceptable manner in order that the transactions contemplated hereby be consummated as originally contemplated to the greatest extent possible.

6.8. Governing Law and Jurisdiction.

(a) This Agreement, including all exhibits attached hereto, and all matters arising out of or relating to this Agreement, are governed by and shall be construed in accordance with the laws of the Commonwealth of Pennsylvania without regard to the conflict of laws provisions thereof to the extent such principles or rules would require or permit the application of the laws of any jurisdiction other than those of the Commonwealth of Pennsylvania.

(b) Each Party irrevocably and unconditionally agrees that it will not commence any action, litigation or proceeding of any kind whatsoever against any other Party in any way arising from or relating to this Agreement and all contemplated transactions, in any forum other than the Court of Common Pleas of Lehigh County, Pennsylvania. Each Party irrevocably and unconditionally submits to the exclusive jurisdiction of such court. Each Party agrees that a final judgment in any such action, litigation or proceeding is conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law.

6.9. Counterparts. This Agreement may be executed in any number of original counterparts that may be faxed, emailed or otherwise transmitted electronically with the same effect as if all Parties had signed the same instrument.

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement as of the date first written above.

The Mutual Insurance Company of Lehigh County

By _____
Name: Michael A. Yaeger
Title: Pres/CEO

Clearfield County Grange Mutual Fire Insurance Company

By _____
Name: Keith A. Ulsh
Title: Treasurer

Charter Lane Holdings LLC

By _____
Name: Mark J. Keyser
Title: Chairman

Community Holdings Management, Inc.

By Mark J Keyser
Name: MARK J KEYSER
Title: CHAIRMAN

PENNSYLVANIA DEPARTMENT OF STATE
BUREAU OF CORPORATIONS AND CHARITABLE ORGANIZATIONS

☐ **Return document by mail to:**

Melissa Zeiders of Stevens & Lee COUNTER PICK UP
Name
17 N. 2nd Street, 16th Floor
Address
Harrisburg PA 17101
City State Zip Code

■ **Return document by email to:** mmz@stevenslee.com

Certificate of Organization
Domestic Limited Liability Company
DSCB:15-8913 (rev. 7/2015)

8913

Read all instructions prior to completing. This form may be submitted online at https://www.corporations.pa.gov/.

Fee: $125

In compliance with the requirements of 15 Pa.C.S. § 8913 (relating to certificate of organization), the undersigned desiring to organize a limited liability company, hereby certifies that:

1. The name of the limited liability company *(designator is required, i.e., "company", "limited" or "limited liability company" or abbreviation)*:

Charter Lane Holdings LLC

2. The (a) address of the limited liability company's initial registered office in this Commonwealth or (b) name of its commercial registered office provider and the county of venue is: *(Complete (a) or (b) – not both)*

(a) Number and Street	City	State	Zip	County
805 Estelle Drive, Suite 209	Lancaster	PA	17601	Lancaster

(b) Name of Commercial Registered Office Provider County

c/o:

3. The name and address, including street and number, if any, of each organizer is *(all organizers must sign on page 2)*:

Name Address

Melissa M. Zeiders c/o Stevens & Lee, P.C., 17 N. 2nd Street, 16th Floor, Harrisburg, PA 17101

4. ~~*Strike out if inapplicable term*~~
~~A member's interest in the company is to be evidenced by a certificate of membership interest.~~

5. *Strike out if inapplicable:*
Management of the company is vested in a manager or managers.

6. The specified effective date, if any is:_____.
(MM/DD/YYYY and hour, if any)

7. ~~*Strike out if inapplicable:* The company is a restricted professional company organized to render the following restricted professional service(s):~~

_____

_____

8. For additional provisions of the certificate, if any, attach an 8½ x 11 sheet.

IN TESTIMONY WHEREOF, the organizer has signed this Certificate of Organization this

_____ day of _____, 2015.

_____
Melissa M. Zeiders, Organizer

OPERATING AGREEEMENT
OF
CHARTER LANE HOLDINGS LLC
(A Pennsylvania limited liability company)

This Operating Agreement of Charter Lane Holdings, LLC (the "Company"), dated as of _____, 2016, has been adopted by the Company and by Community Holdings Management, Inc., as the sole member (the "Member") of the Company.

ARTICLE I - DEFINITIONS

1.1. Definitions. In addition to the terms defined in other provisions of this Agreement, the following terms shall have the meanings set forth below unless the context requires otherwise:

"Act." The Pennsylvania Limited Liability Company Law of 1994, 15 Pa.C.S. § 8901 et seq., and any successor statute, as amended from time to time.

"Agreement." This Operating Agreement, as amended, modified, supplemented, or restated from time to time.

"Capital Contribution." The aggregate amount of cash and the agreed value of any property or services (as determined in writing by the Member and the Company) contributed by the Member to the Company as provided in section 4.01.

"Certificate." The Certificate of Organization of the Company and any and all amendments thereto and restatements thereof filed on behalf of the Company with the Department of State of the Commonwealth of Pennsylvania pursuant to the Act.

"Company." See the preamble.

"Member." See the preamble.

"Membership interest." The interest of the Member in the Company, including, without limitation, rights to distributions (liquidating or otherwise), information, and to consent to or approve actions by the Company, all in accordance with the provisions of this Agreement and the Act.

"Person." A natural person, corporation, general or limited partnership, limited liability company, joint venture, trust, estate, association, or other legal entity or organization.

"Treasury Regulations" or "Treas.Reg." The income tax regulations, including temporary regulations, promulgated under the Internal Revenue Code of 1986, as amended, as those regulations may be amended from time to time (including corresponding provisions of successor regulations).

ARTICLE II - ORGANIZATION

2.1. Principal Place of Business; Other Offices. The principal place of business of the Company shall be at 1047 Hamilton Street, Allentown, Pennsylvania 18101 or at such other place as the Member may designate from time to time, which need not be in the Commonwealth of Pennsylvania. The Company may have such other offices as the Member may designate from time to time.

2.2. Purpose. The object and purpose of, and the nature of the business to be conducted and promoted by, the Company is to engage in any lawful act or activity for which limited liability companies may be organized under the Act and to engage in any and all lawful activities necessary, convenient, desirable or incidental to the foregoing.

ARTICLE III - MEMBERSHIP INTERESTS

3.1. Transferability of Membership Interest. A membership interest in the Company is freely transferable or assignable, in whole or in part, either voluntarily or by operation of law.

3.2. Admission of Additional Members. Additional members of the Company may be admitted to the Company at the direction of the Member only if a new operating agreement or an amendment and restatement of this Agreement is executed.

ARTICLE IV - FINANCIAL AND TAX MATTERS

4.1. Capital Contributions. The Company shall keep a record of the capital contributions made by the Member. The Member shall not be required to make any capital contribution to the Company not specifically agreed to in writing between the Member and the Company, or be obligated or required under any circumstances to restore any negative balance in the Member's capital account.

4.2. Advances by the Member. The Member may agree to loan funds to or guarantee obligations of the Company. A loan to the Company or guarantee of its obligations by the Member is not a capital contribution.

4.3. Distributions.

(a) Distributions to Member. Except as otherwise provided in Article VIII, distributions shall be made to the Member (in cash or in kind) at such times and in such amounts determined by the Member and as permitted by applicable law.

(b) No Distribution Upon Dissociation. Unless otherwise determined by the Member, no distribution will be paid to the Member upon the Member's withdrawal from the Company in connection with a voluntary transfer or assignment of the Member's entire membership interest in accordance with the provisions of the Act and this Operating Agreement.

4.4. Title to Company Property. All real and personal property shall be acquired in the name of the Company and title to any property so acquired shall vest in the Company itself rather than in the Member.

4.5. Tax Elections. Neither the Company nor the Member may make an election for the Company to be taxable as a corporation for federal income tax purposes or to be excluded from the application of the provisions of subchapter K of chapter 1 of subtitle A of the Code or any similar provisions of applicable state law, and no provision of this Agreement shall be construed to sanction or approve such an election.

ARTICLE V - MANAGEMENT

5.1. Management by Member.

(a) Exclusive Responsibility. The business and affairs of the Company shall be managed by the Member. The Member, on behalf of the Company, shall have the power to do any and all acts necessary or convenient to, or for the furtherance of, the business and affairs of the Company.

(b) Delegation. The Member may appoint officers and agents of the Company to which the Member may delegate whatever duties, responsibilities, and authority the Member may desire. Any officer or agent may be removed by the Member at any time. If the Member appoints an officer of the Company with a title that is commonly used for officers of a business corporation, the assignment of title shall constitute the delegation of the authority and duties that are normally associated with that office, subject to any specific delegation of authority and duties made by the Member. Any number of offices may be held by the same person. The salaries and other compensation, if any, of the officers and agents of the Company shall be fixed from time to time by the Member.

5.2. Conflicts of Interest. Nothing in this Agreement shall be construed to limit the right of the Member to enter into any transaction that may be considered to be competitive with, or a business opportunity that may be beneficial to, the Company. The Member does not violate a duty or obligation to the Company merely because the conduct of the Member furthers the interests of the Member. The Member may lend money to and transact other business with the Company. The rights and obligations of the Member upon lending money to or transacting business with the Company are the same as those of a person who is not the Member, subject to other applicable law. No transaction with the Company shall be void or voidable solely because the Member has a direct or indirect interest in the transaction.

5.3. Compensation. The Member may be reimbursed for all expenses incurred in managing the Company and may, at the election of the Member, be entitled to compensation for management services rendered, in an amount to be determined from time to time by the Member.

ARTICLE VI - MEMBER

6.1. Member. The name and address of the Member are:

Community Holdings Management, Inc.
1047 Hamiltion Street
Allentown, PA 18101

6.2. Liability of the Member. The Member, as such, shall not be liable for the debts, obligations, or liabilities of the Company or for the acts or omissions of any officer, agent, or employee of the Company except to the extent provided in the Act. The failure of the Member to observe any formalities or requirements relating to the exercise of the powers of the Member or the management of the business and affairs of the Company under this Agreement or the Act shall not be grounds for imposing liability on the Member for liabilities of the Company.

ARTICLE VII - INDEMNIFICATION OF THE MEMBER, OFFICERS, AND OTHER AUTHORIZED REPRESENTATIVES

7.1. Indemnification. The Company shall indemnify any person who was or is a party to or is threatened to be made a party to or is otherwise involved in any threatened, pending, or completed action or proceeding, including without limitation actions by or in the right of the Company, whether civil, criminal, administrative, or investigative, by reason of the fact that the person is or was the Member or an officer of the Company, or is or was serving while the Member or an officer of the Company at the request of the Company as a director, manager, officer, employee, agent, fiduciary, or other representative of another corporation (for-profit or not-for-profit), limited liability company, partnership, joint venture, trust, employee benefit plan, or other enterprise, against all liabilities, expenses (including without limitation attorneys' fees), judgments, fines, excise taxes, and amounts paid in settlement in connection with the action or proceeding unless the act or failure to act by the person giving rise to the claim for indemnification is determined by a court to have constituted willful misconduct or recklessness. The Company shall have the power to indemnify employees and agents of the Company on the same basis as provided in this section with respect to the Member and officers, and to advance expenses to employees and agents on the same basis as provided in section 7.02, as the Member may from time to time determine or authorize.

7.2. Advancement of Expenses. Expenses (including without limitation attorneys' fees) incurred by any person who was or is the Member or an officer of the Company in defending any action or proceeding referred to in section 7.01 shall automatically be paid by the Company, without the need for action by the Member, in advance of the final disposition of the action or proceeding upon receipt of an undertaking by or on behalf of the person to repay the amount advanced if it shall ultimately be determined that the person is not entitled to be indemnified by the Company.

7.3. Exception. Notwithstanding anything in this Article VII to the contrary, the Company shall not be obligated to indemnify an officer under section 7.01 or advance expenses to an officer under section 7.02 with respect to proceedings, claims, or actions commenced by that person, other than mandatory counterclaims and affirmative defenses.

7.4. Interpretation. The indemnification and advancement of expenses provided by or pursuant to this Article VII shall not be deemed exclusive of any other rights to which any person seeking indemnification or advancement of expenses may be entitled under any insurance policy, agreement, approval of the Member, or otherwise, both as to actions in the person's official capacity and as to actions in another capacity while holding an office, and shall continue as to a person who has ceased to be the Member or an officer and shall inure to the benefit of the heirs, executors, and administrators of the person. If the Act is amended to permit a Pennsylvania limited liability company to provide greater rights to indemnification and advancement of expenses for its member and officers than the express terms of this Article VII, this Article VII shall be construed to provide for such greater rights.

7.5. Contract. The duties of the Company to indemnify and to advance expenses to the Member or an officer as provided in this Article VII shall be in the nature of a contract between the Company and each such person, and no amendment or repeal of any provision of this Article VII shall alter, to the detriment of such person, the right of the person to the advancement of expenses or indemnification related to a claim based on an act or failure to act that took place prior to the amendment or repeal or the termination of the service of the person as the Member or officer, whichever is earlier.

ARTICLE VIII - DISSOLUTION

8.1. Dissolution.

(a) The Company shall dissolve, and its affairs shall be wound up, upon the first to occur of the following:

(i) the written direction of the Member; or

(ii) the entry of an order of judicial dissolution of the Company under section 8972 of the Act.

(b) The death (or dissolution if the Member is not a natural person), retirement, insanity, resignation, or bankruptcy of the Member or the occurrence of any other event that terminates the continued membership of the Member shall not cause a dissolution of the Company.

(c) Upon dissolution, the Company shall cease carrying on any and all business other than the winding up of the Company business, but the Company is not terminated and shall continue until the winding up of the affairs of the Company is completed and a certificate of dissolution has been filed pursuant to the Act. Upon the winding up of the Company, the Company's property shall be distributed (i) first to creditors, including the Member if the Member is a creditor, to the extent permitted by law, in satisfaction of the Company's liabilities; and (ii) then to the Member. Distributions shall be in cash or property or partly in both, as determined by the Member.

ARTICLE IX - GENERAL PROVISIONS

9.1. Entire Agreement. This Agreement constitutes the entire agreement of the Member and the Company with respect to the subject matter hereof and supersedes all prior agreements, express or implied, oral or written, with respect thereto. The express terms of this Agreement control and supersede any course of performance or usage of trade inconsistent with any of the terms hereof.

9.2. Amendment. This Agreement or the Certificate may be amended from time to time only by action of the Member. All amendments must be in writing.

9.3. Binding Effect and Rights of Third Parties. This Agreement has been adopted to govern the operation of the Company, and shall be binding on and inure to the benefit of the Member and the heirs, personal representatives, successors, and assigns of the Member. This Agreement is expressly not intended for the benefit of any creditor of the Company or any other person, except a person entitled to indemnification, contribution, or advancement of expenses under Article VII. Except and only to the extent provided by applicable statute, no such creditor or other person shall have any rights under this Agreement.

9.4. Governing Law. This Agreement shall be governed by and interpreted and enforced in accordance with the substantive laws of the Commonwealth of Pennsylvania (including, without limitation, provisions concerning limitations of actions), without reference to the conflict of laws rules of that or any other jurisdiction, except that federal laws shall also apply to the extent relevant.

9.5. Severability. If any provision of this Agreement or the application thereof to any person or circumstance is held invalid or unenforceable to any extent, the remainder of this Agreement and the application of that provision to other persons or circumstances shall not be affected thereby and that provision shall be enforced to the greatest extent permitted by law.

9.6. Construction. Whenever the context requires, the gender of any word used in this Agreement includes the masculine, feminine, or neuter, and the number of any word includes the singular or plural. All references to articles and sections refer to articles and sections of this Agreement. The headings in this Agreement are for convenience only; they do not form a part of this Agreement and shall not affect its interpretation.

IN WITNESS WHEREOF, the Company and the Member have caused this Agreement to be executed as of the day and year first above written.

Community Holdings Management, Inc.

By_____

Charter Lane Holdings LLC

By:_____
Name:
Title: