

**BEFORE THE INSURANCE DEPARTMENT
OF THE
COMMONWEALTH OF PENNSYLVANIA**

Statement Regarding the Acquisition of Control of or Merger with
Domestic Insurers:

Highmark Inc.; First Priority Life Insurance Company, Inc.;
Gateway Health Plan, Inc.; Highmark Casualty Insurance Company;
Highmark Senior Resources Inc.; HM Casualty Insurance Company;
HM Health Insurance Company, d/b/a Highmark Health Insurance Company;
HM Life Insurance Company; HMO of Northeastern Pennsylvania, Inc.,
d/b/a First Priority Health; Inter-County Health Plan, Inc.;
Inter-County Hospitalization Plan, Inc.; Keystone Health Plan West, Inc.;
United Concordia Companies, Inc.; United Concordia Dental Plans of Pennsylvania, Inc.;
United Concordia Life and Health Insurance Company

By UPE, a Pennsylvania nonprofit corporation

**RESPONSE TO PID INFORMATION REQUEST 5.1.1.2 FROM THE
PENNSYLVANIA INSURANCE DEPARTMENT**

REQUEST 5.1.1.2:

Bylaws, operating agreement or similar document, except for those entities for which such documents have been provided. Identify the entities for which such documents have been provided and where such documents are located in the Form A filing and accompanying material.

RESPONSE:

Attached are bylaws for each of the following entities:

First Priority Life Insurance Company, Inc.
Gateway Health Plan, Inc.
Highmark Casualty Insurance Company
Highmark Senior Resources Inc.
HM Casualty Insurance Company
HM Health Insurance Company, d/b/a Highmark Health Insurance Company
HM Life Insurance Company
HMO of Northeastern Pennsylvania, Inc., d/b/a First Priority Health
Inter-County Health Plan, Inc.

Inter-County Hospitalization Plan, Inc.
Keystone Health Plan West, Inc.
United Concordia Companies, Inc.
United Concordia Dental Plans of Pennsylvania, Inc.
United Concordia Life and Health Insurance Company

Bylaws of UPE, UPE Provider Sub and Highmark Inc. are contained at Tabs G, H, I, K and L of the Form A filing.

UPE
120 Fifth Avenue
Pittsburgh, PA 15222

Document Divider

**AMENDED AND RESTATED
BY-LAWS OF
FIRST PRIORITY LIFE INSURANCE COMPANY, INC.**

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UPE-0003274

**BY-LAWS
OF
FIRST PRIORITY LIFE INSURANCE COMPANY, INC.**

**ARTICLE I
OFFICES**

Section 1.01 Registered Office. The registered office of First Priority Life Insurance Company, Inc. (the "Corporation") in Pennsylvania shall be at the place designated in its Articles of Incorporation, as amended and restated from time to time (the "Articles of Incorporation"), subject to change upon notice to the Pennsylvania Department of State 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 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 Meeting. 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. If a meeting is held by means of the Internet or other electronic communications technology in a fashion pursuant to which the shareholders have the opportunity to read or hear the proceeding substantially concurrently with their occurrence, vote on matters submitted to the shareholders and pose questions to the directors, the meeting need not be held at a particular geographic location.

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, but 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, if any, the President 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 five days prior to the date named for the meeting, unless a greater period of notice is required by law in a particular case. Such notice need not be given to shareholders not entitled to vote at the meeting unless such shareholders are entitled by law to such notice in a particular 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 courier service, charges prepaid, to the shareholder's postal address appearing on the books of the Corporation. In addition, notice may be given by facsimile transmission, e-mail or other electronic communication to the facsimile number or address for e-mail or other electronic communications supplied to the Corporation for the purpose of notice. Notwithstanding the foregoing, such notice may be given by any class of postpaid mail if given at least 20 days prior to the day named for the meeting or any corporate or shareholder action specified in the notice. A certificate or affidavit by the Secretary or an Assistant Secretary or a transfer agent shall be prima facie evidence of the giving of any notice required by these By-Laws. If the notice is sent by mail or courier service, it shall be deemed to have been given to the person entitled thereto when deposited in the United States mail or courier service for delivery to such person or, in the case of facsimile or other electronic communication, when sent. Such notice shall specify the geographic location, day and hour of the meeting, and shall state the nature of the business to be transacted if and to the extent required by law.

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 twenty-four (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 notice is required to be given to a shareholder under the provisions of applicable law or by these By-Laws, 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. 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 other electronic means, including, without limitation, the Internet) or by proxy, of the shareholders entitled to cast at least two-thirds 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 By-Laws. 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. If a vote is cast by a proxy on behalf of a shareholder on any issue other than a procedural motion considered at a meeting of the shareholders, the shareholder shall be deemed to be present during the entire meeting for the purposes of determining whether a quorum is present for consideration of any other issue.

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, her or its 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. At all meetings of shareholders, shareholders entitled to vote at a meeting of the shareholders or express consent or dissent to corporate action in writing without the formality of a meeting may authorize another person to act for him by proxy. Every proxy shall be executed or authenticated by the shareholder or by such shareholder's duly authorized attorney-in-fact and filed with or transmitted to the Secretary of the Corporation or its designated agent. A shareholder or his duly authorized attorney-in-fact may execute or authenticate a writing or transmit an electronic

message authorizing another person to act for him by proxy. A telegram, telex, cablegram, datagram, e-mail, Internet communication or other means of electronic transmission from a shareholder or attorney-in-fact, or a photographic, facsimile or similar reproduction of a writing executed by a shareholder or attorney-in-fact, may be treated as properly executed or authenticated and shall be treated as properly executed or authenticated if it sets forth or utilizes a confidential and unique identification number or other mark furnished by the Corporation to the shareholder for the purposes of the particular meeting or transaction. A proxy, unless coupled with an interest (as defined in 15 Pa. C.S.A. § 1759(d)), 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 or its designated agent in writing or by electronic transmission. An unrevoked proxy shall not be valid after three years from the date of its execution, authentication or transmission 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 the death or incapacity is given to the Secretary of the Corporation or its designated agent. 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 Election of Directors. Elections for directors need not be by ballot except upon demand made by a shareholder at the election and before the voting begins. Candidates for election as directors receiving the highest number of votes (cast in person or by proxy at a meeting of shareholders) from shareholders entitled to elect directors up to the number of directors to be elected by the shareholders, shall be elected.

Section 3.11 Voting. Except as otherwise provided by law or these By-Laws, whenever any corporate action is to be taken by vote of the shareholders, it shall be authorized if at least a majority of the votes cast by all shareholders entitled to vote thereon vote in favor of such corporate action.

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 of Directors, 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 five thousand 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 of Directors 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 applicable laws or in the Articles of Incorporation, notwithstanding anything to the contrary contained in these By-Laws, any action required or permitted to 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 the shareholders who would be entitled to vote at a meeting for such purpose shall be filed with the Secretary of the Corporation. Any action required or permitted to be taken at a meeting of the shareholders or of a class of shareholders may be taken without a meeting upon the consent of shareholders who would have been entitled to cast the minimum number of votes that would be necessary to authorize the action at a meeting at which all shareholders entitled to vote thereon were present and voting. The consents shall be filed with the Secretary of the Corporation. An action taken pursuant to this Section 3.16 shall not become effective until after at least ten days' notice of such action shall have been given to each shareholder entitled to vote thereon who has not consented thereto.

Section 3.17 Conduct of Shareholders Meeting. There shall be a presiding officer at every meeting of the shareholders. The presiding officer of each shareholder meeting shall be the Chairman of the Board of Directors, and absent a Chairman, shall be appointed by the Board of Directors. If the Chairman shall be unable or unwilling to preside over any shareholder meeting and the Board of Directors fails to designate a presiding officer, then the President, or if not present the Secretary, of the Corporation shall be the presiding officer. The presiding officer shall determine the order of business and shall have the authority to establish rules for conduct of the meeting. Any action by the presiding officer in adopting rules for, and in conducting, a

meeting shall be fair to the shareholders. The presiding officer shall announce at the meeting when the polls close for each matter voted upon. If no announcement is made, the polls shall be deemed to have closed upon the final adjournment of the meeting. After the polls close, no ballots, proxies or votes, nor any revocations or changes thereto, may be accepted.

Section 3.18 Participation in Meetings by Conference Telephone or Other Electronic Technology. Unless determined to the contrary by the Board of Directors in advance of a particular meeting with respect to that meeting, the presence or participation, including voting and taking other action, at a meeting of the shareholders, or the expression of consent or dissent to a corporate action, by a shareholder by conference telephone or other electronic means, including, without limitation, the Internet, shall constitute the presence of, or vote or action by, or consent or dissent of the shareholder.

ARTICLE IV DIRECTORS

Section 4.01 Number, Term of Office; Selection.

(a) The business and affairs of the Corporation shall be managed under the direction of a board consisting of seven members, who shall be natural persons of full age and two-thirds of which shall be United States citizens. Until the Flip Date (as defined in Section 4.01(c) below), four of the seven directors shall be individuals nominated by Hospital Service Association of Northeastern Pennsylvania, a Pennsylvania nonprofit corporation ("BCNEPA") (each individual nominated by BCNEPA as a director is hereinafter referred to as a "BCNEPA Director"), and the three remaining directors shall be individuals nominated by Highmark Inc., a Pennsylvania nonprofit corporation ("Highmark") (each individual nominated by BCNEPA as a director is hereinafter referred to as a "Highmark Director"). From and after the Flip Date, four of the seven directors shall be individuals nominated by Highmark, and the three remaining directors shall be individuals nominated by BCNEPA. The President of the Corporation shall be a director of the Corporation. Except as provided in Section 4.15(c) below, neither the number nor the method for the nomination of directors shall be changed, amended or modified, except by an amendment to these By-Laws adopted by the shareholders. Following the Flip Date, Highmark may in its discretion call a special meeting of the board of directors of the Corporation, and the Secretary of the Corporation shall cooperate with Highmark in calling such a meeting, or circulate a written consent of the shareholders of the Corporation to give effect the terms of this Section 4.01.

(b) Directors need not be residents of Pennsylvania or shareholders in the Corporation. The term of office for each director shall be one year. 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) For purpose of these By-Laws, the term "Flip Date" shall mean the date upon which Highmark consummates the purchase, in accordance with Paragraph 8(b)(i) of the Shareholders Agreement (as defined in Section 4.15(b) below), of such number of shares of the Corporation's capital stock as shall be necessary to cause Highmark to own up to 60% of the issued and outstanding capital stock of the Corporation.

Section 4.02 Vacancies. Vacancies in the Board of Directors shall be filled by the remaining members of the Board of Directors though less than a quorum or by a sole remaining director, as follows: (a) in the event of any vacancy on the Board of Directors due to the death, resignation or removal of a BCNEPA Director, then such vacancy shall be filled by a majority of the remaining BCNEPA Directors; and (b) in the event of any vacancy on the Board of Directors due to the death, resignation or removal of a Highmark Director, then such vacancy shall be filled by the remaining Highmark Director. Except as provided in Sections 4.03 and 4.18 below, any individual elected in accordance with this Section 4.02 shall be a director and shall serve for the balance of the unexpired term.

Section 4.03 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. Any vacancy resulting from the resignation of a director shall be filled in accordance with Section 4.02 above.

Section 4.04 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 4.05 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, who shall give at least five days written notice thereof to each other director, which notice shall set forth the time and place of the meeting.

Section 4.06 Regular Meetings. Regular meetings of the Board of Directors may be held at such times as the Board of Directors 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 secular day.

Section 4.07 Special Meetings. Special meetings of the Board of Directors may be called at any time by the Chairman or the President, and shall be called upon the written request of any director delivered to the Secretary. Any such request by a director shall state the time and place of the proposed meeting, and upon receipt of such request it shall be the duty of the Secretary to issue the call for such meeting promptly. If the Secretary shall neglect to issue such call, the director making the request may issue the call.

Section 4.08 Notice of Meetings. Written notice of every meeting of the Board of Directors shall be given by or at the direction of the Secretary or other authorized person, to each director at least seven days prior to the date of any regular meeting and at least three days prior to the date of any special meeting. Any notice of a regular or special meeting of the Board of Directors may be given to a director either personally or by sending a copy thereof by first class or express mail, postage prepaid or courier service, charges prepaid, to the postal address

supplied by such director. In addition, notice may be given by facsimile transmission, e-mail or other electronic communication to the facsimile number or address for e-mail or other electronic communications supplied to the Corporation for the purpose of notice. If the notice is sent by mail or courier service, it shall be deemed to have been given to the person entitled thereto when deposited in the United States mail or with a courier service for delivery to such person or in the case of facsimile or other electronic communication, when sent. Such notice shall specify the place, day and hour of the meeting.

Section 4.09 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 By-Laws 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 4.10 Waiver of Notice. Whenever any notice is required by law or the Articles of Incorporation or these By-Laws 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 4.11 Quorum. At all meetings of the Board of Directors a majority of the directors in office shall be necessary to constitute a quorum for the transaction of business; provided that until the Flip Date, such majority must include at least Highmark Director; and provided further that from and after the Flip Date, such majority must include at least one BCNEPA Director. The acts of a majority of the directors present (including participation by telephone or other electronic means, including, without limitation, the Internet) at a meeting at which a quorum is present shall be the acts of the Board of Directors, except as may otherwise be specifically provided by applicable laws, or by the Articles of Incorporation, or in Section 4.15(b) or 4.15(c) below.

Section 4.12 Voting Rights of Directors. Every director shall be entitled to one vote. Any requirement of law or of these By-Laws for the presence of or vote or other action by a specified percentage of directors shall be satisfied by the presence of or vote or other action by directors entitled to cast the specified percentage of the votes that all voting directors in office are entitled to cast.

Section 4.13 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 4.14 Informal Action. Notwithstanding anything to the contrary contained in these By-Laws, any action required or permitted to be taken at a meeting of the directors or any committee may be taken without a meeting, if, prior or subsequent to the action, a consent or consents thereto by all of the directors or the members of the committee, as the case may be, is filed with the Secretary of the Corporation.

Section 4.15 General Powers; Matters Requiring Special Approval.

(a) Subject to Section 4.15(b) and 4.15(c) below, all the powers of the Corporation and all lawful acts and things as are not by statute, or by the Articles of Incorporation or by these By-Laws, directed or required to be exercised or done by the shareholders, shall be exercised by or under the authority of the Board of Directors. The provisions of this Section 4.15 shall not be changed, amended or modified, except by an amendment to these By-Laws adopted by the shareholders,

(b) Until the Flip Date, the Corporation shall not take any of the following actions without the approval of the Board of Directors, which approval must include the affirmative vote of all of the Highmark Directors and the affirmative vote of a majority of the BCNEPA Directors: (i) acquire the capital stock or interests of any person or entity other than the Corporation's capital stock in accordance with the terms of that certain Shareholders Agreement dated April 29, 2005 among BCNEPA, Highmark and the Corporation (the "Shareholders Agreement"); acquire all or substantially all of the assets of any person or entity; or merge or consolidate with or into any person or entity; (ii) reorganize, recapitalize, dissolve or liquidate; (iii) sell, lease, assign or otherwise dispose of all or a substantial portion of the Corporation's assets in any transaction or series of transactions; (iv) amend the Articles of Incorporation, these By-Laws, the Shareholders Agreement, the Administrative Services Agreement dated April 29, 2005 between the Corporation and BCNEPA (the "BCNEPA ASA"), the Administrative Services Agreement dated April 29, 2005 between the Corporation and HMO of Northeastern Pennsylvania, Inc. (the "Inter-Company ASA") or the Administrative Services Agreement dated April 29, 2005 between HMO of Northeastern Pennsylvania, Inc. and BCNEPA (the "FPH ASA"); (v) approve or amend the Corporation's annual budget or business plan; (vi) approve or amend the Corporation's insurance underwriting or pricing policies; (vii) approve any unbudgeted capital or other expenditures of the Corporation in excess of \$500,000 individually, or in excess of five percent of the Corporation's annual operating budget in the aggregate; (viii) expand the geographic markets in which the Corporation operates outside of the Service Area; or (ix) market, sell or service any Medicare (as defined in Paragraph 23(a)(F) of the Shareholders Agreement) product or products. For purposes of these By-Laws, "Service Area" shall mean the 13-county area in northeastern and northcentral Pennsylvania consisting of Lackawanna, Luzerne, Monroe, Wayne, Pike, Sullivan, Susquehanna, Bradford, Tioga, Lycoming, Clinton, Carbon and Wyoming counties.

(c) From and after the Flip Date, the Corporation shall not take any of the following actions without the approval of the Board of Directors, which approval must include

the affirmative vote of all of the BCNEPA Directors and the affirmative vote of a majority of the Highmark Directors: (i) acquire the capital stock or interests of any person or entity other than the Corporation's capital stock in accordance with the terms of the Shareholders Agreement; acquire all or substantially all of the assets of any person or entity; or merge or consolidate with or into any person or entity; (ii) reorganize, recapitalize, dissolve or liquidate; (iii) sell, lease, assign or otherwise dispose of all or a substantial portion of the Corporation's assets in any transaction or series of transactions; (iv) amend the Articles of Incorporation, these By-Laws, the Shareholders Agreement, the BCNEPA ASA, the Inter-Company ASA or the FPH ASA; or (v) market, sell or service any Medicare (as defined in Paragraph 23(a)(F) of the Shareholders Agreement) product or products. If the BCNEPA ASA or FPH ASA is terminated or not renewed by the Corporation or HMO of Northeastern Pennsylvania, Inc., as applicable, following the Flip Date, then the following additional matters shall not be approved by the Board of Directors, and no such actions shall be deemed approved by the Board of Directors, unless such approval includes the affirmative vote of all of the BCNEPA Directors and the affirmative vote of a majority of the Highmark Directors: (A) approve or amend the Corporation's annual budget or business plan; (B) approve or amend the Corporation's insurance underwriting or pricing policies; (C) approve any unbudgeted capital or other expenditures of the Corporation in excess of \$500,000 individually, or in excess of five percent of the Corporation's annual operating budget in the aggregate; or (D) expand the geographic markets in which the Corporation operates outside of the Service Area.

Section 4.16 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 two or more directors of the Corporation. Each committee shall, except as otherwise required by applicable law, include at least one Highmark Director prior to the Flip Date, and, from and after the Flip Date, at least one BCNEPA Director. Any committee shall have and may exercise all of the powers and authority granted to such committee in the resolution adopted by the Board of Directors establishing such committee, except that a committee shall not have any power or authority (a) prohibited by law, or (b) to do or approve any of the acts set forth in Section 4.15(b) or 4.15(c) above. Vacancies in the membership of the committees shall be filled by the Board of Directors at a regular or special meeting of the Board of Directors. Any committee of the Board of Directors shall keep regular minutes of its proceedings and report the same to the Board of Directors at each regular meeting of the Board of Directors. Each committee of the Board of Directors shall serve at the pleasure of the Board of Directors.

Section 4.17 Compensation of Directors. Directors may receive such reasonable compensation for their services as may be provided by a resolution adopted by the Board of Directors.

Section 4.18 Removal of Directors.

(a) 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 of Directors. Any vacancies created by any

action of the Board of Directors taken in accordance with this Section 4.18 shall be filled in accordance with Section 4.02 above.

(b) An act of the Board of Directors taken 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 of Directors or by the final judgment of a court.

Section 4.19 Interested Directors or Officers; Quorum.

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

Section 4.20 Participation in Meetings by Conference Telephone or Other Electronic Technology. Any director may participate in any meeting of the Board of Directors or of any committee (provided such director is otherwise entitled to participate), be counted for the purpose of determining a quorum thereof and exercise all rights and privileges to which such director might be entitled were he or she personally in attendance, including the right to vote, or any other rights attendant to presence in person at such meeting, by means of conference telephone or other electronic technology by means of which all persons participating in the meeting can hear each other. Participation in a meeting pursuant to this Section 4.20 shall constitute presence at such meeting.

ARTICLE V
OFFICERS, AGENTS AND EMPLOYEES

Section 5.01 Executive Officers.

(a) Subject to Article XII below, the executive officers of the Corporation shall be elected annually by a majority vote of the Board of Directors and shall include a Chairman, a President, one or more Vice Presidents, a Secretary and a Treasurer, or persons who shall act as such, regardless of the name or title by which they may be designated, elected or appointed; provided, that until the Flip Date, the Chairman shall be an individual nominated by BCNEPA; and provided further that from and after the Flip Date, the Chairman shall be an individual nominated by Highmark. One or more Vice Presidents and such other officers and assistant officers as may be reasonably deemed necessary by the Board of Directors from time to time may also be elected or appointed. Each officer and assistant officer shall be a natural person of the age of 18 years or older.

(b) In addition to the powers and duties prescribed by these By-Laws, the officers and assistant officers shall have such authority and shall perform such duties in the management of the Corporation as may be determined by or pursuant to resolutions or orders of the Board of Directors. The officers and assistant officers of the Corporation shall hold office for a term of one year and until such officer's successor has been selected and qualified or until such officer's earlier death, resignation or removal. Any officer 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 may be specified in the notice of resignation. The Board of Directors may add to the title of any officer or assistant officer a word or words descriptive of his or her powers or the general character of his or her duties. If the office of any officer or assistant officer becomes vacant for any reason, the vacancy shall be filled by the Board of Directors; provided, until the Flip Date, any vacancy in the Chairman's office shall be filled by an individual nominated by BCNEPA; and provided further that from and after the Flip Date, any vacancy in the Chairman's office shall be filled by an individual nominated by Highmark. The Board of Directors may delegate to any officer or committee of the Board the power to elect or 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 5.02 Agents or Employees. The Board of Directors may by resolution designate the officer or officers who shall have authority to appoint such agents or employees as the needs of the Corporation may require. In the absence of such designation this function may be performed by the President and may be delegated by him or her to others in whole or in part.

Section 5.03 Salaries. The salaries of all officers of the Corporation shall be fixed by the Board of Directors or by authority conferred by resolution of the Board of Directors. The Board of Directors also may fix the salaries or other compensation of assistant officers, agents and employees of the Corporation, but in the absence of such action this function shall be performed by the President or by others under his or her supervision.

Section 5.04 Removal of Officers, Agents or Employees.

(a) Any officer, assistant officer, agent or employee of the Corporation may be removed or his or her authority revoked by resolution 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. Any agent or employee of the Corporation may be removed by the President or, subject to his or her supervision, by the person having authority with respect to the appointment of such agent or employee, in each case with or without cause.

(b) Section 5.04(a) above notwithstanding, until the Flip Date, the Chairman may not be removed or his other authority revoked, limited or modified without the consent of a majority of the BCNEPA Directors. Following the Flip Date, the Chairman may not be removed or his other authority revoked, limited or modified without the consent of a majority of the Highmark Directors.

Section 5.05 Chairman of the Board of Directors and President: Powers and Duties.

(a) The Chairman of the Board of Directors shall preside at all meetings of the shareholders and of the Board of Directors. The Chairman shall be a full voting member of the Board of Directors, entitled to vote and participate in all actions and matters brought before the Board of Directors. He or she shall be the senior officer of the Corporation and shall have such powers and duties as the Board of Directors may prescribe.

(b) The President shall be the chief executive officer 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. In the absence of the Chairman of the Board of Directors, the President shall preside at all meetings of the shareholders and of the Board of Directors. He or she shall from time to time make such reports of the affairs of the Corporation as the Board of Directors 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.

(c) Except as otherwise provided by applicable law, the Chairman of the Board of Directors and President shall be, ex officio, members of every committee appointed by the Board of Directors, and shall be entitled to vote and participate in all actions and matters brought before such committee(s).

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 President.

Section 5.07 Secretary, Powers and Duties. The Secretary shall attend all sessions of the Board of Directors 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 of Directors or by the President. 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. The Treasurer shall be a natural person of full age, and may also be either the President or Secretary of 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 depository or depositories 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 President and to the directors, at the regular meetings of the Board of Directors or whenever the President or the Board of Directors 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 of Directors; 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 of Directors 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 Certificates of Shares. Subject to requirements prescribed by law, the shares of the Corporation shall be represented by share certificates in such form as shall be approved by the Board of Directors. Every shareholder shall be entitled to a share 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 share 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 share 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 share 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 By-Laws. 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 share 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 share certificate to be issued in place of any share 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 of Directors 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 of Directors 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.

**ARTICLE VIII
DISTRIBUTIONS AND WORKING CAPITAL**

Section 8.01 Distributions. Subject to the limitations prescribed by law, the provisions of the Articles of Incorporation relating thereto, if any, and the terms of Section 8.03 below, the Board of Directors, at any regular or special meeting, may authorize and the Corporation may make distributions out of assets legally available for such distributions to such extent as the Board of Directors may deem advisable. Distributions may be paid in cash, in property, or in shares of the Corporation.

Section 8.02 Reserve Fund. Before the making of any distribution there may be set aside out of surplus or out of the net profits of the Corporation such sum or sums as the Board of Directors may, from time to time, in its absolute discretion, think proper as a reserve fund to meet contingencies, or for such other purpose as the Board of Directors shall think conducive to the interests of the Corporation, and the Board of Directors may vary or abolish any such reserve fund in its absolute discretion.

Section 8.03 Limited Distributions. Until the Combined RBC equals or exceeds 700% (as such percentage may be adjusted from time to time in accordance with Paragraph 10 of the Shareholders Agreement) for six consecutive calendar quarters, no distributions (whether in the form of dividends, payment of any principal or interest on any surplus notes, or otherwise) shall be made by the Corporation to any of its shareholders. Once the Combined RBC equals or exceeds 700% (as such percentage may be adjusted from time to time in accordance with Paragraph 10 of the Shareholders Agreement) for six consecutive calendar quarters, the Corporation may make distributions to its shareholders so long the Combined RBC immediately after giving effect to such distribution shall be equal to or greater than 650%. Notwithstanding the foregoing, the Corporation shall not be prohibited by these By-laws from making any payments to (i) BCNEPA required by Section 6.3 of that certain Stock Purchase Agreement dated November 24, 2003 among Highmark, BCNEPA and the Corporation, (ii) the shareholders in accordance with Paragraph 10(e) of the Shareholders Agreement (to the extent otherwise permitted by applicable law), or (iii) paying reasonable compensation (including, without limitation, accounts and other trade payables) to BCNEPA or Highmark for services rendered. For purposes of this Section 8.03, the term "Combined RBC" shall have the meaning ascribed to such term in the Shareholders Agreement

**ARTICLE IX
MISCELLANEOUS PROVISIONS**

Section 9.01 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, and 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. Whenever any instrument is required to be filed with the Secretary of the Corporation, in addition to other means of filing with the

Secretary, insertion in the minute book of the Corporation shall be deemed filing with the Secretary regardless of whether the Secretary or some other authorized person has actual possession of the minute book.

Section 9.02 Execution of Written Instruments. Any form of execution provided in the Articles of Incorporation or in these By-Laws 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, 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.

Section 9.03 Annual Financial Statements.

(a) Unless otherwise agreed between the Corporation and a shareholder in a writing which meets the requirements of 15 Pa. C.S.A. § 1554(b), the Corporation shall furnish to its shareholders annual financial statements, including at least a balance sheet as of the end of each fiscal year and statement of income and expenses for the fiscal year. The financial statements shall be prepared on the basis of generally accepted accounting principles, if the Corporation prepares financial statements for the fiscal year on that basis for any purpose, and may be consolidated statements of the Corporation and one or more of its subsidiaries.

(b) The financial statements shall be mailed by the Corporation to each of its shareholders entitled thereto within 120 days after the close of each fiscal year and, after the mailing and upon written request, shall be mailed by the Corporation to any shareholder or beneficial owner entitled thereto to whom a copy of the most recent annual financial statements has not previously been mailed. In lieu of mailing the statements, the Corporation may send them by facsimile, e-mail or other electronic transmission to any shareholder who has supplied the Corporation with a facsimile number or address for electronic transmission for the purposes of receiving financial statements from the Corporation. Statements that are audited or reviewed by a certified public accountant or a public accountant shall be accompanied by the report of the accountant; in other cases, each copy shall be accompanied by a statement of the person in charge of the financial records of the Corporation (i) stating such person's reasonable belief as to whether or not the financial statements were prepared in accordance with generally accepted accounting principles and, if not, describing the basis of presentation, and (ii) describing any material respects in which the financial statements were not prepared on a basis consistent with those prepared for the previous year.

(c) This Section 9.03 shall not apply to the Corporation if the Corporation is required by law to file financial statements at least once a year in a public office.

ARTICLE X
INDEMNIFICATION OF DIRECTORS, OFFICERS AND OTHER AUTHORIZED
REPRESENTATIVES AND PERSONAL LIABILITY OF DIRECTORS

Section 10.01 Scope of Indemnification.

(a) 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 pursuant to Section 10.06 or otherwise to constitute willful misconduct or recklessness within the meaning of 15 Pa.C.S.A. § 1746(b) or any superseding provision of law sufficient in the circumstances to bar indemnification against liabilities arising from the conduct; or

(3) to the extent such indemnification has been finally determined in a final adjudication pursuant to Section 10.06 to be otherwise unlawful.

(b) 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 shall indemnify such indemnified representative to the maximum extent for such portion of the liabilities.

(c) 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) 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 expense of any nature (including, without limitation, all reasonable attorneys' fees, retainers, court costs, transcript costs, fees of experts, witness fees, travel expenses, duplication costs, printing and binding costs, telephone charges, postage charges and delivery service fees); and

(4) "proceeding" means any threatened, pending or completed action, suit, arbitration, alternate dispute resolution mechanism, investigation, appeal, or other 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 security holders or otherwise.

Section 10.02 Proceedings Initiated by Indemnified Representatives. Notwithstanding any other provision of this Article X, the Corporation shall not indemnify under this Article X an indemnified representative for any liability incurred in a proceeding initiated (which shall not be deemed to include counter claims 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 10.02 does not apply to reimbursement of expenses incurred in successfully prosecuting or defending an arbitration under Section 10.06 or otherwise successfully prosecuting or defending the rights of an indemnified representative granted by or pursuant to this Article X.

Section 10.03 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 a proceeding described in Section 10.01 or the initiation of or participation in which is authorized pursuant to Section 10.02 upon receipt of an undertaking by or on behalf of the indemnified representative to repay the amount if it is ultimately determined pursuant to Section 10.06 that such person is not entitled to be indemnified by the Corporation pursuant to this Article X. The financial ability of an indemnified representative to repay an advance shall not be a prerequisite to the making of such advance.

Section 10.04 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 security holders, officers and directors and shall not be subject to voidability.

Section 10.05 Payment of Indemnification. An indemnified representative shall be entitled to indemnification within 30 days after a written request for indemnification has been delivered to the secretary of the Corporation.

Section 10.06 Arbitration.

(a) Any dispute related to indemnification, contribution or advancement of expenses as provided under this Article X shall be decided only by arbitration in the City of Philadelphia, Pennsylvania, in accordance with the commercial arbitration rules then in effect of the American Arbitration Association. In the absence of the American Arbitration Association or if for any reason arbitration under the arbitration rules of the American Arbitration Association cannot be initiated the necessary arbitrator or arbitrators shall be selected by the presiding judge of the Court of Common Pleas of Philadelphia County, Pennsylvania.

(b) The party or parties challenging the right of an indemnified representative to the benefits of this Article X shall have the burden of proof.

(c) The Corporation shall reimburse an indemnified representative for the expenses (including attorneys' fees and disbursements) incurred in successfully prosecuting or defending such arbitration.

(d) Any award entered by the arbitrators shall be final, binding and non-appealable and judgment may be entered thereon by any party in accordance with applicable law in any court of competent jurisdiction, except that the Corporation shall be entitled to interpose as a defense in any such judicial enforcement proceeding any prior final judicial determination adverse to the indemnified representative under Section 10.01(a)(2) in a proceeding not directly involving indemnification under this Article X. The arbitration provision shall be specifically enforceable.

Section 10.07 Contribution. If the indemnification provided for in this Article X 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 X or otherwise.

Section 10.08 Mandatory Indemnification of Directors, Officers, etc. To the extent that an indemnified representative of the Corporation has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in Sections 1741 or 1742 of the Pennsylvania Business Corporation Law of 1988, as amended, 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 10.09 Contract Rights; Amendment or Repeal. All rights under this Article X 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. Notwithstanding any other provision of these By-Laws relating to their amendment generally, any repeal or amendment of this Article X which is adverse to any indemnified representative shall apply to such indemnified representative only on a prospective basis, and shall not reduce

any limitation on the personal liability of an indemnified representative, or limit the rights of an indemnified representative to indemnification or to the advancement of expenses with respect to any action or failure to act occurring prior to the time of such repeal or amendment. Notwithstanding any other provision of these By-Laws, no repeal or amendment of these By-Laws shall affect any or all of this Article so as either to reduce the limitation of an indemnified representative's liability or limit indemnification or the advancement of expenses in any manner unless adopted by (a) the unanimous vote of the directors of the Corporation then serving, or (b) the affirmative vote of shareholders entitled to cast not less than two-thirds of the votes that all shareholders are entitled to cast in the election of directors; provided that no such amendment shall have retroactive effect inconsistent with the preceding sentence

Section 10.10 Scope of Article. The rights granted by this Article X 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 X 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 10.11 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 of indemnification, contribution and advancement of expenses provided by this Article X.

Section 10.12 Interpretation. The foregoing provisions of this Article X are intended to constitute bylaws authorized by 15 Pa.C.S.A. § 1746.

Section 10.13 Personal Liability of Directors.

(a) A director shall not be personally liable, as such, for monetary damages (including, without limitation, any judgment, amount paid in settlement, penalty, punitive damages or expense of any nature (including, without limitation, attorneys' fees and disbursements)) for any action taken, or any failure to take any action, unless:

(1) the director has breached or failed to perform the duties of his or her office under Subchapter 17B of the Pennsylvania Business Corporation Law of 1988, as amended (or any successor provision); and

(2) the breach or failure to perform constitutes self-dealing, willful misconduct or recklessness.

(b) The provisions of Section 10.13(a) shall not apply to the responsibility or liability of a director pursuant to any criminal statute, or the liability of a director for the payment of taxes pursuant to a local, state or federal law.

(c) The provisions of this Section 10.13 shall be effective April 29, 2005, and shall be subject to any provision of law prohibiting the application of this subsection to specific

circumstances, but shall not apply to any action filed prior to that date nor to any breach or failure of performance of duty by a director occurring prior to that date. Any repeal or amendment of this Section 10.13, or the adoption of any provision of the Articles of Incorporation or these By-Laws inconsistent with this Section 10.13, shall be prospective only and shall not affect, to the detriment of any director, any limitation on the personal liability of a director existing at the time of such repeal, amendment or adoption.

Section 10.14 Personal Liability of Officers.

(a) In lieu of the standards of conduct otherwise provided by law, officers of the Corporation shall be subject to the same standards of conduct, including standards of care and loyalty and rights of justifiable reliance, as shall at the time be applicable to directors of the Corporation. An officer of the Corporation shall not be personally liable, as such, to the Corporation or its members for monetary damages for any action taken, or any failure to take any action, unless the officer has breached or failed to perform the duties of his or her office under the Articles of Incorporation, these By-Laws, or the applicable provisions of law and the breach or failure to perform constitutes self-dealing, willful misconduct or recklessness.

(b) The provisions of this Section 10.14 shall be effective April 29, 2005, and shall be subject to any provision of law prohibiting the application of this subsection to specific circumstances, but shall not apply to any action filed prior to that date nor to any breach or failure of performance of duty by an officer occurring prior to that date. Any repeal or amendment of this Section 10.14, or the adoption of any provision of the Articles of Incorporation or these By-Laws inconsistent with this Section 10.14, shall be prospective only and shall not affect, to the detriment of any officer, any limitation on the personal liability of an officer existing at the time of such repeal, amendment or adoption.

Section 10.15 Changes in Pennsylvania Law. References in this Article X to Pennsylvania law or to any provision thereof shall be to such law as it existed on the date this Article X was adopted or as such law thereafter may be changed; provided that (a) in the case of any change which expands the liability of directors or limits the indemnification rights or the rights to advancement of expenses which the Corporation may provide, the rights to limited liability, to indemnification and to the advancement of expenses provided in this Article shall continue as theretofore to the extent permitted by law; and (b) if such change permits the Corporation without the requirement of any further action by shareholders or directors to limit further the liability of directors (or limit the liability of officers) or to provide broader indemnification rights or rights to the advancement of expenses than the Corporation was permitted to provide prior to such change, then liability thereupon shall be so limited and the rights to indemnification and the advancement of expenses shall be so broadened to the extent permitted by law.

**ARTICLE XI
AMENDMENT OF BY-LAWS**

Section 11.01 Shareholders. Except as otherwise expressly provided in Section 10.09, the shareholders shall have the power to alter, amend or repeal these By-Laws, which approval shall include approval by both BCNEPA and Highmark; provided that the approval of BCNEPA

or Highmark, as the case may be, shall not be necessary from and after the date BCNEPA or Highmark ceases to be a shareholder. In the case of a meeting of shareholders to amend or repeal these By-Laws, written notice shall be given to each shareholder that the purpose, or one of the purposes, of the meeting is to consider the adoption, amendment or repeal of the By-Laws, which notice shall include or enclose a copy of the proposed amendment or a summary of the changes to be effected thereby.

Section 11.02 Board of Directors. The Board of Directors, but not any committee thereof, shall have the power and right to amend or repeal these By-laws or to adopt new or replacement By-laws; provided that prior to the Flip Date, approval of any such amendment, repeal or adoption must include all of the Highmark Directors, and from and after the Flip Date, approval of any such amendment, repeal or adoption must include all of the BCNEPA Directors.

Section 11.03 Effect. Any change in the By-Laws shall take effect when adopted unless otherwise provided in the resolution effecting the change.

ARTICLE XII OTHER MATTERS

Section 12.01 Definitions; No Amendment. For purposes of this Article XII, capitalized terms used but not otherwise defined in this Article shall have the meaning ascribed to such terms in the Shareholders Agreement. This Article XII may not be changed, amended or modified except by an amendment to these By-Laws adopted by the shareholders, which approval shall include approval by both BCNEPA and Highmark, so long as BCNEPA or Highmark, as the case may be, is a shareholder.

Section 12.02 Engagement of Financial and Operational Officers. Highmark shall have the right, immediately following the Determination Date on which the shareholders receive an RBC Determination Notice showing that the Combined RBC has been below the RBC Control Level for two consecutive calendar quarters (after giving effect to the BCNEPA Capital Infusion and any Specified Other Shareholder Capital Infusion), to require the immediate removal of the officer of the Corporation having responsibility for the overall financial and operational performance of the Corporation, and the selection of any successor for such office shall (a) until the Flip Date, require the approval of all of the Highmark Directors and a majority of the BCNEPA Directors, and (b) from and after the Flip Date, require the approval of all of the BCNEPA Directors and a majority of the Highmark Directors

ARTICLE XIII INTERPRETATION

Section 13.01 Interpretation. All words, terms and provisions of these Bylaws shall be interpreted and defined by and in accordance with the Pennsylvania Business Corporation Law of 1988, as amended (or any successor statute thereto).

Section 13.02 Separability. The provisions of these Bylaws are independent of and separable from each other, and no provision shall be affected or rendered invalid or

unenforceable by virtue of the fact that for any reason any other or others of them may be invalid or unenforceable in whole or in part.

Section 13.03 Effect of Board Determinations. Any determination involving the interpretation or application of these By-Laws made in good faith by the Board of Directors (which determination must include, prior to the Flip Date, the concurrence of at least one Highmark Director, and from and after the Flip Date, the concurrence of at least one BCNEPA Director), shall be final, binding and conclusive on all parties in interest.

Section 13.04 Gender, Etc. Words used in these By-Laws, regardless of the number and gender specifically used, shall be construed to include any other number, singular or plural, and any other gender, masculine, feminine or neuter, as the context requires.

Section 13.05 BCNEPA and Highmark Further Defined. For purposes of these By-Laws, the meaning of the terms "BCNEPA" and "Highmark" shall also include any Related Party (as such term is defined in the Shareholders Agreement) of BCNEPA or Highmark to which BCNEPA or Highmark transfers all of its shares of capital stock of the Corporation.

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AMENDED AND RESTATED
BY-LAWS
of
GATEWAY HEALTH PLAN, INC.
(a Pennsylvania corporation)

Effective
January 1, 2001
Revised June 2007

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GATEWAY HEALTH PLAN, INC.

By-Laws

ARTICLE I

SHAREHOLDERS

Section 1.01. Annual Meetings. Annual meetings of the shareholders shall be held at 10:00 a.m., on the second Tuesday in April in each year if not a legal holiday, and if a legal holiday, then on the next succeeding day that is not a legal holiday, at the principal business office of the Corporation, or at such other date, time and place as may be fixed by the Board of Directors. Written notice of the annual meeting shall be given at least five days prior to the meeting to each shareholder of record entitled to vote thereat, except as otherwise required by law. Any business may be transacted at the annual meeting regardless of whether the notice calling such meeting contains a reference thereto, except as otherwise required by law.

Section 1.02. Special Meetings. Special meetings of the shareholders may be called at any time, for the purpose or purposes set forth in the call, by the President, the Board of Directors, the holder of stock in the event that only one share in each class is issued or the holders of at least one-fifth of all the shares entitled to vote thereat, by delivering a written request to the Secretary. Special meetings shall be held at the principal business office of the Corporation, or at such other place as may be fixed by the Board of Directors. The Secretary shall thereupon fix the time and date of such special meeting, which shall be held not more than sixty days after the receipt of such request, and shall give due notice thereof. Written notice of each special meeting shall be given at least five days prior to the meeting to each shareholder entitled to vote thereat, except as otherwise required by law. Such notice shall specify the general nature of the business to be transacted at such special meeting, and no other business may be transacted at such special meeting.

Adopted October 2, 2002
As effective May 1, 2003

Section 1.03. Organization. The Chairman of the Board, if one has been elected and is present, or if not, the President, or in his absence the Vice President having the greatest seniority, shall preside, and the Secretary, or in his absence any Assistant Secretary, shall take the minutes, at all meetings of the shareholders.

Section 1.04. Consent of Shareholders in Lieu of Meeting. Any action required or permitted to be taken at a meeting of the shareholders or of a class of the shareholders may be taken without a meeting if, prior or subsequent to the action, a consent or consents 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 II

DIRECTORS

Section 2.01. Number, Election and Term of Office; Subscriber Directors; Independent Directors.

(a) "Non-Subscriber Directors" shall mean directors other than Subscriber Directors, who are elected from time-to-time by the shareholders as provided in these By-Laws.

"Subscriber Directors" shall mean directors who are adult subscribers to the health maintenance organization operated by the Corporation and who are elected to the Board annually by the shareholders, upon recommendation by the President of the Corporation and nomination by the Independent Committee as provided for herein or as otherwise may required by Pennsylvania law.

"Independent Directors" shall mean Directors who are Non-Subscriber Directors and who are not officers or employees of the Corporation or any entity controlling, controlled by or under common control with the Corporation and

who are not beneficial owners of a controlling interest in the voting stock of the Corporation or any such entity.

"Directors" shall mean any and all of Non-Subscriber Directors, Subscriber Directors and Independent Directors.

(b) The number of Directors that shall constitute the full Board of Directors shall be fixed from time-to-time by the Board of Directors, but as of the date of these By-Laws shall consist of six members. At least one third of the Board at any time shall consist of Subscriber Directors, and at least one third shall consist of Independent Directors. A full Board of Directors shall be elected at each annual meeting of the shareholders, based upon nominations made by the Independent Committee, which, in the case of Subscriber Directors, shall be after the procedure set forth in Section 2.01(c) below. Each Director shall hold office from the time of his election or appointment, but shall be responsible as a Director from such time only if he consents to his election or appointment; otherwise, from the time he accepts office or attends his first meeting of the Board. Each Director shall serve until the next annual meeting of the shareholders, and thereafter until his successor is duly elected or appointed, or until his earlier death, resignation or removal.

(c) Prior to any election whereby a new Subscriber Director will be elected, notification of the search for members to join the Board of Directors may be sent to all subscribers asking for subscribers to submit in writing the names and qualifications of Subscriber Director candidates. In recommending Subscriber Director candidates the President shall, to the extent possible, endeavor to obtain diverse representation of broad segments of subscribers covered under health maintenance organization contracts issued by the Corporation. The Directors shall retain the ability to remove and replace any such Subscriber Director at any time for cause (which shall include without limitation a transfer by the subscriber from the Corporation's health maintenance organization so as to cause the Subscriber Director not to qualify as a Subscriber Director). The Subscriber Director shall not be removed necessarily if he or she no longer qualifies as a Subscriber Director because of a

termination of the subscriber from the Medicaid system, but such Subscriber Director shall not be re-elected at the next annual election date.

Section 2.02. Regular Meetings; Notice. Regular meetings of the Board of Directors shall be held at such time and place as shall be designated by the Board of Directors from time-to-time. Notice of such regular meetings shall not be required, except as otherwise expressly required herein or by law, and except that whenever the time or place of regular meetings shall be initially fixed and then changed, notice of such action shall be given promptly by telephone or otherwise to each Director not participating in such action. Any business may be transacted at any regular meeting.

Section 2.03. Annual Meeting of the Board. A regular meeting of the Board of Directors shall be held immediately after and at the same place as the annual meeting of the shareholders. Such regular meeting shall be the annual organization meeting at which the Board shall organize itself and elect the executive officers of the Corporation for the ensuing year and may transact any other business.

Section 2.04. Special Meetings; Notice. Special meetings of the Board of Directors may be called at any time by the Board itself, or by the Chairman or the President, or by at least one-half of the Directors, to be held at such place and day and hour as shall be specified by the person or persons calling the meeting. Notice of every special meeting of the Board of Directors shall be given by the Secretary to each Director at least two days before the meeting. Any business may be transacted at any special meeting regardless of whether the notice calling such meeting contains a reference thereto, except as otherwise required by law.

Section 2.05. Quorum; Voting. At all meetings of the Board of Directors, the actual, telephonic or audiovisual presence of at least a majority of the

Directors in office, along with the presence of at least one Independent Director or Subscriber Director, shall be necessary and sufficient to constitute a quorum for the transaction of business. If a quorum is not present at any meeting, the meeting may be adjourned from time-to-time by a majority of the Directors present until a quorum as aforesaid shall be present, but notice of the time and place to which such meeting is adjourned shall be given to any Directors not present either in writing or given personally or by telephone at least eight hours prior to the hour of reconvening. Resolutions of the Board shall be adopted, and any action of the Board upon any matter shall be valid and effective, with the affirmative vote of a majority of the Directors present at a meeting duly convened and at which a quorum is present. The Chairman of the Board, if one has been elected and is present, or if not, the President, if he is a Director and is present, or if not, a Director designated by the Board, shall preside at each meeting of the Board. The Secretary, or in his absence any Assistant Secretary, shall take the minutes at all meetings of the Board of Directors. In the absence of the Secretary and an Assistant Secretary, the presiding officer shall designate any person to take the minutes of the meeting.

Section 2.06. Presumption of Assent. Minutes of each meeting of the Board shall be made available to each Director at or before the next succeeding meeting. Each Director shall be presumed to have assented to such minutes unless his objection thereto shall be made to the Secretary at or within two days after such succeeding meeting.

Section 2.07. Catastrophe. Notwithstanding any other provisions of the Pennsylvania Business Corporation Law of 1988 (the "BCL"), the Articles or these By-Laws, if any emergency resulting from warlike damage or an attack on the United States or any nuclear or atomic disaster, or any other national or local disaster, causes a majority of the Board to be incapable of acting as such because of death or other physical disability or difficulties of communication or transportation, the other

Director or Directors shall constitute a quorum for the sole purpose of electing Directors to replace the Directors so incapable of acting. The Directors so elected shall serve until such replaced Directors are able to attend meetings of the Board or until the shareholders act to elect Directors for such purpose. Questions as to the existence of such an emergency or disaster or as to the fact of such incapacity shall be determined conclusively by such other Director or Directors.

Section 2.08. Resignations. Any Director may resign by submitting his resignation to the Secretary. Such resignation shall become effective upon its receipt by the Secretary or as otherwise specified therein.

Section 2.09. Committees.

(a) By resolution adopted by a majority of the whole Board, standing or temporary committees, which may include an Executive Committee, may be appointed by the Board of Directors from time-to-time. Committee membership shall consist of at least one Director. Further, at least one-third of each committee shall consist of Independent and Subscriber Directors, collectively. Each such committee shall have and exercise such authority of the Board of Directors in the management of the business and affairs of the Corporation as the Board may specify from time-to-time, which may include declaration of dividends, authorization of the issuance and terms of sale of stock or debt securities, fixing the relative rights and preferences of preferred stock or other securities issued by the Corporation and any other action which the BCL provides shall or may be taken by the Board of Directors; provided that a committee shall not have any power or authority as to the following: (i) the submission to shareholders of any action requiring approval of shareholders as described in Section 1731 of the BCL, (ii) the creation or filling of vacancies in the Board of Directors, (iii) the adoption, amendment or repeal of the By-Laws, (iv) the amendment or repeal of any resolution of the Board of Directors that by its terms is amendable or repealable only by the Board of Directors, and (v) action on any matters

committed by these By-Laws or resolution of the Board of Directors to another committee of the Board of Directors. At all meetings of any Committee, the actual, telephonic or audiovisual presence of at least a majority of the members of such Committee, along with the presence of at least one Independent Director or Subscriber Director, shall be necessary and sufficient to constitute a quorum for the transaction of business. Such Committee meetings shall otherwise be conducted pursuant to the procedures set forth in Section 2.05 as if it were a Board meeting. The Board may designate one or more Directors as alternate members of any committee to replace any absent or disqualified member at any meeting of the committee or for the purpose of any written action by the Committee, and in the event of such absence or disqualification, the member or members of such committee present at any meeting and not disqualified from voting, whether or not such member or members constitute a quorum, may unanimously appoint another Director to act at the meeting in the place of any such absent or disqualified member. Any action taken by any committee shall be subject to alteration or revocation by the Board of Directors; provided, however, that third parties shall not be prejudiced by such alteration or revocation.

(b) There shall exist a standing committee of the Board, called the Independent Committee, which shall consist solely of the Independent Directors. The Independent Committee shall have responsibility for the following:

- (i) Recommending the selection of independent certified public accountants;
- (ii) Reviewing the Corporation's financial condition and the scope and results of any independent audit and any internal financial audit;
- (iii) Nominating candidates for Director; and
- (iv) Evaluating the performance of principal officers of the Corporation and recommending to the Board the selection and compensation of the principal officers.

Section 2.10. Removal; Vacancies.

(a) A Director or Directors may be removed from time-to-time with or without cause in the manner provided for in the BCL.

(b) Any vacancy that shall occur in the Board of Directors by reason of death, resignation, removal or any other cause whatever shall be filled by the remaining Board members or by the shareholders, based upon the recommendation of the Independent Committee, and each person so elected shall serve for the balance of the unexpired term; provided, that if the vacancy is a person who was an employee of a general partner of the shareholder, the Independent Committee shall nominate another employee of such general partner to fill such vacancy; and provided, further, that any vacancy with respect to Subscriber Directors shall be filled as set forth in Section 2.01(c).

Section 2.11. Duties of Directors. The directors shall be generally authorized to direct the affairs of the Corporation and shall be specifically authorized to provide oversight of the corporate functions of contracting, claims processing, Quality Assurance, Utilization Management, credentialing and provider relations. Directors shall discharge their duties in a fiduciary capacity and as otherwise required by the law.

Section 2.12. Personal Liability of Directors.

(a) **Elimination of Liability.** To the fullest extent that the laws of the Commonwealth of Pennsylvania, as now in effect or as hereafter amended, permit elimination or limitation of the liability of directors, no Director of the Corporation shall be personally liable for monetary damages as such for any action taken, or any failure to take any action, as a Director.

(b) **Nature and Extent of Rights.** The provisions of this Section shall be deemed to be a contract with each Director of the Corporation who serves as such at any time while this Section is in effect and each such Director shall be deemed to

be so serving in reliance on the provisions of this Section. Any amendment or repeal of this Section or adoption of any by-law or provision of the Articles of the Corporation which has the effect of increasing director liability shall operate prospectively only and shall not have any effect with respect to any action taken, or any failure to act, by a Director prior thereto.

Section 2.13. Indemnification of, and Advancement of Expenses to, Directors, Officers and Others.

(a) **Right to Indemnification.** Except as prohibited by law, every director, officer or duly appointed committee member of the Corporation shall be entitled as of right to be indemnified by the Corporation against expenses and any liabilities paid or incurred by such person in connection with any actual or threatened claim, action, suit or proceeding, civil, criminal, administrative, investigative or other, whether brought by or in the right of the Corporation or otherwise, in which he or she may be involved in any manner, as a party, witness or otherwise, or is threatened to be made so involved, by reason of such person being or having been a director, officer or duly appointed committee member of the Corporation or of a subsidiary of the Corporation or by reason of the fact that such person is or was serving at the request of the Corporation as a director, officer, employee, fiduciary or other representative of another company, partnership, joint venture, trust, employee benefit plan or other entity (such claim, action, suit or proceeding hereinafter being referred to as an "Action"); provided, that no such right of indemnification shall exist with respect to an Action initiated by an indemnity (as hereinafter defined) against the Corporation (an "Indemnity Action") except as provided in the last sentence of this Paragraph (a). Persons who are not directors, officers or duly appointed committee members of the Corporation may be similarly indemnified in respect of service to the Corporation or to another such entity at the request of the Corporation to the extent the Board of Directors at any time denominates any of such persons as entitled to the benefits of this Section. As used in this Section, "indemnity" shall include each director and

officer of the Corporation and each other person denominated by the Board of Directors as entitled to the benefits of this Section, "expenses" shall mean all expenses actually and reasonably incurred, including fees and expenses of counsel selected by an indemnity, and "liabilities" shall mean amounts of judgments, excise taxes, fines, penalties and amounts paid in settlement. An indemnity shall be entitled to be indemnified pursuant to this Paragraph (a) for expenses incurred in connection with any Indemnity Action only (i) if the Indemnity Action is instituted under Section (c) of this Section and the indemnity is successful in whole or in part in such Action, (ii) if the indemnity is successful in whole or in part in another Indemnity Action for which expenses are claimed or (iii) if the indemnification for expenses is included in a settlement of, or is awarded by a court in, such other Indemnity Action.

(b) **Right to Advancement of Expenses.** Every indemnity shall be entitled as of right to have his or her expenses in defending any Action, or in initiating and pursuing any Indemnity Action for indemnity or advancement of expenses under Paragraph (c) of this Section, paid in advance by the Corporation prior to final disposition of such Action or Indemnity Action, provided that the Corporation receives a written undertaking by or on behalf of the indemnity to repay the amount advanced if it should ultimately be determined that the indemnity is not entitled to be indemnified for such expenses.

(c) **Right of Indemnity to Initiate Action.** If a written claim under Paragraph (a) or Paragraph (b) of this Section is not paid in full by the Corporation within thirty days after such claim has been received by the Corporation, the indemnity may at any time thereafter initiate an Indemnity Action to recover the unpaid amount of the claim and, if successful in whole or in part, the indemnity shall also be entitled to be paid the expense of prosecuting such Indemnity Action. The only defense to an Indemnity Action to recover on a claim for indemnification under Paragraph (a) of this Section shall be that the indemnity's conduct was such that under Pennsylvania law the Corporation is prohibited from indemnifying the indemnity for the amount claimed, but the burden of proving such defense shall be on

the Corporation. Neither the failure of the Corporation (including its board of directors, independent legal counsel and its shareholders) to have made a determination prior to the commencement of such Indemnity Action that indemnification of the indemnity is proper in the circumstances, nor an actual determination by the Corporation (including its board of directors, independent legal counsel or its shareholders) that the indemnity's conduct was such that indemnification is prohibited by Pennsylvania law, shall be a defense to such Indemnity Action or create a presumption that the indemnity's conduct was such that indemnification is prohibited by Pennsylvania law. The only defense to an Indemnity Action to recover on a claim for advancement of expenses under Paragraph (b) of this Section shall be the indemnity's failure to provide the undertaking required by Paragraph (b) of this Section.

(d) **Insurance and Funding.** The Corporation may purchase and maintain insurance to protect itself and any person eligible to be indemnified hereunder against any liability or expense asserted or incurred by such person in connection with any Action, whether or not the Corporation would have the power to indemnify such person against such liability or expense by law or under the provisions of this Section. The Corporation may create a trust fund, grant a security interest, cause a letter of credit to be issued or use other means (whether or not similar to the foregoing) to ensure the payment of such sums as may become necessary to effect indemnification as provided herein.

(e) **Non-Exclusivity; Nature and Extent of Rights.** The rights to indemnification and advancement of expenses provided for in this Section shall (i) not be deemed exclusive of any other rights, whether now existing or hereafter created, to which any indemnity may be entitled under any agreement or By-Law, charter provision, vote of shareholders or directors or otherwise, (ii) be deemed to create contractual rights in favor of each indemnity who serves the Corporation at any time while this Section is in effect (and each such indemnity shall be deemed to be so serving in reliance on the provisions of this Section), and (iii) continue as to each

indemnity who has ceased to have the status pursuant to which he or she was entitled or was denominated as entitled to indemnification under this Section and shall inure to the benefit of the heirs and legal representatives of each indemnity. Any amendment or repeal of this Section or adoption of any By-Law or provision of the Articles of the Corporation which has the effect of limiting in any way the rights to indemnification or advancement of expenses provided for in this Section shall operate prospectively only and shall not affect any action taken, or failure to act, by an indemnity prior to the adoption of such amendment, repeal, By-Law or other provision.

(f) **Partial Indemnity.** If an indemnity is entitled under any provision of this Section to indemnification by the Corporation for some or a portion of the expenses or liabilities paid or incurred by the indemnity in the preparation, investigation, defense, appeal or settlement of any Action or Indemnity Action but not, however, for the total amount thereof, the Corporation shall indemnify the indemnity for the portion of such expenses or liabilities to which the indemnity is entitled.

ARTICLE III

OFFICERS AND EMPLOYEES

Section 3.01. Executive Officers. The Executive Officers of the Corporation shall be the President, the Secretary and the Treasurer, and may include a Chairman of the Board and one or more Vice Presidents as the Board may from time-to-time determine, all of whom shall be elected by the Board of Directors. Any number of offices may be held by the same person. Each Executive Officer shall hold office at the pleasure of the Board of Directors, or until his death or resignation.

Section 3.02. Additional Officers; Other Agents and Employees. The Board of Directors may from time-to-time appoint or employ such additional officers, assistant officers, agents, employees and independent contractors as the Board deems advisable; the Board or the President shall prescribe their duties, conditions of

employment and compensation; and the Board shall have the right to dismiss them at any time, without prejudice to their contract rights, if any. The President may employ from time-to-time such other agents, employees and independent contractors as he may deem advisable for the prompt and orderly transaction of the business of the Corporation, and he may prescribe their duties and the conditions of their employment, fix their compensation and dismiss them at any time, without prejudice to their contract rights, if any.

Section 3.03. The Chairman. If there shall be a Chairman of the Board, he shall be elected from among the Directors, shall preside at all meetings of the shareholders and of the Board as provided herein, and shall have such other powers and duties as from time-to-time may be prescribed by the Board.

Section 3.04. The President. The President shall be the chief executive officer of the Corporation. Subject to the control of the Board of Directors, the President shall have general supervision of and general management and executive powers over all the property, operations, business, affairs and employees of the Corporation, and shall see that the policies and programs adopted or approved by the Board are carried out. The President shall be an ex officio member of the Board of Directors and all committees of the Board of Directors except the Independent Committee, without voting rights, and the President shall exercise such further powers and duties as from time-to-time may be prescribed in these By-Laws or by the Board of Directors.

Section 3.05. The Vice Presidents. The Vice Presidents may be given by resolution of the Board general executive powers, subject to the control of the President, concerning one or more or all segments of the operations of the Corporation. The Vice Presidents shall exercise such further powers and duties as from time-to-time may be prescribed in these By-Laws or by the Board of Directors or

the President. At the request of the President, or in his absence or disability, the senior Vice President shall exercise the powers and duties of the President.

Section 3.06. The Secretary and Assistant Secretaries. It shall be the duty of the Secretary (a) to keep an original or duplicate record of the proceedings of the shareholders and the Board of Directors, and a copy of the Articles and of the By-Laws; (b) to give such notices as may be required by law or these By-Laws; (c) to be custodian of the corporate records and of the seal of the Corporation and see that the seal is affixed to such documents as may be necessary or advisable; (d) to have charge of and keep, or cause to be kept by a transfer agent or registrar, the stock books of the Corporation and such records as to the identity of the shareholders, and as to the shares issued to and held of record by them, as may be required by law; and (e) to exercise all powers and duties incident to the office of Secretary; and such further powers and duties as from time-to-time may be prescribed in these By-Laws or by the Board of Directors or the President. The Board of Directors, in its discretion, may appoint Assistant Secretaries from time-to-time. The Assistant Secretaries shall assist the Secretary in the performance of his duties and shall also exercise such further powers and duties as from time-to-time may be prescribed by the Board of Directors, the President or the Secretary. At the direction of the Secretary or in his absence or disability, an Assistant Secretary shall exercise the powers and duties of the Secretary.

Section 3.07. The Treasurer and Assistant Treasurers. It shall be the duty of the Treasurer (a) to keep the Corporation's contracts, insurance policies, leases, deeds and other business records; (b) to see that the Corporation's lists, books, reports, statements, tax returns, certificates and other documents and records required by law are properly prepared, kept and filed; (c) to be the principal officer in charge of tax and financial matters, budgeting and accounting of the Corporation; (d) to have charge and custody of and be responsible for the Corporation's funds,

securities and investments; (e) to receive and give receipts for checks, notes, obligations, funds and securities of the Corporation, and deposit monies and other valuable effects in the name and to the credit of the Corporation, in such depositories as shall be designated by the Board of Directors; (f) subject to the provisions of Section 5.01 hereof, to cause the funds of the Corporation to be disbursed by payment in cash or by checks or drafts upon the authorized depositories of the Corporation, and to cause to be taken and preserved proper vouchers for such disbursements; (g) to render to the President and the Board of Directors whenever they may require it an account of all his transactions as Treasurer, and reports as to the financial position and operations of the Corporation; (h) to keep appropriate, complete and accurate books and records of account of all the Corporation's business and transactions; and (i) to exercise all powers and duties incident to the office of Treasurer; and such further duties from time-to-time as may be prescribed in these By-Laws or by the Board of Directors or the President. The Board of Directors, in its discretion, may appoint Assistant Treasurers from time-to-time. The Assistant Treasurers shall assist the Treasurer in the performance of his duties and shall also exercise such further powers and duties as from time-to-time may be prescribed by the Board of Directors, the President or the Treasurer. At the direction of the Treasurer or in his absence or disability, an Assistant Treasurer shall exercise the powers and duties of the Treasurer.

Section 3.08. Vacancies. Any vacancy in any office or position by reason of death, resignation, removal, disqualification, disability or other cause shall be filled in the manner provided in this Article III for regular election or appointment to such office.

Section 3.09. Delegation of Duties. The Board of Directors may in its discretion delegate for the time being the powers and duties, or any of them, of any officer to any other person whom it may select.

ARTICLE IV

SHARES OF CAPITAL STOCK

Section 4.01. Share Certificates. Every holder of fully-paid stock of the Corporation shall be entitled to a certificate or certificates, to be in such form as the Board of Directors may from time-to-time prescribe, and signed (in facsimile or otherwise, as permitted by law) by the President or a Vice President and the Secretary or the Treasurer or an Assistant Secretary or an Assistant Treasurer, which shall represent the number and class of shares of stock owned by such holder. The Board of Directors may authorize the issuance of certificates for fractional shares or, in lieu thereof, scrip or other evidence of ownership, which may (or may not) as determined by the Board of Directors entitle the holder thereof to voting, dividends or other rights of shareholders.

Section 4.02. Transfer of Shares. Transfers of shares of stock of the Corporation shall be made on the books of the Corporation only upon surrender to the Corporation of the certificate or certificates for such shares properly endorsed, by the shareholder or by his assignee, agent or legal representative, who shall furnish proper evidence of assignment, authority or legal succession, or by the agent of one of the foregoing thereunto duly authorized by an instrument duly executed and filed with the Corporation, in accordance with regular commercial practice.

Section 4.03. Lost, Stolen, Destroyed or Mutilated Certificates. New certificates for shares of stock may be issued to replace certificates lost, stolen, destroyed or mutilated upon such conditions as the Board of Directors may from time-to-time determine.

Section 4.04. Regulations Relating to Shares. The Board of Directors shall have power and authority to make all such rules and regulations not

inconsistent with these By-Laws as it may deem expedient concerning the issue, transfer and registration of certificates representing shares of the Corporation.

Section 4.05. Holders of Record. The Corporation shall be entitled to treat the holder of record of any share or shares of stock of the Corporation as the holder and owner in fact thereof for all purposes and shall not be bound to recognize any equitable or other claim to or interest in such shares on the part of any other person, whether or not it shall have express or other notice thereof, except as otherwise expressly provided by law.

ARTICLE V

MISCELLANEOUS CORPORATE TRANSACTIONS AND DOCUMENTS

Section 5.01. Execution of Notes, Checks, Contracts and Other Instruments. All notes, bonds, drafts, acceptances, checks, endorsements (other than for deposit), guarantees and all evidences of indebtedness of the Corporation whatsoever, and all deeds, mortgages, contracts and other instruments requiring execution by the Corporation, may be signed by the President, any Vice President or the Treasurer, and authority to sign any of the foregoing, which may be general or confined to specific instances, may be conferred by the Board of Directors upon any other person or persons. Any person having authority to sign on behalf of the Corporation may delegate, from time-to-time, by instrument in writing, all or any part of such authority to any other person or persons if authorized to do so by the Board of Directors, which authority may be general or confined to specific instances. Facsimile signatures on checks may be used if authorized by the Board of Directors.

Section 5.02. Voting Securities Owned by Corporation. Securities owned by the Corporation and having voting power in any other corporation shall be voted by the President or any Vice President, unless the Board of Directors confer authority to vote with respect thereto, which may be general or confined to specific

investments, upon some other person. Any person authorized to vote such securities shall have the power to appoint proxies, with general power of substitution.

ARTICLE VI

GENERAL PROVISIONS

Section 6.01. Offices. The principal business office of the Corporation shall be at US Steel Tower, Floor 41, 600 Grant Street, Pittsburgh, PA 15219. The Corporation may have offices at such places within or without the Commonwealth of Pennsylvania as the business of the Corporation may require.

Section 6.02. Corporate Seal. The Board of Directors shall prescribe the form of a suitable corporate seal, which shall contain the full name of the Corporation and the year and state of incorporation.

Section 6.03. Fiscal Year. The fiscal year of the Corporation shall end on such day as shall be fixed by the Board of Directors.

ARTICLE VII

AMENDMENTS

Section 7.01. Amendments. These By-Laws may be amended, altered or repealed, and new By-Laws may be adopted, by the shareholders (or, to the extent permitted by law, the Board of Directors) at any regular or special meeting. Any such amendment shall be by majority vote. No provision of these By-Laws shall vest in any person any property right or (except as provided in Sections 2.11(b) and 2.12(e)) any contract right.

ARTICLE VIII

BUSINESS OF THE CORPORATION

Section 8.01. Business of the Corporation. Unless the Board of Directors shall agree otherwise, the Corporation shall only be permitted to own and operate one or more health maintenance organizations for medical assistance recipients and Medicare beneficiaries in the Commonwealth of Pennsylvania, and to take any and all actions in furtherance thereof.

Document Divider

BY-LAWS
OF
HIGHMARK CASUALTY INSURANCE COMPANY
As amended and to be effective April 22, 2009

ARTICLE 1

Section 1.01. Place of Meetings. Meetings of the shareholders shall be held at such place within or without the Commonwealth of Pennsylvania as shall be specified from time to time by the Board of Directors (hereinafter referred to as the "Board").

Section 1.02. Annual Meetings. The annual meeting of the shareholders for the election of directors and the transaction of such other business as may properly come before the meeting shall be held within five months after the close of the Corporation's fiscal year at such time as shall be specified by the Board.

Section 1.03. Special Meetings. Special meetings may be called at any time by the Chairman, the Board, or shareholders entitled to cast at least twenty (20) percent of the votes that all shareholders are entitled to cast at the particular meeting.

Section 1.04. Notice of Meetings. Notice specifying the place, day, and hour of each meeting and, in the case of a special meeting, the general nature of the business to be transacted shall be given by, or at the direction of, the Secretary or other person authorized to call such meeting to each shareholder of record entitled to vote at such meeting, at least five (5) days prior to the day named for the meeting, unless a greater period of time is required by Section 1704 of the Pennsylvania Business Corporation Law of 1988 or any successor statute.

Section 1.05. Record Date. The record date for the determination of the shareholders entitled to notice of, or to vote at, the meeting shall be the close of business on the day immediately preceding the day on which the meeting is held. Only shareholders of record on the record date shall be so entitled notwithstanding any transfer of shares on the books of the Corporation after the record date. When a determination of shareholders of record has been made as provided herein for purposes of a meeting, the determination shall apply to any adjournment thereof unless the Board fixes new record date for the adjourned meeting. 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 is not necessary, shall be the close of business on the day on which the first written consent or dissent is filed with the Secretary of the Corporation.

Section 1.06. Informal Action. Any action which may be taken at a meeting of the shareholders may be taken without a meeting if, prior or subsequent to the action, a consent or consents thereto by all of the shareholders who would be entitled to vote at a meeting for such purposes shall be filed with the Secretary of the Corporation.

Section 1.07. Telephone Participation in Meetings. One or more persons may participate in a meeting of the shareholders by means of conference telephone or similar communications equipment by means 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 2

DIRECTORS

Section 2.01. Powers of Board of Directors. Except as otherwise provided by statute, the Articles of Incorporation or a Bylaw adopted by the shareholders, all powers vested by law in the Corporation shall be exercised by or under the authority of, and the business and affairs of the Corporation shall be managed under the direction of, the Board.

Section 2.02. Number, Election, and Term of Office. The Board shall consist initially of nine (9) directors, and thereafter shall consist of such number of directors, not less than seven (7) nor more than nine (9), as the Board shall determine from time to time. Directors need not be shareholders of the Corporation. The directors shall be elected by the shareholders at the annual meeting or at any special meeting called for such purpose. Each director shall hold office until the next annual meeting of the shareholders and until his or her successor has been duly selected and qualified.

Section 2.03. Vacancies. Vacancies in the Board, including vacancies resulting from an increase in the number of directors, may be filled by a majority vote or the remaining members of the Board though less than a quorum. Each person so selected shall be a director to serve for the balance of the unexpired term. Upon the occurrence of a vacancy, other than a vacancy resulting from an increase in the number of directors, the size of the Board shall be automatically reduced (but not to fewer than seven (7) directors) to eliminate such vacancy. The election of a director by the Board pursuant to this Section shall automatically increase the size of the Board to the number of directors that will be in office after giving effect to such election (but not to more than nine (9) directors) unless the Board shall specify otherwise.

Section 2.04. Committees. The Board of Directors may elect among its own members and executive committee which shall have the full powers of the Board between meetings thereof, except the power to declare dividends and to adopt, amend, or repeal the Bylaws. In addition, the Board may establish an investment committee which shall have the power to invest the funds of the Company, consistent with applicable insurance

laws and regulations; and establish such other committees as it deems advisable, with membership from within or without the Board, and may delegate specific powers to such committees.

Section 2.05. Meetings of Directors. Regular meeting of the Board shall be held at such time and place as the Board shall from time to time appoint. No notice shall be required to be given of any such regular meeting. A special meeting of the Board may be called by the Chairman or any director upon two (2) days written notice to each director. A majority of the directors in office shall constitute a quorum for the transaction of business, and the acts of a majority of the directors present and voting at a meeting at which a quorum is present shall be the acts of the Board.

Section 2.06. Informal Action. Any action which may be taken at a meeting of the directors, or at a meeting of the members of a committee thereof, may be taken without a meeting if, prior or subsequent to the action, a consent or consents thereto by all of the directors or members of such committee (as the case may be) in office shall be filed with the Secretary.

Section 2.07. Telephone Participation in Meetings. One or more directors may participate in a meeting of the Board, or of a committee thereof, by means of conference telephone or similar communications equipment by means 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 3

OFFICERS

Section 3.01. Enumeration. The officers of the Corporation shall be elected by the Board and shall consist of a Chairman, a Chief Executive Officer, a President, a Secretary, a Treasurer, and such other officers and assistant officers (if any) as the Board shall elect from time to time. The Board may at any time elect one of its members as Chairman of the Board, who shall preside at meetings of the Board and of the shareholders and shall have such powers and perform such duties as shall be prescribed from time to time by the Board. Any two or more offices may be held by the same person. **(Amended: April 22, 2009)**

Section 3.02. Chairman. The Chairman shall be the Chairman of the Board of the Corporation. The Chairman shall preside at all meetings of the Board and of the shareholders. He shall be the highest ranking officer of the Corporation and all other officers shall report to the Chairman. The Chairman shall be an ex-officio member of all committees of the Corporation and shall have such powers and responsibilities as are set forth more fully herein or in the Pennsylvania Business Corporation Law of 1988 or its successor statute.

Section 3.03. Chief Executive Officer. The Chief Executive Officer shall be responsible for the general management of the business and affairs of the corporation and shall exercise general supervision and authority over all agents and employees of the Corporation. The Chief Executive Officer shall have such other powers and duties as are provided in these Bylaws or as may be incident to the office of chief executive officer and shall perform such other duties as may be assigned to him or her by the Board. The Chief Executive Officer shall supervise the implementation of all policies, orders and resolutions of the Board and shall execute all contracts and agreements authorized by the Board, except that he or she may delegate to other officers of the Corporation the power to execute contracts in the ordinary course of business or as otherwise may be authorized by the Board. **(Amended: April 22, 2009)**

Section 3.03 A. President. The President shall be the chief operating officer of the Corporation and shall be responsible for the direct and active administration, supervision and control of the day-to-day activities and operations of the Corporation. The President shall have such other powers and duties as are provided in these Bylaws or as may be incident to the office of president and shall perform such other duties as may be assigned to him or her by the Chief Executive Officer or the Board. **(Amended: April 22, 2009)**

Section 3.04. Secretary. The Secretary shall keep a record of the minutes of the proceedings of meetings of the shareholders and of the Board, and shall give notice of all such meetings as required by statute or these Bylaws. The Secretary shall have custody of the seal of the Corporation and of all books, records, and papers of the Corporation, except such as shall be in the charge of the Treasurer or of some other person authorized to have custody and possession thereof by resolution of the Board. The Secretary shall, if required, attest on behalf of the Corporation any contract which has been approved by the Board. The Secretary shall also have such other powers and perform such other duties as are incident to the office of the secretary of a corporation or as shall be prescribed from time to time by, or pursuant to authority delegated by, the Board. **(Amended: April 22, 2009)**

Section 3.05. Treasurer. The Treasurer shall keep full and accurate accounts of the receipts and disbursements of the Corporation in books belonging to the Corporation, shall deposit all moneys and other valuable effects of the Corporation in the name and to the credit of the Corporation in such depositories as may be designated by the Board, and shall also have such other powers and perform such other duties as are incident to the office of the treasurer of a Corporation or as shall be prescribed from time to time by, or pursuant to authority delegated by, the Board.

Section 3.06. Other Officers and Assistant Officers. The powers and duties of each other officer or assistant officer who may from time to time be chosen by the Board shall be as specified by, or pursuant to authority delegated by, the Board at the time of the appointment of such other officer or assistant officer or from time to time thereafter. In addition, each assistant officer shall assist in the performance of the duties of the officer

to which he or she is assistant, and shall have the powers and perform the duties of such officer during such officer's absence or inability to act.

Section 3.07. Term and Compensation. Each officer or assistant officer shall serve at the pleasure of the Board. The compensation of all officers and assistant officers shall be fixed by, or pursuant to authority delegated by, the Board from time to time.

ARTICLE 4

DIRECTORS' LIABILITY

Section 4.01. Directors' Personal Liability. A director of the Corporation shall not be personally liable, as such, for monetary damages from any action taken, or any failure to take action; provided, however, that this provision shall not eliminate or limit the liability of a director to the extent that such elimination or limitation of liability is expressly prohibited by Section 1721(e) of the Pennsylvania Business Corporation Law of 1988 or any successor statute as in effect at the time of the alleged action or failure to take action by such director.

Section 4.02. Preservation of Rights. Any repeal or modification of this Article shall not adversely affect any right or protection existing at the time of such repeal or modification to which any director or former director may be entitled under this Article. The right conferred by the Article shall continue as to any person who has ceased to be a director of the Corporation and shall inure to the benefit of the heirs and personal representatives of such person.

Section 4.03. Indemnification of Directors and Officers. Each person who has been or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that he or she is or was or has agreed to become a director, officer or employee of the Corporation, or is or was serving or has agreed to serve at the request of the Corporation as a director, officer or employee of another Corporation, partnership, joint venture, trust or other enterprise, shall be indemnified by the Corporation against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him or her in connection with such action, suit or proceeding, and expenses incurred in connection therewith may be advanced by the Corporation, all to the full extent and the manner permitted by Section 1741 and 1742 of the Pennsylvania Business Corporation Law. Similar indemnification may be provided by the Corporation to any person, not a director, officer or employee, who has been or is a party or is threatened to be made a party to any such action, suit or proceeding by reason of the fact that he or she is or was or has agreed to become an agent of the Corporation or for its benefit as an agent or another Corporation, partnership, joint venture, trust or other enterprise.

Indemnification of a director, officer or employee of the Corporation or of another corporation, partnership, joint venture, trust or other enterprise (unless otherwise ordered by a court) shall be made by the Corporation unless a determination is made that indemnification of the director, officer or employee is not proper in the circumstances because he or she has not met the applicable standard of conduct set forth in Section 1741 and 1742 of the Pennsylvania Business Corporation Law. Expenses (including attorneys' fees) incurred in defending any action or proceeding referred to above shall be paid by the Corporation in advance of the final disposition of the action or proceeding upon receipt of

an undertaking by or on behalf of the agent to repay the amount if it is ultimately determined that he or she is not entitled to be indemnified by the Corporation as authorized by the Pennsylvania Business Corporation Law or otherwise. Any indemnification of, and advancement of expenses to, an agent of the Corporation or of another Corporation, partnership, joint venture, trust or other enterprise under this Section (unless otherwise ordered by a court) may be made by the Corporation unless a determination is made that indemnification of the agent is not proper in the circumstances because he or she has not met the applicable standard of conduct set forth in such Section 1741 and 1742 of the Pennsylvania Business Corporation Law. Any such determination shall be made (1) by the Board by a majority vote of a quorum consisting of directors who were not parties to such action, suit or proceeding; or (2) if such a quorum is not obtainable, or, even if obtainable a quorum of disinterested directors so directs, by independent legal counsel in a written opinion; or (3) by the shareholders. No such determination shall create any presumption in any action, suit or proceeding that any director, officer, employee or agent has not met the applicable standard of conduct. No termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent shall, of itself, create any presumption that any director, officer, employee or agent has not met the applicable standard of conduct.

The foregoing indemnification provisions shall be deemed to be a contract between the Corporation and each director, officer and employee who serves in such capacity at any time while such provisions, as well as the relevant provisions of the Pennsylvania Business Corporation Law, are in effect, and any amendment or repeal thereof shall not affect any right or obligation then existing with respect to any state of facts then or previously existing or any action, suit or proceeding previously or thereafter brought or threatened based in whole or in part upon any such state of facts. Such contract right may not be modified retroactively without the consent of such director, officer or employee, as the case may be.

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

Invalidation of any portion of this Section shall not affect the validity of any other portion hereof.

Section 4.04. Definition of Corporation. For purposes of this Article, references to "the Corporation" shall include all constituent corporations absorbed in a consolidation, merger or division, as well as the surviving or new corporations surviving or resulting therefrom, so that (i) any person who is or was an authorized representative of a

constituent, surviving or new corporation shall stand in the same position under the provisions of this Article with respect to the surviving or new corporation as such person would if he or she had served the surviving or new corporation in the same capacity and (ii) any person who is or was an authorized representative of the Corporation shall stand in the same position under the provisions of this Article with respect to the surviving or new corporation as such person would with respect to the Corporation if its separate existence had continued.

Section 4.05. Definition of Authorized Representative. For the purpose of this Article, the term "authorized representative" shall mean director, officer, employee or agent of the Corporation or of any subsidiary of the Corporation, or a trustee, custodian, administrator, committeeman or fiduciary of any employee benefit plan established and maintained by the Corporation or by any subsidiary of the Corporation, or a person serving another Corporation, partnership, joint venture, trust or other enterprise in any of the foregoing capacities at the request of the Corporation.

ARTICLE 5

SHARES OF CAPITAL STOCK

Section 5.01. Issuance of Shares. Shares of capital stock of any class now or hereafter authorized, securities convertible into or exchangeable of such shares, or options or other rights to purchase such shares or securities, may be issued or granted in accordance with the authority granted by resolution of the Board from time to time.

Section 5.02. Share Certificates. Certificates for shares of capital stock of the Corporation shall be in the form adopted from time to time by the Board, shall be signed by the Chief Executive Officer or President and by the Secretary or Treasurer, and may be sealed with the seal of the Corporation. All such certificates shall be numbered consecutively, and the name of the person owning the shares represented thereby, with the number of such shares and the date of issue, shall be entered on the books of the Corporation. (Amended: April 22, 2009)

Section 5.03. Transfer of Shares. Shares of the Corporation shall be transferred only on the books of the Corporation, by the holder of record in person or by the holder's duly authorized representative, upon surrender to the Corporation of the certificate for such shares duly endorsed for transfer, together with such other documents (if any) as may be required to effect such transfer.

Section 5.04. Lost, Stolen, Destroyed, or Mutilated Certificates. New share certificates, to replace share certificates which have been lost, stolen, destroyed, or mutilated, may be issued upon such terms and conditions, including proof of loss or destruction and the giving of a satisfactory bond of indemnity, as the Board may determine from time to time.

Section 5.05. Regulations. The Board shall have power and authority to make all such rules and regulations not inconsistent with these Bylaws as it may deem expedient concerning the issue, transfer, and registration of shares of the Corporation.

Section 5.06. Holders of Record. The Corporation shall be entitled to treat the holder of record of any share or shares of capital stock of the Corporation as the holder and owner in fact thereof for all purposes and shall not be bound to recognize any equitable or other claim to, or right, title, or interest in, such share or shares on the part of any other person, whether or not the Corporation shall have express or other notice thereof, except as may be otherwise required by the laws of the Commonwealth of Pennsylvania.

ARTICLE 6

GENERAL PROVISIONS

Section 6.01. Corporate Seal. The Corporation may adopt a seal in such form as the Board shall determine from time to time.

Section 6.02. Fiscal Year. The fiscal year of the Corporation shall be as designated by the Board from time to time.

Section 6.03. Written Notice. Whenever written notice is required to be given to any person by statute, the Articles of Incorporation or these Bylaws, it may be given to the person by any means permitted by Section 1702 of the Pennsylvania Business Corporation Law of 1988 or any successor statute, and shall be deemed to have been given at the time specified in said Section.

Section 6.04. Waiver of Notice. Whenever notice is required to be given to any person by statute, the Articles of Incorporation or these Bylaws, the giving of the notice may be waived in the manner and with the effect specified in Section 1795 of the Business Corporation Law of 1988 or any successor statute.

Section 6.05. Authorization. All checks, notes, vouchers, warrants, drafts, acceptances, and other orders for the payment of moneys of the Corporation shall be signed by such officer or officers or such other person or persons as the Board may designate from time to time.

Section 6.06. Financial Statements. Except as otherwise agreed between the Corporation and a shareholder in accordance with Section 1554(b) of the Business Corporation Law of 1988, the Corporation shall furnish annual financial statements to the shareholders in accordance with Section 1544 (a) of said Law or any successor statute. The financial statements may but need not be audited or reviewed by public accountant.

Section 6.07. Effect of Bylaws. No provision of these Bylaws shall vest any property right in any shareholder.

Section 6.08. Registered Office. The registered office of Highmark Casualty Insurance Company in the Commonwealth of Pennsylvania shall be in such location as provided in the Articles of Incorporation of the Corporation or any amendments thereto. The Corporation may have such other offices in such places, either within or without the Commonwealth of Pennsylvania, as the Board may from time to time determine or the business of the Corporation may require.

ARTICLE 7

AMENDMENTS

Section 7.01. By the Board of Directors. The authority to adopt, amend and repeal Bylaws of the Corporation is vested in the Board, subject to the power of the shareholders to change such action. The foregoing authority of the Board may be exercised whether or not the shareholders have previously adopted, amended or repealed the same or any other Bylaw, but, subsequent to the initial organization meeting of the Board, such authority may not be exercised with respect to any subject that is committed expressly to the shareholders by the provisions of the Business Corporation Law of 1988 or any successor statute.

Section 7.02. By the Shareholder. In the case of a meeting of the shareholders to take action with respect to the Bylaws, written notice shall be given to each shareholder that the purpose, or one of the purposes, of the meeting is to consider the adoption, amendment or repeal of Bylaws, and a copy of the proposed amendment or a summary of the changes to be effected thereby shall be included in or enclosed with the notice.

Section 7.03. Effective Date. Any change in the Bylaws shall take effect when adopted unless otherwise provided in the resolution effecting the change.

653874

Articles of Agreement

OF THE

Consumer Service Casualty Insurance Company

Know all Men by these presents:—We, the undersigned, being of full age. . . all of whom are citizens of the United States, its territories or possessions do hereby associate to form an incorporated company for the purpose of transacting the business of Casualty. . . . insurance in accordance with the provisions of an Act of the General Assembly of the Commonwealth of Pennsylvania, entitled "An act relating to insurance; amending, revising and consolidating the law; providing for the incorporation of insurance companies and the regulation, supervision and protection of home and foreign insurance companies, Lloyds Associations, reciprocal and inter-insurance exchanges and fire insurance rating bureaus and the regulation and supervision of insurance carried by such companies, associations and exchanges, including insurance carried by the State Workmen's Insurance Fund; providing penalties and repealing existing laws," approved the seventeenth day of May, A.D. 1921, for that purpose do make and sign these as our Articles of Agreement:

1st. The name by which the company shall be known is _____

Consumer Service Casualty Insurance Company

2nd. The class of insurance for which the company is constituted is Clause (e) Paragraph _____ as provided for in Section 202 of the above recited Act, viz: For making insurances to insure against expenses and costs of lawyers' services, all other legal services and the expenses and costs of legal proceedings.

3rd. The plan or principle on which the business is to be conducted is the joint stock plan or principle.

4th. The place in which the company is to be established or located is _____

Pittsburgh, Allegheny County, Pennsylvania

5th. The amount of capital stock of the Company is \$300,000.00

divided into 30,000 Shares of the par value of \$10.00 dollars each.

6th. The general objects of the Company are to make insurance on the Joint Stock Principle against loss as provided in Clause (e), Paragraph _____, Section 202 of the above recited Act.

7th. The proposed duration of the Company is perpetual.

8th. The powers which the Company proposes to have and exercise are: To have succession as hereinafore provided; to adopt and have a common seal; and the same to alter at pleasure; to sue and be sued; and, in general, to exercise the powers of a corporate body, and make such contracts as may be necessary to carry out the objects of Casualty insurance on the plan provided for in this agreement; to purchase or lease such real estate as may be necessary for a place of business, and for the security of investments; and to adopt such by-laws as may from time to time be deemed necessary.

9th. The subscribers to these articles of agreement have chosen from their number a President, a Secretary, a Treasurer, and a Board of 8 Directors, who shall continue in office until the first annual meeting of the stockholders, and until their successors are duly chosen and qualified, and whose names and residences are as follows:

Name	Residence	
<u>Howard W. Gindele</u>	<u>9444 Katherine Drive</u>	
	<u>Allison Park, Pa., 15101</u>	President
<u>John W. Wishart, Esq.</u>	<u>200 Eton Rd., Pgh, Pa. 15203</u>	Secretary
<u>Robert J. Schuler</u>	<u>745 Poplar St., Pgh, Pa. 15220</u>	Treasurer

Directors

<u>James S. Howard</u>	<u>William H. Ford</u>
<u>Howard W. Gindele</u>	<u>John W. Wishart, Esq.</u>
<u>Marcus Aaron II, Esq.</u>	<u>Robert J. Schuler</u>
<u>Norman M. Steere</u>	<u>Edward L. Springer, Esq.</u>

10th. It is understood and agreed that this instrument shall be executed in two exact counterparts, each of which so executed shall be deemed to be an original, and such counterparts shall, together, constitute but one and the same instrument.

IN WITNESS WHEREOF, The subscribers to these articles of agreement have hereunto subscribed their names and places of residence, this 17 day of June, 1976

Name	Residence
<u><i>[Signature]</i></u>	<u>R. D. #1 Evans City, Pa. 16033</u>
<u>Howard W. Gindele</u>	<u>9444 Katherine Drive Allison Park, Pa. 15101</u>
<u><i>[Signature]</i></u>	<u>127 South Drive Pittsburgh, Pa. 15233</u>
<u><i>[Signature]</i></u>	<u>705 N. Wade Ave. Washington, Pa. 15301</u>
<u><i>[Signature]</i></u>	<u>10 Columbia Ave. Greenville, Pa. 16125</u>
<u><i>[Signature]</i></u>	<u>Longfellow Rd. Pittsburgh, Pa. 15215</u>
<u><i>[Signature]</i></u>	<u>116 Sherwood Dr. Canonsburg, Pa. 15317</u>
<u><i>[Signature]</i></u>	<u>500 Lamplite Lane Pittsburgh, Pa. 15237</u>
<u><i>[Signature]</i></u>	<u>320 Oaklawn Drive Upper St. Clair, Pa. 15241</u>
<u><i>[Signature]</i></u>	<u>1925 Wightman St. Pittsburgh, Pa. 15217</u>
<u>William H. Ford</u>	<u>1700 Georgetown Pl. Pittsburgh, Pa. 15235</u>

<u>James W. Wishart</u>	200 Eton Road Pittsburgh, Pa. 15203
<u>Robert J. Schuler</u>	745 Poplar St. Pittsburgh, Pa. 15220
<u>Edward L. Springer</u>	960 Thorn Run Road Coraopolis, Pa. 15108

Commonwealth of Pennsylvania, }
 County of Allegheny } ss:

Before me, the subscriber, a person empowered to receive acknowledgment of deeds, residing in Allegheny County, in said Commonwealth, personally came the within named James S. Howard, Howard W. Gindele, Norman M. Steere, John B. McCreight, Esq., Frederick B. Logan, Jean McG. Marshall, B. Otto Wheeley, James I. McGuire, William L. Weiss, Marcus Aaron II, Esq., William H. Ford, John W. Wishart, Esq., Robert J. Schuler and Edward L. Springer, Esq.,

who, in due form of law, acknowledged the within instrument of writing to be their act and deed, and desire that the same may be recorded as such.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal, this 17 day of June, 1976

(Seal)

Olive M. Reiling
Olive Smithfield Street
 OLIVE M. REILING, NOTARY PUBLIC
 PITTSBURGH, ALLEGHENY COUNTY
 MY COMMISSION EXPIRES JUNE 15, 1979
 Member, Pennsylvania Association of Notaries

3-1-77:30 491

Insurance Department

Harrisburg, Pa., May 11, 1977

To the Attorney General of the Commonwealth of Pennsylvania:

The title of the Company named in the within articles of agreement, namely, _____

Consumer Service Casualty Insurance Company

is hereby approved; and I do hereby certify that all of the requirements of an Act of the General Assembly of the Commonwealth of Pennsylvania, entitled "An Act relating to insurance; amending, revising and consolidating the law; providing for the incorporation of insurance companies and the regulation, supervision and protection of home and foreign insurance companies," &c., approved the seventeenth day of May, 1921, in relation to the incorporation of insurance companies, have been complied with by the Subscribers

William J. Sheppard
Insurance Commissioner

Attorney General's Office

Harrisburg, Pa., June 9, 1977

To his Excellency, The Governor of the Commonwealth of Pennsylvania:

I do hereby certify, that I have examined the above and foregoing articles of agreement of the Consumer Service Casualty Insurance Company and find this instrument to be in accordance with the provisions of an Act of the General Assembly of the Commonwealth of Pennsylvania, entitled "An Act relating to insurance; amending, revising and consolidating the law; providing for the incorporation of insurance companies and the regulation, supervision and protection of home and foreign insurance companies," &c., approved the seventeenth day of May, 1921, and not inconsistent with the Constitution of this Commonwealth and of the United States, and the same is hereby approved.

Robert K. Rose
Attorney General

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Bylaws

Highmark Senior Resources, Inc.
February 16, 2005

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Bylaws
of
Highmark Senior Resources, Inc.

ARTICLE 1

MEETINGS OF SHAREHOLDERS

Section 1.01. Place of Meetings. Meetings of the shareholders shall be held at such place within or without the Commonwealth of Pennsylvania as shall be specified from time to time by the Board of Directors (hereinafter referred to as the "Board").

Section 1.02. Annual Meetings. The annual meeting of the shareholders for the election of directors and the transaction of such other business as may properly come before the meeting shall be held within four (4) months after the close of the Corporation's fiscal year at such date, time and place as shall be specified by the Board. If the annual meeting shall not be called and held within the prescribed period of time in any calendar year, any shareholder may call such meeting at any time thereafter.

Section 1.03. Special Meetings. Special meetings may be called at any time by the Chairman, the Board, or shareholders entitled to cast at least twenty percent (20%) of the votes that all shareholders are entitled to cast at the particular meeting.

Section 1.04. Notice of Meetings. A written notice specifying the place, day, and hour of each meeting and, in the case of a special meeting, the general nature of the business to be transacted shall be given by, or at the direction of, the Secretary or other person authorized to call such meeting to each shareholder of record entitled to vote at such meeting, at least five (5) days prior to the day named for the meeting, unless a greater period of time is required by the Pennsylvania Business Corporation Law of 1988 or any successor statute.

Section 1.05. Record Date. The record date for the determination of the shareholders entitled to notice of, or to vote at, the meeting shall be the close of business on the day immediately preceding the day on which the meeting is held. Only shareholders of record on the record date shall be so entitled notwithstanding any transfer of shares on the books of the Corporation after the record date. When a determination of shareholders of record has been made as provided herein for purposes of a meeting, the determination shall apply to any adjournment thereof unless the Board fixes new record date for the adjourned meeting. 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 is not necessary, shall be the close of business on the day on which the first written consent or dissent is filed with the Secretary of the Corporation.

Section 1.06. Quorum. The presence, in person or by proxy, of the holders of more than fifty percent (50%) of the outstanding shares entitled to vote thereat shall be necessary to constitute a quorum for the transaction of business at all meetings of

shareholders. If, however, such quorum shall not be present or represented at any meeting of the shareholders, the shareholders entitled to vote thereat, present in person or represented by proxy, shall have the power to adjourn the meeting to a future date at which a quorum shall be present or represented. At such adjourned meeting, any business may be transacted which might have been transacted at the meeting as originally called.

Section 1.07. Voting. A shareholder entitled to vote at a meeting may vote at such meeting in person or by proxy. Except as otherwise provided by law, all shareholders shall be entitled to one (1) vote for each share standing in their name in the record of the Corporation. Except as herein provided, all corporate action shall be determined by vote of a majority of the votes cast at a meeting of shareholders by the holders of shares entitled to vote thereon.

Section 1.08. Proxies. Every proxy must be dated and signed by the shareholders or by an attorney-in-fact. No proxy shall be valid after the expiration of eleven (11) months from the date of its execution, unless otherwise provided therein. Every proxy shall be revocable at the pleasure of the shareholder executing it.

Section 1.09. Action Without a Meeting. Any action which may be taken at a meeting of the shareholders may be taken without a meeting if, prior or subsequent to the action, a consent or consents thereto by all of the shareholders who would be entitled to vote at a meeting for such purposes shall be filed with the Secretary of the Corporation.

Section 1.10. Telephone Participation in Meetings. One or more persons may participate in a meeting of the shareholders by means of conference telephone or similar communications equipment by means 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 2

DIRECTORS

Section 2.01. Powers of Board of Directors. Except as otherwise provided by statute, the Articles of Incorporation or a bylaw adopted by the shareholders, all powers vested by law in the Corporation shall be exercised by or under the authority of, and the business and affairs of the Corporation shall be managed under the direction of, the Board.

Section 2.02. Number, Election, and Term of Office. The Board shall consist of such number of directors, not less than seven (7) nor more than ten (10), as the Board shall determine from time to time. Directors need not be shareholders of the Corporation. Not less than one-third of the directors of the Corporation shall be persons who are not officers or employees of the Corporation or of any entity controlling, controlled by or under common control with the Corporation and who are not beneficial owners of a

controlling interest in the voting stock of the Corporation, hereinafter referred to as Non-Affiliated Directors. The President of the Corporation shall be a director of the Corporation. The directors shall be elected by the shareholders at the annual meeting or at any special meeting called for such purpose. Each director shall hold office until the next annual meeting of the shareholders, or until death, resignation or removal in the manner hereinafter provided, and until his or her successor has been duly elected and qualified. The Board may at any time elect one of its members as Chairman of the Board, who shall preside at meetings of the Board and of the shareholders and shall have such powers and perform such duties as shall be prescribed from time to time by the Board. In the absence of a Chairman of the Board, the President shall preside at the meetings.

Section 2.03. Removal. The directors may be removed from office in accordance with the Pennsylvania Business Corporation Law of 1988 or its successor statute.

Section 2.04. Vacancies. Vacancies in the Board arising by reason of death, resignation, removal, an increase in the number of directors or any other cause whatsoever, may be filled by a majority vote of the remaining members of the Board though less than a quorum. Each person so selected shall be a director to serve for the balance of the unexpired term.

Section 2.05. Annual and Regular Meetings. An annual meeting of the Board for the election of officers and for the transaction of such other business as may properly come before the Board, shall be held immediately following the annual meeting of shareholders or as soon thereafter as possible. Regular meetings of the Board shall be held at such time and place as the Board shall from time to time appoint. Written notice shall be given to each Director at least five (5) days before any such regular meeting.

Section 2.06. Special Meetings. A special meeting of the Board of Directors may be called by the Chairman or any director upon two (2) days written notice of each director.

Section 2.07. Quorum. A majority of the directors in office, at least one (1) of whom shall be a Non-Affiliated Director, shall constitute a quorum for the transaction of business, and the acts of a majority of the directors present and voting at a meeting at which a quorum is present shall be the acts of the Board.

Section 2.08. Action Without a Meeting. Any action which may be taken at a meeting of the directors, or at a meeting of the members of a committee thereof, may be taken without a meeting if, prior or subsequent to the action, a consent or consents thereto by all of the directors or members of such committee (as the case may be) in office shall be filed with the Secretary.

Section 2.09. Telephone Participation in Meetings. One or more directors may participate in a meeting of the Board, or of a committee thereof, by means of conference telephone or similar communications equipment by means 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.

Section 2.10. Committees. The Board, by the affirmative vote of the majority of the entire Board, shall appoint from among its members an Audit, Nomination and Evaluation Committee and such other committees as it may deem necessary. Each member of each such committee shall continue in office at the pleasure of the Board or until he or she shall cease to be a Director.

Except for the Audit, Nomination and Evaluation Committee, which shall be comprised solely of Non-Affiliated Directors, not less than one-third of the members of any committee shall consist of Non-Affiliated Directors. The presence, at any meeting of a committee, of a majority of its members then in office, at least one (1) of whom shall be a Non-Affiliated Director, shall constitute a quorum for the transaction of business; however in no case shall a quorum consist of less than three Directors. A majority of such quorum may decide any questions that may come before such meeting. Any one (1) or more members of a committee may participate in a meeting of such committee by means of a conference telephone or similar communications equipment by means of which all person participating in the meeting can hear each other, and participation in a meeting by such means shall constitute presence in person at such meeting. So far as permitted by law, any action required or permitted to be taken at any meeting of any committee appointed and established by the Board may be taken without a meeting if, prior or subsequent to the actions, a consent or consents thereto by all members of such committee is filed with the Secretary of the Corporation.

ARTICLE 3

OFFICERS

Section 3.01. Enumeration. The officers of the Corporation shall be elected by the Board and shall consist of a President, a Secretary, a Treasurer, and such other officers and assistant officers (if any) as the Board shall elect from time to time. Any number of offices may be held by the same person, except that the Treasurer may also be either the President or the Secretary, but not both.

Section 3.02. President. The President shall be the chief executive officer of the Corporation and shall have general and active charge and control over the business, affairs and property of the Corporation, subject to the control of the Board. The President shall perform such other duties and exercise such other powers as from time to time may be assigned to him by these Bylaws or by the Board. The President shall be a director of the Corporation.

Section 3.03. Treasurer. The Treasurer shall have supervision over the funds, securities, receipts and disbursements of the Corporation and shall be the chief accounting officer of the Corporation. He shall keep full and accurate accounts of the receipts and disbursements of the Corporation in books belonging to the Corporation,

shall deposit all moneys and other valuable effects of the Corporation in the name and to the credit of the Corporation in such depositories as may be designed by the Board, and shall also have such other powers and perform such other duties as are incident to the office of the treasurer of a Corporation or as shall be prescribed from time to time by, or pursuant to authority delegated by, the Board.

Section 3.04. Secretary. The Secretary shall keep a record of the minutes of the proceedings of meetings of the shareholders and the Board, and shall give notice of all such meetings as required by statute or these Bylaws. The Secretary shall have custody of the seal of the Corporation and of all books, records, and papers of the Corporation, except such as shall be in the charge of the Treasurer, and shall see that the seal is affixed to documents, the execution of which shall have been duly authorized on behalf of the Corporation under its seal. The Secretary shall also have such other powers and perform such other duties as are incident to the office of the secretary of a Corporation or as shall be prescribed from time to time by, or pursuant to authority delegated by, the Board.

Section 3.05. Other Officers and Assistant Officers. The powers and duties of each other officer or assistant officer who may from time to time be chosen by the Board shall be as specified by, or pursuant to authority delegated by, the Board at the time of the appointment of such other officer or assistant officer or from time to time thereafter. In addition, each assistant officer shall assist in the performance of the duties of the officer to which he or she is assistant, and shall have the powers and perform the duties of such officer during such officer's absence or inability to act.

Section 3.06. Term of Office. The President, the Treasurer and the Secretary shall be elected annually by the Directors at their first meeting following the annual meeting of shareholders, by vote of a majority of the Directors present and voting and other officers or assistant officers, if any, may be elected or appointed by the Directors at said meeting or at any other time.

Section 3.07. Removal. Any officer of the Corporation may be removed by the Board of Directors with or without cause.

Except as otherwise provided by law or by these Bylaws, the President, the Treasurer and the Secretary shall hold office until the first meeting of the Directors following the next annual meeting of the shareholders and until their respective successors are chosen and qualified, or, in each case, until he or she sooner dies, resigns or is removed, unless a shorter period shall have been specified by the terms of his or her election or appointment.

ARTICLE 4

DIRECTORS' LIABILITY

Section 4.01. Directors' Personal Liability. A director of the Corporation shall not be personally liable, as such, for monetary damages for any action taken, or any

failure to take action; provided, however, that this provision shall not eliminate or limit the liability of a director to the extent that such elimination or limitation of liability is expressly prohibited by the Pennsylvania Business Corporation Law of 1988 or any successor statute as in effect at the time of the alleged action or failure to take action by such director.

Section 4.02. Preservation of Rights. Any repeal or modification of this Article shall not adversely affect any right or protection existing at the time of such repeal or modification to which any director or former director may be entitled under this Article. The rights conferred by the Article shall continue as to any person who has ceased to be a director of the Corporation and shall inure to the benefit of the heirs and personal representatives of such person.

Section 4.03. Indemnification of Directors and Officers. Each person who is or was a director, officer or employee of the Corporation and who has been, or is a party, or is threatened to be made a party, to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, arising out of their service to the Corporation or to another organization at the request of the Corporation, shall be indemnified by the Corporation to the full extent and the manner permitted by Chapter 17, Subchapter D of the Pennsylvania Business Corporation Law.

Indemnification of a director, officer or employee of the Corporation shall be made by the Corporation unless a determination is made that indemnification of the director, officer or employee is not proper in the circumstances because he or she has not met the applicable standard of conduct set forth in Section 1741 and 1742 of the Pennsylvania Business Corporation Law. Expenses (including reasonable attorneys' fees) incurred in defending any action or proceeding referred to above shall be paid by the Corporation in advance of the final disposition of the action or proceeding upon receipt of an undertaking by or on behalf of the agent to repay the amount if it is ultimately determined that he or she is not entitled to be indemnified by the Corporation as authorized by the Pennsylvania Business Corporation Law or otherwise. Any such determination shall be made (1) by the Board by a majority vote of a quorum consisting of directors who were not parties to such action, suit or proceeding; or (2) if such a quorum is not obtainable, or, even if obtainable a quorum of disinterested directors so directs, by independent legal counsel in a written opinion; or (3) by the shareholders. No such determination shall create any presumption in any action, suit or proceeding that any director, officer or employee has not met the applicable standard of conduct. No termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent shall, or itself, create any presumption that any director, officer or employee has not met the applicable standard of conduct.

The indemnification provided by this Section shall not be deemed exclusive of any other right to which those indemnified may be entitled under the Pennsylvania Business Corporation Law, any bylaw, agreement, vote of shareholders or disinterested directors or otherwise, both as to action in his or her official capacity and as to action in another capacity while holding such office, and shall continue as to a person who has

ceased to be a director, officer, employee or agent and shall inure to the benefit of the heirs, executors and administrators of such persons.

Invalidation of any portion of this Section shall not affect the validity of any other portion hereof.

Section 4.04. Conflict of Interest. Any duality of interest or possible conflict of interest on part of a Director or Officer shall be disclosed by such Director or Officer to the Board. Any Director or Officer having a duality of interest or possible conflict of interest on a matter shall not vote or use his or her personal influence on such matter. Such Director may, however, be counted in determining a quorum for the meeting at which the matter is voted upon.

ARTICLE 5

SHARES OF CAPITAL STOCK

Section 5.01. Issuance of Shares. Shares of capital stock of any class now or hereafter authorized, securities convertible into or exchangeable for such shares, or options or other rights to purchase such shares or securities, may be issued or granted in accordance with the authority granted by resolution of the Board from time to time.

Section 5.02. Share Certificates. Certificates for shares of capital stock of the Corporation shall be in the form adopted from time to time by the Board, shall be signed by the President and by the Secretary or Treasurer, and may be sealed with the seal of the Corporation. All such certificates shall be numbered consecutively, and the name of the person owning the shares represented thereby, with the number of such shares and the date of issue, shall be entered on the books of the Corporation.

Section 5.03. Transfer of Shares. Shares of the Corporation shall be transferred only on the books of the Corporation, by the holder of record in person or by the holder's duly authorized representative, upon surrender to the Corporation of the certificate for such shares duly endorsed for transfer, together with such other documents (if any) as may be required to effect such transfer.

Section 5.04. Lost, Stolen, Destroyed, or Mutilated Certificates. New share certificates, to replace share certificates which have been lost, stolen, destroyed, or mutilated, may be issued upon such terms and conditions, including proof of loss or destruction and the giving of a satisfactory bond of indemnity, as the Board may determine from time to time.

Section 5.05. Regulations. The Board shall have power and authority to make all such rules and regulations not inconsistent with these Bylaws as it may deem expedient concerning the issue, transfer, and registration of shares of the Corporation.

Section 5.06. Holder of Record. The Corporation shall be entitled to treat the holder of record of any share or shares of capital stock of the Corporation as the holder and owner in fact thereof for all purposes and shall not be bound to recognize any equitable or other claim to, or right, title, or interest in, such share or shares on the part of any other person, whether or not the Corporation shall have express or other notice thereof, except as may be otherwise required by the laws of the Commonwealth of Pennsylvania.

ARTICLE 6

GENERAL PROVISIONS

Section 6.01. Corporate Seal. The Corporation may adopt a seal in such form as the Board shall determine from time to time.

Section 6.02. Fiscal Year. Unless otherwise determined by the Board, the fiscal year of the Corporation shall be the calendar year.

Section 6.03. Written Notice. Whenever written notice is required to be given to any person by statute, the Articles of Incorporation or these bylaws, it may be given to the person by any means permitted by Section 1702 of the Pennsylvania Business Corporation Law of 1988 or any successor statute, and shall be deemed to have been given at the time specified in said Section.

Section 6.04. Waiver of Notice. Whenever notice is required to be given to any person by statute, the Articles of Incorporation or these bylaws, the giving of the notice may be waived in the manner and with the effect specified in Section 1705 of the Business Corporation Law of 1988 or any successor statute.

Section 6.05. Authorization. All checks, notes, vouchers, warrants, drafts, acceptances, and other orders for the payment of moneys of the Corporation shall be signed by such officer or officers or such other person or persons as the Board may designate from time to time. Facsimile signature on checks may be used unless prohibited by the Board.

Section 6.06. Financial Statements. Except as otherwise agreed between the Corporation and a shareholder in accordance with Section 1554(b) of the Business Corporation Law of 1988, the Corporation shall furnish annual financial statements to the shareholders in accordance with Section 1554(a) of said Law or any successor statute. The financial statements may but need not be audited or reviewed by public accountant.

Section 6.07. Effect of Bylaws. No provision of these bylaws shall vest any property right in any shareholders.

Section 6.08. Registered Office. The registered office of the Corporation in the Commonwealth of Pennsylvania shall be in such location as provided in the Articles of

Incorporation of the Corporation or any amendments thereto. The Corporation may have such other offices in such places, either within or without the Commonwealth of Pennsylvania, as the Board may from time to time determine or the business of the Corporation may require.

ARTICLE 7

AMENDMENTS

Section 7.01. By the Board of Directors. The authority to adopt, amend and repeal bylaws of the Corporation is vested in the Board, subject to the power of the shareholders to change such action. The foregoing authority of the Board may be exercised whether or not the shareholders have previously adopted, amended or repealed the same or any other bylaw, but, subsequent to the initial organization meeting of the Board, such authority may not be exercised with respect to any subject that is committed expressly to the shareholders by the provisions of the Business Corporation Law of 1988 or any successor statute.

Section 7.02. By the Shareholders. In the case of a meeting of the shareholders to take action with respect to the bylaws, written notice shall be given to each shareholder that the purpose, or one of the purposes, of the meeting is to consider the adoption, amendment or repeal of bylaws, and a copy of the proposed amendment or a summary of the changes to be effected thereby shall be included in or enclosed with the notice.

Section 7.03. Effective Date. Any change in the bylaws shall take effective when adopted unless otherwise provided in the resolution effecting the change.

Document Divider

Bylaws
HM Casualty Insurance Company
Adopted: May 25, 2007
Amended: April 22, 2009

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Bylaws
of
HM Casualty Insurance Company

ARTICLE 1

MEETINGS OF SHAREHOLDERS

Section 1.01. Place of Meetings. Meetings of the shareholders shall be held at such place within or without the Commonwealth of Pennsylvania as shall be specified from time to time by the Board of Directors (hereinafter referred to as the "Board").

Section 1.02. Annual Meetings. The annual meeting of the shareholders for the election of directors and the transaction of such other business as may properly come before the meeting shall be held within four months after the close of the Corporation's fiscal year at such time as shall be specified by the Board. If the annual meeting shall not be called and held within the prescribed period of time in any calendar year, any shareholder may call such meeting at any time thereafter.

Section 1.03. Special Meetings. Special meetings may be called at any time by the Chairman, the Board, or shareholders entitled to cast at least 20 percent (20%) of the votes that all shareholders are entitled to cast at the particular meeting.

Section 1.04. Notice of Meetings. A written notice specifying the place, day, and hour of each meeting and, in the case of a special meeting, the general nature of the business to be transacted shall be given by, or at the direction of, the Secretary or other person authorized to call such meeting to each shareholder of record entitled to vote at such meeting, at least five (5) days prior to the day named for the meeting, unless a greater period of time is required by Section 1704 of the Pennsylvania Business Corporation Law of 1988 or any successor statute.

Section 1.05. Record Date. The record date for the determination of the shareholders entitled to notice of, or to vote at, the meeting shall be the close of business on the day immediately preceding the day on which the meeting is held. Only shareholders of record on the record date shall be so entitled notwithstanding any transfer of shares on the books of the Corporation after the record date. When a determination of shareholders of record has been made as provided herein 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. 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 is not necessary, shall be the close of business on the day on which the first written consent or dissent is filed with the Secretary of the Corporation.

Section 1.06. Quorum. The presence, in person or by proxy, of the holders of fifty percent of the outstanding shares entitled to vote thereat shall be necessary to constitute a quorum for the transaction of business at all meetings of shareholders. If, however, such quorum shall not be present or represented at any meeting of the shareholders, the shareholders entitled to vote thereat, present in person or represented by proxy, shall have the power to adjourn the meeting to a future date at which a quorum shall be present or represented. At such adjourned meeting, any business may be transacted which might have been transacted at the meeting as originally called.

Section 1.07. Voting. A shareholder entitled to vote at a meeting may vote at such meeting in person or by proxy. Except as otherwise provided by law, all shareholders shall be entitled to one vote for each share standing in their name on the record of shareholder. Except as herein provided, all corporate action shall be determined by vote of a majority of the votes cast at a meeting of shareholders by the holders of shares entitled to vote thereon.

Section 1.08. Proxies. Every proxy must be dated and signed by the shareholder or by an attorney-in-fact. No proxy shall be valid after the expiration of eleven (11) months from the date of its execution, unless otherwise provided therein. Every proxy shall be revocable at the pleasure of the shareholder executing it.

Section 1.09. Action by Written Consent. Any action which may be taken at a meeting of the shareholders may be taken without a meeting if, prior or subsequent to the action, a consent or consents thereto by all of the shareholders who would be entitled to vote at a meeting for such purposes shall be filed with the Secretary of the Corporation.

Section 1.10. Telephone Participation in Meetings. One or more persons may participate in a meeting of the shareholders by means of conference telephone or similar communications equipment by means 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 2

DIRECTORS

Section 2.01. Powers of Board of Directors. Except as otherwise provided by statute, the Articles of Incorporation or a bylaw adopted by the shareholders, all powers vested by law in the Corporation shall be exercised by or under the authority of, and the business and affairs of the Corporation shall be managed under the direction of, the Board.

Section 2.02. Number, Election, and Term of Office. The Board shall consist of such number of directors, not less than seven (7) nor more than ten (10), as the Board shall determine from time to time. Directors need not be shareholders of the Corporation. Not less than one-third of the directors of the Corporation shall be persons who are not officers or employees of the Corporation or of any entity controlling, controlled by or under common control by the Corporation and who are not beneficial owners of a controlling interest in the voting stock of the Corporation, hereinafter referred to as Non-Affiliated Directors. The directors shall be elected by the shareholders at the annual meeting or at any special meeting called for such purpose. Each director shall hold office until the next annual meeting of the shareholders, or until death, resignation or removal in the manner hereinafter provided, and until his or her successor has been duly elected and qualified.

Section 2.03. Vacancies. Vacancies in the Board arising by reason of death, resignation, removal, an increase in the number of directors or any other cause whatsoever, may be filled by a majority vote of the remaining members of the Board though less than a quorum. Each person so selected shall be a director to serve for the balance of the unexpired term.

Section 2.04. Annual and Regular Meetings. An annual meeting of the Board for the election of officers and for the transaction of such other business as may properly come before the Board, shall be held immediately following the annual meeting of Shareholders or as soon thereafter as possible. Regular meetings of the Board shall be held at such time and place as the Board shall from time to time appoint. Written notice shall be given to each Director at least five days before any such regular meeting.

Section 2.05. Special Meetings. A special meeting of the Board of Directors may be called by the Chairman or any director upon two (2) days written notice to each director.

Section 2.06. Quorum. A majority of the directors in office, at least one of whom shall be a Non-Affiliated Director, shall constitute a quorum for the transaction of business, and the acts of a majority of the directors present and voting at a meeting at which a quorum is present shall be the acts of the Board.

Section 2.07. Action by Written Consent. Any action which may be taken at a meeting of the directors, or at a meeting of the members of a committee thereof, may be taken without a meeting if, prior or subsequent to the action, a consent or consents thereto by all of the directors or members of such committee (as the case may be) in office shall be filed with the Secretary.

Section 2.08. Telephone Participation in Meetings. One or more directors may participate in a meeting of the Board, or of a committee thereof, by means of conference telephone or similar communications equipment by means 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.

Section 2.09. Committees. The Board, by the affirmative vote of the majority of the entire Board, shall appoint from among its members a Compensation, Audit, Nomination and Evaluation Committee, an Executive Committee, and Investment Committee and such other committees as it may deem necessary. Each member of each such committee shall continue in office at the pleasure of the Board or until he or she shall cease to be a Director.

Except for the Compensation, Audit, Nomination and Evaluation Committee, which shall be comprised solely of Non-Affiliated Directors, not less than one-third of the members of any committee shall consist of Non-Affiliated Directors, at least one of whom shall be present to constitute a quorum for the transaction of business. The presence, at any meeting of a committee, of a majority of its members then in office, at least one of whom is a Non-Affiliated Director, shall constitute a quorum for the transaction of business; however in no case shall a quorum consist of less than three Directors. A majority of such quorum may decide any questions that may come before such meeting. Any one or more members of a committee may participate in a meeting of such committee by means of a conference telephone or similar communications equipment by means of which all person participating in the meeting can hear each other, and participation in a meeting by such means shall constitute presence in person at such meeting. So far as permitted by law, any action required or permitted to be taken at any meeting of any committee appointed and established by the Board may be taken without a meeting if, prior or subsequent to the actions, a written consent setting forth such action is signed by all members of such committee entitled to vote thereon and such written consent is filed with the records of the Corporation.

ARTICLE 3

OFFICERS

Section 3.01. Enumeration. The officers of the Corporation shall be elected by the Board and shall consist of a Chairman, a Chief Executive Officer, a President, a Secretary, a Treasurer, and such other officers and assistant officers (if any) as the Board shall elect from time to time. The Board may at any time elect one of its members as Chairman of the Board, who shall preside at meetings of the Board and of the shareholders and shall have such powers and perform such duties as shall be prescribed from time to time by the Board. Any number of offices may be held by the same person, except that the Treasurer may also be either the President or the Secretary, but not both. **(Amended: April 22, 2009)**

Section 3.02. Chairman. The Chairman shall be the Chairman of the Board of the Corporation. The Chairman shall preside at all meetings of the Board and of the shareholders.

Section 3.03. Chief Executive Officer. The Chief Executive Officer shall be responsible for the general management of the business and affairs of the corporation and shall exercise general supervision and authority over all agents and employees of the Corporation. The Chief Executive Officer shall have such other powers and duties as are provided in these Bylaws or as may be incident to the office of chief executive officer and shall perform such other duties as may be assigned to him or her by the Board. The Chief Executive Officer shall supervise the implementation of all policies, orders and resolutions of the Board and shall execute all contracts and agreements authorized by the Board, except that he or she may delegate to other officers of the Corporation the power to execute contracts in the ordinary course of business or as otherwise may be authorized by the Board. **(Amended: April 22, 2009)**

Section 3.03 A. President. The President shall be the chief operating officer of the Corporation and shall be responsible for the direct and active administration, supervision and control of the day-to-day activities and operations of the Corporation. The President shall have such other powers and duties as are provided in these Bylaws or as may be incident to the office of president and shall perform such other duties as may be assigned to him or her by the Chief Executive Officer or the Board. **(Amended: April 22, 2009)**

Section 3.04. Treasurer. The Treasurer shall have supervision over the funds, securities, receipts and disbursements of the Corporation and shall be the

chief accounting officer of the Corporation. He shall keep full and accurate accounts of the receipts and disbursements of the Corporation in books belonging to the Corporation, shall deposit all moneys and other valuable effects of the Corporation in the name and to the credit of the Corporation in such depositories as may be designated by the Board, and shall also have such other powers and perform such other duties as are incident to the office of the treasurer of a Corporation or as shall be prescribed from time to time by, or pursuant to authority delegated by, the Board.

Section 3.05. Secretary. The Secretary shall keep a record of the minutes of the proceedings of meetings of the Shareholders and the Board, and shall give notice of all such meetings as required by statute or these Bylaws. The Secretary shall have custody of the seal of the Corporation and of all books, records, and papers of the Corporation, except such as shall be in the charge of the Treasurer, and shall see that the seal is affixed to documents, the execution of which shall have been duly authorized on behalf of the Corporation under its seal. The Secretary shall also have such other powers and perform such other duties as are incident to the office of the secretary of a corporation or as shall be prescribed from time to time by, or pursuant to authority delegated by, the Board.

Section 3.06. Other Officers and Assistant Officers. The powers and duties of each other officer or assistant officer who may from time to time be chosen by the Board shall be as specified by, or pursuant to authority delegated by, the Board at the time of the appointment of such other officer or assistant officer or from time to time thereafter. In addition, each assistant officer shall assist in the performance of the duties of the officer to which he or she is assistant, and shall have the powers and perform the duties of such officer during such officer's absence or inability to act.

Section 3.07. Term of Office. The Chief Executive Officer, the President, the Treasurer and the Secretary shall be elected annually by the Directors at their first meeting following the annual meeting of Shareholders, by vote of a majority of the Directors present and voting and other officers or assistant officers, if any, may be elected or appointed by the Directors at said meeting or at any other time.

Except as otherwise provided by law or by these Bylaws, the Chief Executive Officer, the President, the Treasurer and the Secretary shall hold office until the first meeting of the Directors following the next annual meeting of the Shareholders and until their respective successors are chosen and qualified, or, in each case, until he or she sooner dies, resigns or is removed, unless a shorter period shall have been specified by the terms of his or her election or appointment. **(Amended: April 22, 2009)**

ARTICLE 4

DIRECTORS' LIABILITY

Section 4.01. Directors' Personal Liability. A director of the Corporation shall not be personally liable, as such, for monetary damages for any action taken, or any failure to take action; provided, however, that this provision shall not eliminate or limit the liability of a director to the extent that such elimination or limitation of liability is expressly prohibited by Section 1721(e) of the Pennsylvania Business Corporation Law of 1988 or any successor statute as in effect at the time of the alleged action or failure to take action by such director.

Section 4.02. Preservation of Rights. Any repeal or modification of this Article shall not adversely affect any right or protection existing at the time of such repeal or modification to which any director or former director may be entitled under this Article. The rights conferred by the Article shall continue as to any person who has ceased to be a director of the Corporation and shall inure to the benefit of the heirs and personal representatives of such person.

Section 4.03. Indemnification of Directors and Officers. Each person who has been or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that he or she is or was or has agreed to become a director, officer or employee of the Corporation, or is or was serving or has agreed to serve at the request of the Corporation as a director, officer or employee of another corporation, partnership, joint venture, trust or other enterprise, shall be indemnified by the Corporation against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him or her in connection with such action, suit or proceeding, and expenses incurred in connection therewith may be advanced by the Corporation, all to the full extent and the manner permitted by Section 1741 and 1742 of the Pennsylvania Business Corporation Law. Similar indemnification may be provided by the Corporation to any person, not a director, officer or employee, who has been or is a party or is threatened to be made a party to any such action, suit or proceeding by reason of the fact that he or she is or was or has agreed to become an agent of the Corporation or for its benefit as an agent of another corporation, partnership, joint venture, trust or other enterprise.

Indemnification of a director, officer or employee of the Corporation or of another corporation, partnership, joint venture, trust or other enterprise (unless otherwise ordered by a court) shall be made by the Corporation unless a determination is made that indemnification of the director, officer or employee is not proper in the circumstances because he or she has not met the applicable

standard of conduct set forth in Section 1741 and 1742 of the Pennsylvania Business Corporation Law. Expenses (including attorneys' fees) incurred in defending any action or proceeding referred to above shall be paid by the Corporation in advance of the final disposition of the action or proceeding upon receipt of an undertaking by or on behalf of the agent to repay the amount if it is ultimately determined that he or she is not entitled to be indemnified by the Corporation as authorized by the Pennsylvania Business Corporation Law or otherwise. Any indemnification of, and advancement of expenses to, an agent of the Corporation or of another corporation, partnership, joint venture, trust or other enterprise under this Section (unless otherwise ordered by a court) may be made by the Corporation unless a determination is made that indemnification of the agent is not proper in the circumstances because he or she has not met the applicable standard of conduct set forth in such Section 1741 and 1742 of the Pennsylvania Business Corporation Law. Any such determination shall be made (1) by the Board by a majority vote of a quorum consisting of directors who were not parties to such action, suit or proceeding; or (2) if such a quorum is not obtainable, or, even if obtainable a quorum of disinterested directors so directs, by independent legal counsel in a written opinion; or (3) by the shareholders. No such determination shall create any presumption in any action, suit or proceeding that any director, officer, employee or agent has not met the applicable standard of conduct. No termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent shall, or itself, create any presumption that any director, officer, employee or agent has not met the applicable standard of conduct.

The foregoing indemnification provisions shall be deemed to be a contract between the Corporation and each director, officer and employee who serves in such capacity at any time while such provisions, as well as the relevant provisions of the Pennsylvania Business Corporation Law, are in effect, and any amendment or repeal thereof shall not affect any right or obligation then existing with respect to any state of facts then or previously existing or any action, suit or proceeding previously or thereafter brought or threatened based in whole or in part upon any such state of facts. Such contract right may not be modified retroactively without the consent of such director, officer or employee, as the case may be.

The indemnification provided by this Section shall not be deemed exclusive of any other right to which those indemnified may be entitled under the Pennsylvania Business Corporation Law, any bylaw, agreement, vote of shareholders or disinterested directors or otherwise, both as to action in his or her official capacity and as to action in another capacity while holding such office, and shall continue as to a person who has ceased to be a director, officer, employee or agent and shall inure to the benefit of the heirs, executors and administrators of such persons.

Invalidation of any portion of this Section shall not affect the validity of any other portion hereof.

Section 4.04. Definition of Corporation. For purposes of this Article, references to "the Corporation" shall include all constituent corporations absorbed in a consolidation, merger or division, as well as the surviving or new corporations surviving or resulting therefrom, so that (i) any person who is or was an authorized representative of a constituent, surviving or new corporation shall stand in the same position under the provisions of this Article with respect to the surviving or new corporation as such person would if he or she had served the surviving or new corporation in the same capacity and (ii) any person who is or was an authorized representative of the Corporation shall stand in the same position under the provisions of this Article with respect to the surviving or new corporation as such person would with respect to the Corporation if its separate existence had continued.

Section 4.05. Definition of Authorized Representative. For the purpose of this Article, the term "authorized representative" shall mean director, officer, employee or agent of the Corporation or of any subsidiary of the Corporation, or a trustee, custodian, administrator, committeeman or fiduciary of any employee benefit plan established and maintained by the Corporation or by any subsidiary of the Corporation, or a person serving another corporation, partnership, joint venture, trust or other enterprise in any of the foregoing capacities at the request of the Corporation.

ARTICLE 5

SHARES OF CAPITAL STOCK

Section 5.01. Issuance of Shares. Shares of capital stock of any class now or hereafter authorized, securities convertible into or exchangeable for such shares, or options or other rights to purchase such shares or securities, may be issued or granted in accordance with the authority granted by resolution of the Board from time to time .

Section 5.02. Share Certificates. Certificates for shares of capital stock of the Corporation shall be in the form adopted from time to time by the Board, shall be signed by the Chief Executive Officer or President and by the Secretary or Treasurer, and may be sealed with the seal of the Corporation. All such certificates shall be numbered consecutively, and the name of the person owing the shares represented thereby, with the number of such shares and the date of issue, shall be entered on the books of the Corporation.

(Amended: April 22, 2009)

Section 5.03. Transfer of Shares. Shares of the Corporation shall be transferred only on the books of the Corporation, by the holder of record in person or by the holder's duly authorized representative, upon surrender to the Corporation of the certificate for such shares duly endorsed for transfer, together with such other documents (if any) as may be required to effect such transfer.

Section 5.04. Lost, Stolen, Destroyed, or Mutilated Certificates. New share certificates, to replace share certificates which have been lost, stolen, destroyed, or mutilated, may be issued upon such terms and conditions, including proof of loss or destruction and the giving of a satisfactory bond of indemnity, as the Board may determine from time to time.

Section 5.05. Regulations. The Board shall have power and authority to make all such rules and regulations not inconsistent with these Bylaws as it may deem expedient concerning the issue, transfer, and registration of shares of the Corporation.

Section 5.06. Holder of Record. The Corporation shall be entitled to treat the holder of record of any share or shares of capital stock of the Corporation as the holder and owner in fact thereof for all purposes and shall not be bound to recognize any equitable or other claim to, or right, title, or interest in, such share or shares on the part of any other person, whether or not the Corporation shall have express or other notice thereof, except as may be otherwise required by the laws of the Commonwealth of Pennsylvania.

ARTICLE 6

GENERAL PROVISIONS

Section 6.01. Corporate Seal. The Corporation may adopt a seal in such form as the Board shall determine from time to time.

Section 6.02. Fiscal Year. The fiscal year of the Corporation shall be as designated by the Board from time to time.

Section 6.03. Written Notice. Whenever written notice is required to be given to any person by statute, the Articles of Incorporation or these Bylaws, it may be given to the person by any means permitted by Section 1702 of the Pennsylvania Business Corporation Law of 1988 or any successor statute, and shall be deemed to have been given at the time specified in said Section.

Section 6.04. Waiver of Notice. Whenever notice is required to be given to any person by statute, the Articles of Incorporation or these Bylaws, the giving of the notice may be waived in the manner and with the effect specified in Section 1795 of the Business Corporation Law of 1988 or any successor statute.

Section 6.05. Authorization. All checks, notes, vouchers, warrants, drafts, acceptances, and other orders for the payment of moneys of the Corporation shall be signed by such officer or officers or such other person or persons as the Board may designate from time to time.

Section 6.06. Financial Statements. Except as otherwise agreed between the Corporation and a shareholder in accordance with Section 1554(b) of the Business Corporation Law of 1988, the Corporation shall furnish annual financial statements to the shareholders in accordance with Section 1544(a) of said Law or any successor statute. The financial statements may but need not be audited or reviewed by public accountant.

Section 6.07. Effect of Bylaws. No provision of these Bylaws shall vest any property right in any shareholder.

Section 6.08. Registered Office. The registered office of HM Casualty Insurance Company in the Commonwealth of Pennsylvania shall be in such location as provided in the Articles of Incorporation of the Corporation or any amendments thereto. The Corporation may have such other offices in such places, either within or without the Commonwealth of Pennsylvania, as the Board may from time to time determine or the business of the Corporation may require.

ARTICLE 7

AMENDMENTS

Section 7.01. By the Board of Directors. The authority to adopt, amend and repeal bylaws of the Corporation is vested in the Board, subject to the power of the shareholders to change such action. The foregoing authority of the Board may be exercised whether or not the shareholders have previously adopted, amended or repealed the same or any other bylaw, but, subsequent to the initial organization meeting of the Board, such authority may not be exercised with respect to any subject that is committed expressly to the shareholders by the provisions of the Business Corporation Law of 1988 or any successor statute.

Section 7.02. By the Shareholders. In the case of a meeting of the shareholders to take action with respect to the bylaws, written notice shall be given to each shareholder that the purpose, or one of the purposes, of the meeting

is to consider the adoption, amendment or repeal of bylaws, and a copy of the proposed amendment or a summary of the changes to be effected thereby shall be included in or enclosed with the notice.

Section 7.03. Effective Date. Any change in the bylaw shall take effective when adopted unless otherwise provided in the resolution effecting the change.

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AMENDED AND RESTATED BYLAWS

HM HEALTH INSURANCE COMPANY

June 30, 2006

Amended: March 9, 2010

Amended: June 30, 2010

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AMENDED AND RESTATED BYLAWS

HM HEALTH INSURANCE COMPANY

June 30, 2006

Amended: March 9, 2010

Amended: June 30, 2010

ARTICLE 1

MEETINGS OF SHAREHOLDERS

Section 1.01. Place of Meetings. Meetings of the shareholders shall be held at such place within or without the Commonwealth of Pennsylvania as shall be specified from time to time by the Board of Directors (hereinafter referred to as the "Board").

Section 1.02. Annual Meetings. The annual meeting of the shareholders for the election of directors and the transaction of such other business as may properly come before the meeting shall be held within four months after the close of the Corporation's fiscal year at such time as shall be specified by the Board. If the annual meeting shall not be called and held within the prescribed period of time in any calendar year, any shareholder may call such meeting at any time thereafter.

Section 1.03. Special Meetings. Special meetings may be called at any time by the Chairman, the Board, or shareholders entitled to cast at least 20 percent (20%) of the votes that all shareholders are entitled to cast at the particular meeting.

Section 1.04. Notice of Meetings. A written notice specifying the place, day, and hour of each meeting and, in the case of a special meeting, the general nature of the business to be transacted shall be given by, or at the direction of, the Secretary or other person authorized to call such meeting to each shareholder of record entitled to vote at such meeting, at least five (5) days prior to the day named for the meeting, unless a greater period of time is required by Section 1704 of the Pennsylvania Business Corporation Law of 1988 or any successor statute.

Section 1.05. Record Date. The record date for the determination of the shareholders entitled to notice of, or to vote at, the meeting shall be the close of business on the day immediately preceding the day on which the meeting is held. Only shareholders of record on the record date shall be so entitled notwithstanding any transfer of shares on the books of the Corporation after the record date. When a determination of shareholders of record has been made as provided herein for purposes of a meeting, the determination shall apply to any adjournment thereof unless the Board fixes new record date for the adjourned meeting. 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 is not necessary, shall be the close of business on the day on which the first written consent or dissent is filed with the Secretary of the Corporation.

Section 1.06. Quorum. The presence, in person or by proxy, of the holders of fifty percent of the outstanding shares entitled to vote thereat shall be necessary to constitute a quorum for the transaction of business at all meetings of shareholders. If, however, such quorum shall not be present or represented at any meeting of the shareholders, the shareholders entitled to vote thereat, present in person or represented by proxy, shall have the power to adjourn the meeting to a future date at which a quorum shall be present or represented. At such adjourned meeting, any business may be transacted which might have been transacted at the meeting as originally called.

Section 1.07. Voting. A shareholder entitled to vote at a meeting may vote at such meeting in person or by proxy. Except as otherwise provided by law, all shareholders shall be entitled to one vote for each share standing in their name on the record of shareholder. Except as herein provided, all corporate action shall be determined by vote of a majority of the votes cast at a meeting of shareholders by the holders of shares entitled to vote thereon.

Section 1.08. Proxies. Every proxy must be dated and signed by the shareholder or by an attorney-in-fact. No proxy shall be valid after the expiration of eleven (11) months from the date of its execution, unless otherwise provided therein. Every proxy shall be revocable at the pleasure of the shareholder executing it.

Section 1.09. Action by Written Consent. Any action which may be taken at a meeting of the shareholders may be taken without a meeting if, prior or subsequent to the action, a consent or consents thereto by all of the shareholders who would be entitled to vote at a meeting for such purposes shall be filed with the Secretary of the Corporation.

Section 1.10. Telephone Participation in Meetings. One or more persons may participate in a meeting of the shareholders by means of conference telephone or similar communications equipment by means 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 2

DIRECTORS

Section 2.01. Powers of Board of Directors. Except as otherwise provided by statute, the Articles of Incorporation or a bylaw adopted by the shareholders, all powers vested by law in the Corporation shall be exercised by or under the authority of, and the

business and affairs of the Corporation shall be managed under the direction of, the Board.

Section 2.02. Number, Election, and Term of Office. The Board shall consist of such number of directors, not less than seven (7), as the Board shall determine from time to time. Directors need not be shareholders of the Corporation. Not less than one-third of the directors of the Corporation shall be persons who are not officers or employees of the Corporation or of any entity controlling, controlled by or under common control by the Corporation and who are not beneficial owners of a controlling interest in the voting stock of the Corporation, hereinafter referred to as Non-Affiliated Directors. The directors shall be elected by the shareholders at the annual meeting or at any special meeting called for such purpose. Each director shall hold office until the next annual meeting of the shareholders, or until death, resignation or removal in the manner hereinafter provided, and until his or her successor has been duly elected and qualified. (Amended: June 30, 2010)

Section 2.03. Vacancies. Vacancies in the Board arising by reason of death, resignation, removal, an increase in the number of directors or any other cause whatsoever, may be filled by a majority vote of the remaining members of the Board though less than a quorum. Each person so selected shall be a director to serve for the balance of the unexpired term.

Section 2.04. Annual and Regular Meetings. An annual meeting of the Board for the election of officers and for the transaction of such other business as may properly come before the Board, shall be held immediately following the annual meeting of Shareholders or as soon thereafter as possible. Regular meetings of the Board shall be held at such time and place as the Board shall from time to time appoint. Written notice shall be given to each Director at least five days before any such regular meeting.

Section 2.05. Special Meetings. A special meeting of the Board of Directors may be called by the Chairman or any director upon two (2) days written notice to each director.

Section 2.06. Quorum. A majority of the directors in office, at least one of whom shall be a Non-Affiliated Director, shall constitute a quorum for the transaction of business, and the acts of a majority of the directors present and voting at a meeting at which a quorum is present shall be the acts of the Board.

Section 2.07. Action by Written Consent. Any action which may be taken at a meeting of the directors, or at a meeting of the members of a committee thereof, may be taken without a meeting if, prior or subsequent to the action, a consent or consents thereto by all of the directors or members of such committee (as the case may be) in office shall be filed with the Secretary.

Section 2.08. Telephone Participation in Meetings. One or more directors may participate in a meeting of the Board, or of a committee thereof, by means of conference telephone or similar communications equipment by means 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.

Section 2.09. Committees. The Board, by the affirmative vote of the majority of the entire Board, shall appoint from among its members and, Audit, Nomination and Evaluation Committee, and may appoint such other committees as it may deem necessary. Each member of each such committee shall continue in office at the pleasure of the Board or until he or she shall cease to be a Director.

Except for the, Audit, Nomination and Evaluation Committee, which shall be comprised solely of Non-Affiliated Directors, not less than one-third of the members of any committee shall consist of Non-Affiliated Directors, at least one of whom shall be present to constitute a quorum for the transaction of business. The presence, at any meeting of a committee, of a majority of its members then in office, at least one of whom is a Non-Affiliated Director, shall constitute a quorum for the transaction of business; however in no case shall a quorum consist of less than three Directors. A majority of such quorum may decide any questions that may come before such meeting. Any one or more members of a committee may participate in a meeting of such committee by means of a conference telephone or similar communications equipment by means of which all person participating in the meeting can hear each other, and participation in a meeting by such means shall constitute presence in person at such meeting. So far as permitted by law, any action required or permitted to be taken at any meeting of any committee appointed and established by the Board may be taken without a meeting if, prior or subsequent to the actions, a written consent setting forth such action is signed by all members of such committee entitled to vote thereon and such written consent is filed with the records of the Corporation.

Notwithstanding the foregoing, or anything to the contrary set forth herein, the Board of Directors shall not be required to appoint an Audit, Nomination and Evaluation Committee at any time if at such time the person controlling the corporation is an insurer or another business entity having a board of directors and committees thereof which meet the requirements of 1405(c)(3), (4) and (4.1) of the Pennsylvania Insurance Company Law and such committee or committees shall be charged with performing the responsibilities otherwise to be performed by the Audit, Nomination and Evaluation Committee as set forth herein. If at any time a committee or committees of the person controlling the corporation shall be performing the functions of the Audit, Nomination and Evaluation Committee as contemplated by the preceding sentence, all references herein to the Audit, Nomination and Evaluation Committee shall be deemed to be references to the applicable committee or committees of such other person. **(Amended: March 9, 2010)**

ARTICLE 3

OFFICERS

Section 3.01. Enumeration. The officers of the Corporation shall be elected by the Board and shall consist of a Chairman, a President, a Secretary, a Treasurer, and such other officers and assistant officers (if any) as the Board shall elect from time to time. The Board may at any time elect one of its members as Chairman of the Board, who shall preside at meetings of the Board and of the shareholders and shall have such powers and perform such duties as shall be prescribed from time to time by the Board. Any number of offices may be held by the same person, except that the Treasurer may also be either the President or the Secretary, but not both.

Section 3.02. Chairman. The Chairman shall be the Chairman of the Board of the Corporation. The Chairman shall preside at all meetings of the Board and of the shareholders.

Section 3.03. President. The President shall be the chief executive officer of the Corporation and shall have general and active charge and control over the business, affairs and property of the Corporation, subject to the control of the Board. The President shall perform such other duties and exercise such other powers as from time to time may be assigned to him by these Bylaws or by the Board.

Section 3.04. Treasurer. The Treasurer shall have supervision over the funds, securities, receipts and disbursements of the Corporation and shall be the chief accounting officer of the Corporation. He shall keep full and accurate accounts of the receipts and disbursements of the Corporation in books belonging to the Corporation, shall deposit all moneys and other valuable effects of the Corporation in the name and to the credit of the Corporation in such depositories as may be designated by the Board, and shall also have such other powers and perform such other duties as are incident to the office of the treasurer of a Corporation or as shall be prescribed from time to time by, or pursuant to authority delegated by, the Board.

Section 3.05. Secretary. The Secretary shall keep a record of the minutes of the proceedings of meetings of the Shareholders and the Board, and shall give notice of all such meetings as required by statute or these Bylaws. The Secretary shall have custody of the seal of the Corporation and of all books, records, and papers of the Corporation, except such as shall be in the charge of the Treasurer, and shall see that the seal is affixed to documents, the execution of which shall have been duly authorized on behalf of the Corporation under its seal. The Secretary shall also have such other powers and perform such other duties as are incident to the office of the secretary of a corporation or as shall be prescribed from time to time by, or pursuant to authority delegated by, the Board.

Section 3.06. Other Officers and Assistant Officers. The powers and duties of each other officer or assistant officer who may from time to time be chosen by the Board shall be as specified by, or pursuant to authority delegated by, the Board at the time of the

appointment of such other officer or assistant officer or from time to time thereafter. In addition, each assistant officer shall assist in the performance of the duties of the officer to which he or she is assistant, and shall have the powers and perform the duties of such officer during such officer's absence or inability to act.

Section 3.07. Term of Office. The President, the Treasurer and the Secretary shall be elected annually by the Directors at their first meeting following the annual meeting of Shareholders, by vote of a majority of the Directors present and voting and other officers or assistant officers, if any, may be elected or appointed by the Directors at said meeting or at any other time.

Except as otherwise provided by law or by these Bylaws, the President, the Treasurer and the Secretary shall hold office until the first meeting of the Directors following the next annual meeting of the Shareholders and until their respective successors are chosen and qualified, or, in each case, until he or she sooner dies, resigns or is removed, unless a shorter period shall have been specified by the terms of his or her election or appointment.

ARTICLE 4

DIRECTORS' LIABILITY

Section 4.01. Directors' Personal Liability. A director of the Corporation shall not be personally liable, as such, for monetary damages for any action taken, or any failure to take action; provided, however, that this provision shall not eliminate or limit the liability of a director to the extent that such elimination or limitation of liability is expressly prohibited by Section 1721(e) of the Pennsylvania Business Corporation Law of 1988 or any successor statute as in effect at the time of the alleged action or failure to take action by such director.

Section 4.02. Preservation of Rights. Any repeal or modification of this Article shall not adversely affect any right or protection existing at the time of such repeal or modification to which any director or former director may be entitled under this Article. The rights conferred by the Article shall continue as to any person who has ceased to be a director of the Corporation and shall inure to the benefit of the heirs and personal representatives of such person.

Section 4.03. Indemnification of Directors and Officers. Each person who has been or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that he or she is or was or has agreed to become a director, officer or employee of the Corporation, or is or was serving or has agreed to serve at the request of the Corporation as a director, officer or employee of another corporation, partnership, joint venture, trust or other enterprise, shall be indemnified by the Corporation against expenses (including attorneys' fees), judgments, fines and

amounts paid in settlement actually and reasonably incurred by him or her in connection with such action, suit or proceeding, and expenses incurred in connection therewith may be advanced by the Corporation, all to the full extent and the manner permitted by Section 1741 and 1742 of the Pennsylvania Business Corporation Law. Similar indemnification may be provided by the Corporation to any person, not a director, officer or employee, who has been or is a party or is threatened to be made a party to any such action, suit or proceeding by reason of the fact that he or she is or was or has agreed to become an agent of the Corporation or for its benefit as an agent of another corporation, partnership, joint venture, trust or other enterprise.

Indemnification of a director, officer or employee of the Corporation or of another corporation, partnership, joint venture, trust or other enterprise (unless otherwise ordered by a court) shall be made by the Corporation unless a determination is made that indemnification of the director, officer or employee is not proper in the circumstances because he or she has not met the applicable standard of conduct set forth in Section 1741 and 1742 of the Pennsylvania Business Corporation Law. Expenses (including attorneys' fees) incurred in defending any action or proceeding referred to above shall be paid by the Corporation in advance of the final disposition of the action or proceeding upon receipt of an undertaking by or on behalf of the agent to repay the amount if it is ultimately determined that he or she is not entitled to be indemnified by the Corporation as authorized by the Pennsylvania Business Corporation Law or otherwise. Any indemnification of, and advancement of expenses to, an agent of the Corporation or of another corporation, partnership, joint venture, trust or other enterprise under this Section (unless otherwise ordered by a court) may be made by the Corporation unless a determination is made that indemnification of the agent is not proper in the circumstances because he or she has not met the applicable standard of conduct set forth in such Section 1741 and 1742 of the Pennsylvania Business Corporation Law. Any such determination shall be made (1) by the Board by a majority vote of a quorum consisting of directors who were not parties to such action, suit or proceeding; or (2) if such a quorum is not obtainable, or, even if obtainable a quorum of disinterested directors so directs, by independent legal counsel in a written opinion; or (3) by the shareholders. No such determination shall create any presumption in any action, suit or proceeding that any director, officer, employee or agent has not met the applicable standard of conduct. No termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent shall, or itself, create any presumption that any director, officer, employee or agent has not met the applicable standard of conduct.

The foregoing indemnification provisions shall be deemed to be a contract between the Corporation and each director, officer and employee who serves in such capacity at any time while such provisions, as well as the relevant provisions of the Pennsylvania Business Corporation Law, are in effect, and any amendment or repeal thereof shall not affect any right or obligation then existing with respect to any state of facts then or previously existing or any action, suit or proceeding previously or thereafter brought or threatened based in whole or in part upon any such state of facts. Such contract

right may not be modified retroactively without the consent of such director, officer or employee, as the case may be.

The indemnification provided by this Section shall not be deemed exclusive of any other right to which those indemnified may be entitled under the Pennsylvania Business Corporation Law, any bylaw, agreement, vote of shareholders or disinterested directors or otherwise, both as to action in his or her official capacity and as to action in another capacity while holding such office, and shall continue as to a person who has ceased to be a director, officer, employee or agent and shall inure to the benefit of the heirs, executors and administrators of such persons.

Invalidation of any portion of this Section shall not affect the validity of any other portion hereof.

Section 4.04. Definition of Corporation. For purposes of this Article, references to "the Corporation" shall include all constituent corporations absorbed in a consolidation, merger or division, as well as the surviving or new corporations surviving or resulting therefrom, so that (i) any person who is or was an authorized representative of a constituent, surviving or new corporation shall stand in the same position under the provisions of this Article with respect to the surviving or new corporation as such person would if he or she had served the surviving or new corporation in the same capacity and (ii) any person who is or was an authorized representative of the Corporation shall stand in the same position under the provisions of this Article with respect to the surviving or new corporation as such person would with respect to the Corporation if its separate existence had continued.

Section 4.05. Definition of Authorized Representative. For the purpose of this Article, the term "authorized representative" shall mean director, officer, employee or agent of the Corporation or of any subsidiary of the Corporation, or a trustee, custodian, administrator, committeeman or fiduciary of any employee benefit plan established and maintained by the Corporation or by any subsidiary of the Corporation, or a person serving another corporation, partnership, joint venture, trust or other enterprise in any of the foregoing capacities at the request of the Corporation.

ARTICLE 5

SHARES OF CAPITAL STOCK

Section 5.01. Issuance of Shares. Shares of capital stock of any class now or hereafter authorized, securities convertible into or exchangeable for such shares, or options or other rights to purchase such shares or securities, may be issued or granted in accordance with the authority granted by resolution of the Board from time to time .

Section 5.02. Share Certificates. Certificates for shares of capital stock of the Corporation shall be in the form adopted from time to time by the Board, shall be signed

by the Chairman or President and by the Secretary or Treasurer, and may be sealed with the seal of the Corporation. All such certificates shall be numbered consecutively, and the name of the person owing the shares represented thereby, with the number of such shares and the date of issue, shall be entered on the books of the Corporation.

Section 5.03. Transfer of Shares. Shares of the Corporation shall be transferred only on the books of the Corporation, by the holder of record in person or by the holder's duly authorized representative, upon surrender to the Corporation of the certificate for such shares duly endorsed for transfer, together with such other documents (if any) as may be required to effect such transfer.

Section 5.04. Lost, Stolen, Destroyed, or Mutilated Certificates. New share certificates, to replace share certificates which have been lost, stolen, destroyed, or mutilated, may be issued upon such terms and conditions, including proof of loss or destruction and the giving of a satisfactory bond of indemnity, as the Board may determine from time to time.

Section 5.05. Regulations. The Board shall have power and authority to make all such rules and regulations not inconsistent with these Bylaws as it may deem expedient concerning the issue, transfer, and registration of shares of the Corporation.

Section 5.06. Holder of Record. The Corporation shall be entitled to treat the holder of record of any share or shares of capital stock of the Corporation as the holder and owner in fact thereof for all purposes and shall not be bound to recognize any equitable or other claim to, or right, title, or interest in, such share or shares on the part of any other person, whether or not the Corporation shall have express or other notice thereof, except as may be otherwise required by the laws of the Commonwealth of Pennsylvania.

ARTICLE 6

GENERAL PROVISIONS

Section 6.01. Corporate Seal. The Corporation may adopt a seal in such form as the Board shall determine from time to time.

Section 6.02. Fiscal Year. The fiscal year of the Corporation shall be as designated by the Board from time to time.

Section 6.03. Written Notice. Whenever written notice is required to be given to any person by statute, the Articles of Incorporation or these Bylaws, it may be given to the person by any means permitted by Section 1702 of the Pennsylvania Business Corporation Law of 1988 or any successor statute, and shall be deemed to have been given at the time specified in said Section.

Section 6.04. Waiver of Notice. Whenever notice is required to be given to any person by statute, the Articles of Incorporation or these Bylaws, the giving of the notice may be waived in the manner and with the effect specified in Section 1795 of the Business Corporation Law of 1988 or any successor statute.

Section 6.05. Authorization. All checks, notes, vouchers, warrants, drafts, acceptances, and other orders for the payment of moneys of the Corporation shall be signed by such officer or officers or such other person or persons as the Board may designate from time to time.

Section 6.06. Financial Statements. Except as otherwise agreed between the Corporation and a shareholder in accordance with Section 1554(b) of the Business Corporation Law of 1988, the Corporation shall furnish annual financial statements to the shareholders in accordance with Section 1544(a) of said Law or any successor statute. The financial statements may but need not be audited or reviewed by public accountant.

Section 6.07. Effect of Bylaws. No provision of these Bylaws shall vest any property right in any shareholder.

Section 6.08. Registered Office. The registered office of the Corporation in the Commonwealth of Pennsylvania shall be in such location as provided in the Articles of Incorporation of the Corporation or any amendments thereto. The Corporation may have such other offices in such places, either within or without the Commonwealth of Pennsylvania, as the Board may from time to time determine or the business of the Corporation may require.

ARTICLE 7

AMENDMENTS

Section 7.01. By the Board of Directors. The authority to adopt, amend and repeal bylaws of the Corporation is vested in the Board, subject to the power of the shareholders to change such action. The foregoing authority of the Board may be exercised whether or not the shareholders have previously adopted, amended or repealed the same or any other bylaw, but, subsequent to the initial organization meeting of the Board, such authority may not be exercised with respect to any subject that is committed expressly to the shareholders by the provisions of the Business Corporation Law of 1988 or any successor statute.

Section 7.02. By the Shareholders. In the case of a meeting of the shareholders to take action with respect to the bylaws, written notice shall be given to each shareholder that the purpose, or one of the purposes, of the meeting is to consider the adoption, amendment or repeal of bylaws, and a copy of the proposed amendment or a summary of the changes to be effected thereby shall be included in or enclosed with the notice.

Section 7.03. Effective Date. Any change in the bylaw shall take effective when adopted unless otherwise provided in the resolution effecting the change.

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Bylaws
HM Life Insurance Company
Amended: April 1, 2006
Amended: April 22, 2009

Bylaws
HM Life Insurance Company
Amended: April 1, 2006
Amended: April 22, 2009

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Bylaws
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ARTICLE 1

MEETINGS OF SHAREHOLDERS

Section 1.01. Place of Meetings. Meetings of the shareholders shall be held at such place within or without the Commonwealth of Pennsylvania as shall be specified from time to time by the Board of Directors (hereinafter referred to as the "Board").

Section 1.02. Annual Meetings. The annual meeting of the shareholders for the election of directors and the transaction of such other business as may properly come before the meeting shall be held within four months after the close of the Corporation's fiscal year at such time as shall be specified by the Board. If the annual meeting shall not be called and held within the prescribed period of time in any calendar year, any shareholder may call such meeting at any time thereafter.

Section 1.03. Special Meetings. Special meetings may be called at any time by the Chairman, the Board, or shareholders entitled to cast at least 20 percent (20%) of the votes that all shareholders are entitled to cast at the particular meeting.

Section 1.04. Notice of Meetings. A written notice specifying the place, day, and hour of each meeting and, in the case of a special meeting, the general nature of the business to be transacted shall be given by, or at the direction of, the Secretary or other person authorized to call such meeting to each shareholder of record entitled to vote at such meeting, at least five (5) days prior to the day named for the meeting, unless a greater period of time is required by Section 1704 of the Pennsylvania Business Corporation Law of 1988 or any successor statute.

Section 1.05. Record Date. The record date for the determination of the shareholders entitled to notice of, or to vote at, the meeting shall be the close of business on the day immediately preceding the day on which the meeting is held.

Only shareholders of record on the record date shall be so entitled notwithstanding any transfer of shares on the books of the Corporation after the record date. When a determination of shareholders of record has been made as provided herein for purposes of a meeting, the determination shall apply to any adjournment thereof unless the Board fixes new record date for the adjourned meeting. 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 is not necessary, shall be the close of business on the day on which the first written consent or dissent is filed with the Secretary of the Corporation.

Section 1.06. Quorum. The presence, in person or by proxy, of the holders of fifty percent of the outstanding shares entitled to vote thereat shall be necessary to constitute a quorum for the transaction of business at all meetings of shareholders. If, however, such quorum shall not be present or represented at any meeting of the shareholders, the shareholders entitled to vote thereat, present in person or represented by proxy, shall have the power to adjourn the meeting to a future date at which a quorum shall be present or represented. At such adjourned meeting, any business may be transacted which might have been transacted at the meeting as originally called.

Section 1.07. Voting. A shareholder entitled to vote at a meeting may vote at such meeting in person or by proxy. Except as otherwise provided by law, all shareholders shall be entitled to one vote for each share standing in their name on the record of shareholder. Except as herein provided, all corporate action shall be determined by vote of a majority of the votes cast at a meeting of shareholders by the holders of shares entitled to vote thereon.

Section 1.08. Proxies. Every proxy must be dated and signed by the shareholder or by an attorney-in-fact. No proxy shall be valid after the expiration of eleven (11) months from the date of its execution, unless otherwise provided therein. Every proxy shall be revocable at the pleasure of the shareholder executing it.

Section 1.09. Action by Written Consent. Any action which may be taken at a meeting of the shareholders may be taken without a meeting if, prior or subsequent to the action, a consent or consents thereto by all of the shareholders who would be entitled to vote at a meeting for such purposes shall be filed with the Secretary of the Corporation.

Section 1.10. Telephone Participation in Meetings. One or more persons may participate in a meeting of the shareholders by means of conference telephone or similar communications equipment by means 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 2

DIRECTORS

Section 2.01. Powers of Board of Directors. Except as otherwise provided by statute, the Articles of Incorporation or a bylaw adopted by the shareholders, all powers vested by law in the Corporation shall be exercised by or under the authority of, and the business and affairs of the Corporation shall be managed under the direction of, the Board.

Section 2.02. Number, Election, and Term of Office. The Board shall consist of such number of directors, not less than seven (7) nor more than ten (10), as the Board shall determine from time to time. Directors need not be shareholders of the Corporation. Not less than one-third of the directors of the Corporation shall be persons who are not officers or employees of the Corporation or of any entity controlling, controlled by or under common control by the Corporation and who are not beneficial owners of a controlling interest in the voting stock of the Corporation, hereinafter referred to as Non-Affiliated Directors. The directors shall be elected by the shareholders at the annual meeting or at any special meeting called for such purpose. Each director shall hold office until the next annual meeting of the shareholders, or until death, resignation or removal in the manner hereinafter provided, and until his or her successor has been duly elected and qualified.

Section 2.03. Vacancies. Vacancies in the Board arising by reason of death, resignation, removal, an increase in the number of directors or any other cause whatsoever, may be filled by a majority vote of the remaining members of the Board though less than a quorum. Each person so selected shall be a director to serve for the balance of the unexpired term.

Section 2.04. Annual and Regular Meetings. An annual meeting of the Board for the election of officers and for the transaction of such other business as may properly come before the Board, shall be held immediately following the annual meeting of Shareholders or as soon thereafter as possible. Regular meetings of the Board shall be held at such time and place as the Board shall from time to time appoint. Written notice shall be given to each Director at least five days before any such regular meeting.

Section 2.05. Special Meetings. A special meeting of the Board of Directors may be called by the Chairman or any director upon two (2) days written notice to each director.

Section 2.06. Quorum. A majority of the directors in office, at least one of whom shall be a Non-Affiliated Director, shall constitute a quorum for the transaction of business, and the acts of a majority of the directors present and voting at a meeting at which a quorum is present shall be the acts of the Board.

Section 2.07. Action by Written Consent. Any action which may be taken at a meeting of the directors, or at a meeting of the members of a committee thereof, may be taken without a meeting if, prior or subsequent to the action, a consent or consents thereto by all of the directors or members of such committee (as the case may be) in office shall be filed with the Secretary.

Section 2.08. Telephone Participation in Meetings. One or more directors may participate in a meeting of the Board, or of a committee thereof, by means of conference telephone or similar communications equipment by means 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.

Section 2.09. Committees. The Board, by the affirmative vote of the majority of the entire Board, shall appoint from among its members a Compensation, Audit, Nomination and Evaluation Committee, an Executive Committee, and Investment Committee and such other committees as it may deem necessary. Each member of each such committee shall continue in office at the pleasure of the Board or until he or she shall cease to be a Director.

Except for the Compensation, Audit, Nomination and Evaluation Committee, which shall be comprised solely of Non-Affiliated Directors, not less than one-third of the members of any committee shall consist of Non-Affiliated Directors, at least one of whom shall be present to constitute a quorum for the transaction of business. The presence, at any meeting of a committee, of a majority of its members then in office, at least one of whom is a Non-Affiliated Director, shall constitute a quorum for the transaction of business; however in no case shall a quorum consist of less than three Directors. A majority of such quorum may decide any questions that may come before such meeting. Any one or more members of a committee may participate in a meeting of such committee by means of a conference telephone or similar communications equipment by means of which all person participating in the meeting can hear each other, and participation in a meeting by such means shall constitute presence in person at

such meeting. So far as permitted by law, any action required or permitted to be taken at any meeting of any committee appointed and established by the Board may be taken without a meeting if, prior or subsequent to the actions, a written consent setting forth such action is signed by all members of such committee entitled to vote thereon and such written consent is filed with the records of the Corporation.

ARTICLE 3

OFFICERS

Section 3.01. Enumeration. The officers of the Corporation shall be elected by the Board and shall consist of a Chairman, a President, a Chief Executive Officer, a Secretary, a Treasurer, and such other officers and assistant officers (if any) as the Board shall elect from time to time. The Board may at any time elect one of its members as Chairman of the Board, who shall preside at meetings of the Board and of the shareholders and shall have such powers and perform such duties as shall be prescribed from time to time by the Board. Any number of offices may be held by the same person, except that the Treasurer may also be either the President or the Secretary, but not both.
(Amended: April 22, 2009)

Section 3.02. Chairman. The Chairman shall be the Chairman of the Board of the Corporation. The Chairman shall preside at all meetings of the Board and of the shareholders.

Section 3.03. Chief Executive Officer. The Chief Executive Officer shall be responsible for the general management of the business and affairs of the corporation and shall exercise general supervision and authority over all agents and employees of the Corporation. The Chief Executive Officer shall have such other powers and duties as are provided in these Bylaws or as may be incident to the office of chief executive officer and shall perform such other duties as may be assigned to him or her by the Board. The Chief Executive Officer shall supervise the implementation of all policies, orders and resolutions of the Board and shall execute all contracts and agreements authorized by the Board, except that he or she may delegate to other officers of the Corporation the power to execute contracts in the ordinary course of business or as otherwise may be authorized by the Board. **(Amended: April 22, 2009)**

Section 3.03 A. President. The President shall be the chief operating officer of the Corporation and shall be responsible for the direct and active administration, supervision and control of the day-to-day activities and operations of the Corporation. The President shall have such other powers and duties as are provided in these Bylaws or as may be incident to the office of president and shall perform such other duties as may be assigned to him or her by the Chief Executive Officer or the Board. (Amended: April 22, 2009)

Section 3.04. Treasurer. The Treasurer shall have supervision over the funds, securities, receipts and disbursements of the Corporation and shall be the chief accounting officer of the Corporation. He shall keep full and accurate accounts of the receipts and disbursements of the Corporation in books belonging to the Corporation, shall deposit all moneys and other valuable effects of the Corporation in the name and to the credit of the Corporation in such depositories as may be designated by the Board, and shall also have such other powers and perform such other duties as are incident to the office of the treasurer of a Corporation or as shall be prescribed from time to time by, or pursuant to authority delegated by, the Board.

Section 3.05. Secretary. The Secretary shall keep a record of the minutes of the proceedings of meetings of the Shareholders and the Board, and shall give notice of all such meetings as required by statute or these Bylaws. The Secretary shall have custody of the seal of the Corporation and of all books, records, and papers of the Corporation, except such as shall be in the charge of the Treasurer, and shall see that the seal is affixed to documents, the execution of which shall have been duly authorized on behalf of the Corporation under its seal. The Secretary shall also have such other powers and perform such other duties as are incident to the office of the secretary of a corporation or as shall be prescribed from time to time by, or pursuant to authority delegated by, the Board.

Section 3.06. Other Officers and Assistant Officers. The powers and duties of each other officer or assistant officer who may from time to time be chosen by the Board shall be as specified by, or pursuant to authority delegated by, the Board at the time of the appointment of such other officer or assistant officer or from time to time thereafter. In addition, each assistant officer shall assist in the performance of the duties of the officer to which he or she is assistant, and shall have the powers and perform the duties of such officer during such officer's absence or inability to act.

Section 3.07. Term of Office. The Chief Executive Officer, the President, the Treasurer and the Secretary shall be elected annually by the Directors at their first meeting following the annual meeting of Shareholders, by vote of a majority

of the Directors present and voting and other officers or assistant officers, if any, may be elected or appointed by the Directors at said meeting or at any other time. **(Amended: April 22, 2009)**

Except as otherwise provided by law or by these Bylaws, the President, the Treasurer and the Secretary shall hold office until the first meeting of the Directors following the next annual meeting of the Shareholders and until their respective successors are chosen and qualified, or, in each case, until he or she sooner dies, resigns or is removed, unless a shorter period shall have been specified by the terms of his or her election or appointment.

ARTICLE 4

DIRECTORS' LIABILITY

Section 4.01. Directors' Personal Liability. A director of the Corporation shall not be personally liable, as such, for monetary damages for any action taken, or any failure to take action; provided, however, that this provision shall not eliminate or limit the liability of a director to the extent that such elimination or limitation of liability is expressly prohibited by Section 1721(e) of the Pennsylvania Business Corporation Law of 1988 or any successor statute as in effect at the time of the alleged action or failure to take action by such director.

Section 4.02. Preservation of Rights. Any repeal or modification of this Article shall not adversely affect any right or protection existing at the time of such repeal or modification to which any director or former director may be entitled under this Article. The rights conferred by the Article shall continue as to any person who has ceased to be a director of the Corporation and shall inure to the benefit of the heirs and personal representatives of such person.

Section 4.03. Indemnification of Directors and Officers. Each person who has been or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that he or she is or was or has agreed to become a director, officer or employee of the Corporation, or is or was serving or has agreed to serve at the request of the Corporation as a director, officer or employee of another corporation, partnership, joint venture, trust or other enterprise, shall be indemnified by the Corporation against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him or her in connection with such action, suit or proceeding, and expenses incurred in connection therewith may be advanced by

the Corporation, all to the full extent and the manner permitted by Section 1741 and 1742 of the Pennsylvania Business Corporation Law. Similar indemnification may be provided by the Corporation to any person, not a director, officer or employee, who has been or is a party or is threatened to be made a party to any such action, suit or proceeding by reason of the fact that he or she is or was or has agreed to become an agent of the Corporation or for its benefit as an agent of another corporation, partnership, joint venture, trust or other enterprise.

Indemnification of a director, officer or employee of the Corporation or of another corporation, partnership, joint venture, trust or other enterprise (unless otherwise ordered by a court) shall be made by the Corporation unless a determination is made that indemnification of the director, officer or employee is not proper in the circumstances because he or she has not met the applicable standard of conduct set forth in Section 1741 and 1742 of the Pennsylvania Business Corporation Law. Expenses (including attorneys' fees) incurred in defending any action or proceeding referred to above shall be paid by the Corporation in advance of the final disposition of the action or proceeding upon receipt of an undertaking by or on behalf of the agent to repay the amount if it is ultimately determined that he or she is not entitled to be indemnified by the Corporation as authorized by the Pennsylvania Business Corporation Law or otherwise. Any indemnification of, and advancement of expenses to, an agent of the Corporation or of another corporation, partnership, joint venture, trust or other enterprise under this Section (unless otherwise ordered by a court) may be made by the Corporation unless a determination is made that indemnification of the agent is not proper in the circumstances because he or she has not met the applicable standard of conduct set forth in such Section 1741 and 1742 of the Pennsylvania Business Corporation Law. Any such determination shall be made (1) by the Board by a majority vote of a quorum consisting of directors who were not parties to such action, suit or proceeding; or (2) if such a quorum is not obtainable, or, even if obtainable a quorum of disinterested directors so directs, by independent legal counsel in a written opinion; or (3) by the shareholders. No such determination shall create any presumption in any action, suit or proceeding that any director, officer, employee or agent has not met the applicable standard of conduct. No termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent shall, or itself, create any presumption that any director, officer, employee or agent has not met the applicable standard of conduct.

The foregoing indemnification provisions shall be deemed to be a contract between the Corporation and each director, officer and employee who serves in such capacity at any time while such provisions, as well as the relevant provisions of the Pennsylvania Business Corporation Law, are in effect, and any amendment

or repeal thereof shall not affect any right or obligation then existing with respect to any state of facts then or previously existing or any action, suit or proceeding previously or thereafter brought or threatened based in whole or in part upon any such state of facts. Such contract right may not be modified retroactively without the consent of such director, officer or employee, as the case may be.

The indemnification provided by this Section shall not be deemed exclusive of any other right to which those indemnified may be entitled under the Pennsylvania Business Corporation Law, any bylaw, agreement, vote of shareholders or disinterested directors or otherwise, both as to action in his or her official capacity and as to action in another capacity while holding such office, and shall continue as to a person who has ceased to be a director, officer, employee or agent and shall inure to the benefit of the heirs, executors and administrators of such persons.

Invalidation of any portion of this Section shall not affect the validity of any other portion hereof.

Section 4.04. Definition of Corporation. For purposes of this Article, references to "the Corporation" shall include all constituent corporations absorbed in a consolidation, merger or division, as well as the surviving or new corporations surviving or resulting therefrom, so that (i) any person who is or was an authorized representative of a constituent, surviving or new corporation shall stand in the same position under the provisions of this Article with respect to the surviving or new corporation as such person would if he or she had served the surviving or new corporation in the same capacity and (ii) any person who is or was an authorized representative of the Corporation shall stand in the same position under the provisions of this Article with respect to the surviving or new corporation as such person would with respect to the Corporation if its separate existence had continued.

Section 4.05. Definition of Authorized Representative. For the purpose of this Article, the term "authorized representative" shall mean director, officer, employee or agent of the Corporation or of any subsidiary of the Corporation, or a trustee, custodian, administrator, committeeman or fiduciary of any employee benefit plan established and maintained by the Corporation or by any subsidiary of the Corporation, or a person serving another corporation, partnership, joint venture, trust or other enterprise in any of the foregoing capacities at the request of the Corporation.

ARTICLE 5

SHARES OF CAPITAL STOCK

Section 5.01. Issuance of Shares. Shares of capital stock of any class now or hereafter authorized, securities convertible into or exchangeable for such shares, or options or other rights to purchase such shares or securities, may be issued or granted in accordance with the authority granted by resolution of the Board from time to time .

Section 5.02. Share Certificates. Certificates for shares of capital stock of the Corporation shall be in the form adopted from time to time by the Board, shall be signed by the Chief Executive Officer or President and by the Secretary or Treasurer, and may be sealed with the seal of the Corporation. All such certificates shall be numbered consecutively, and the name of the person owing the shares represented thereby, with the number of such shares and the date of issue, shall be entered on the books of the Corporation. **(Amended: April 22, 2009)**

Section 5.03. Transfer of Shares. Shares of the Corporation shall be transferred only on the books of the Corporation, by the holder of record in person or by the holder's duly authorized representative, upon surrender to the Corporation of the certificate for such shares duly endorsed for transfer, together with such other documents (if any) as may be required to effect such transfer.

Section 5.04. Lost, Stolen, Destroyed, or Mutilated Certificates. New share certificates, to replace share certificates which have been lost, stolen, destroyed, or mutilated, may be issued upon such terms and conditions, including proof of loss or destruction and the giving of a satisfactory bond of indemnity, as the Board may determine from time to time.

Section 5.05. Regulations. The Board shall have power and authority to make all such rules and regulations not inconsistent with these Bylaws as it may deem expedient concerning the issue, transfer, and registration of shares of the Corporation.

Section 5.06. Holder of Record. The Corporation shall be entitled to treat the holder of record of any share or shares of capital stock of the Corporation as the holder and owner in fact thereof for all purposes and shall not be bound to recognize any equitable or other claim to, or right, title, or interest in, such share or shares on the part of any other person, whether or not the Corporation shall have express or other notice thereof, except as may be otherwise required by the laws of the Commonwealth of Pennsylvania.

ARTICLE 6

GENERAL PROVISIONS

Section 6.01. Corporate Seal. The Corporation may adopt a seal in such form as the Board shall determine from time to time.

Section 6.02. Fiscal Year. The fiscal year of the Corporation shall be as designated by the Board from time to time.

Section 6.03. Written Notice. Whenever written notice is required to be given to any person by statute, the Articles of Incorporation or these Bylaws, it may be given to the person by any means permitted by Section 1702 of the Pennsylvania Business Corporation Law of 1988 or any successor statute, and shall be deemed to have been given at the time specified in said Section.

Section 6.04. Waiver of Notice. Whenever notice is required to be given to any person by statute, the Articles of Incorporation or these Bylaws, the giving of the notice may be waived in the manner and with the effect specified in Section 1795 of the Business Corporation Law of 1988 or any successor statute.

Section 6.05. Authorization. All checks, notes, vouchers, warrants, drafts, acceptances, and other orders for the payment of moneys of the Corporation shall be signed by such officer or officers or such other person or persons as the Board may designate from time to time.

Section 6.06. Financial Statements. Except as otherwise agreed between the Corporation and a shareholder in accordance with Section 1554(b) of the Business Corporation Law of 1988, the Corporation shall furnish annual financial statements to the shareholders in accordance with Section 1544(a) of said Law or any successor statute. The financial statements may but need not be audited or reviewed by public accountant.

Section 6.07. Effect of Bylaws. No provision of these Bylaws shall vest any property right in any shareholder.

Section 6.08. Registered Office. The registered office of Highmark Life Insurance Company in the Commonwealth of Pennsylvania shall be in such location as provided in the Articles of Incorporation of the Corporation or any amendments thereto. The Corporation may have such other offices in such places, either within or without the Commonwealth of Pennsylvania, as the Board may from time to time determine or the business of the Corporation may require.

ARTICLE 7

AMENDMENTS

Section 7.01. By the Board of Directors. The authority to adopt, amend and repeal bylaws of the Corporation is vested in the Board, subject to the power of the shareholders to change such action. The foregoing authority of the Board may be exercised whether or not the shareholders have previously adopted, amended or repealed the same or any other bylaw, but, subsequent to the initial organization meeting of the Board, such authority may not be exercised with respect to any subject that is committed expressly to the shareholders by the provisions of the Business Corporation Law of 1988 or any successor statute.

Section 7.02. By the Shareholders. In the case of a meeting of the shareholders to take action with respect to the bylaws, written notice shall be given to each shareholder that the purpose, or one of the purposes, of the meeting is to consider the adoption, amendment or repeal of bylaws, and a copy of the proposed amendment or a summary of the changes to be effected thereby shall be included in or enclosed with the notice.

Section 7.03. Effective Date. Any change in the bylaw shall take effective when adopted unless otherwise provided in the resolution effecting the change.

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**AMENDED AND RESTATED
BY-LAWS OF
HMO OF NORTHEASTERN PENNSYLVANIA, INC.**

**BY-LAWS
OF
HMO OF NORTHEASTERN PENNSYLVANIA, INC.**

**ARTICLE I
OFFICES**

Section 1.01 Registered Office. The registered office of HMO of Northeastern Pennsylvania, Inc. (the "Corporation") in Pennsylvania shall be at the place designated in its Articles of Incorporation, as amended and restated from time to time (the "Articles of Incorporation"), subject to change upon notice to the Pennsylvania Department of State 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 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 AND SHAREHOLDERS' MEETINGS**

Section 3.01 Members. The rights, powers and obligations of the members (as such term is defined in the Nonprofit Corporation Law of 1988, as amended (the "NPCL")), of the Corporation set forth in the NPCL shall be and are vested in the shareholders of the Corporation. When used herein, the term shareholder(s) shall be construed to include the term "member(s)".

Section 3.02 Place of Meeting. All meetings of the shareholders shall be held at such place, within or without the Commonwealth of Pennsylvania, as the Board of Directors or shareholders may from time to time determine, and in the absence of designation, such meeting shall be held at the registered offices of the Corporation.

Section 3.03 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, but 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 3.04 Special Meetings. Special meetings of the shareholders may be called at any time by the Chairman, if any, the President, a majority of the Board of Directors, or the holder or holders of not less than 10% (or such smaller percentage as may be provided by law in

particular cases) of all the votes of the shareholders 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. It shall be the duty of the Secretary to call any special meeting requested by any person in accordance with this Section 3.04, which meeting shall be held not more than sixty days after receipt of the request by the Secretary. If the Secretary shall neglect or refuse to issue such call the person or persons making the request may do so.

Section 3.05 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 (a) ten days prior to the day named for a meeting that will consider a fundamental change under Chapter 59 of the NPCL, or (b) five days prior to the day named for the meeting in any other case, unless a greater period of notice is required by law in a particular case. Such notice need not be given to shareholders not entitled to vote at the meeting unless such shareholders are entitled by law to such notice in a particular 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 courier service, charges prepaid, or by telegram (with messenger service specified), charges prepaid, to the shareholder's postal address appearing on the books of the Corporation. In addition, notice may be given by telex, TWX or facsimile transmission to the telex, TWX or facsimile number supplied to the Corporation for the purpose of notice. A certificate or affidavit by the Secretary or an Assistant Secretary shall be prima facie evidence of the giving of any notice required by these By-Laws. If the notice is sent by mail, telegraph or courier service, it shall be deemed to have been given to the shareholder entitled to such notice when deposited in the United States mail or with a telegraph office or courier service for delivery to such shareholder or, in the case of telex, TWX or facsimile, when dispatched. Such notice shall specify the location, day and hour of the meeting, and shall state any other information required by the NPCL. In the case of a special meeting of the shareholders, the notice shall also specify the general nature of the business to be transacted. In any case, the Corporation shall not have a duty to augment any notice.

Section 3.06 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 shareholders 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 twenty-four (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 3.07 Waiver of Notice. Whenever any notice is required to be given to a shareholder under the provisions of applicable law or by these By-Laws, a waiver thereof in

writing, signed by the shareholder 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. Attendance of any shareholder, either in person or by proxy, at any meeting shall constitute a waiver of notice of such meeting except where a shareholder 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 3.08 Quorum. The presence, in person (including participation by telephone) or by proxy, of the shareholders entitled to cast at least two-thirds 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 By-Laws. 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. In the case of any meeting called for the election of directors, those who attend the second of such adjourned meetings, although less than a quorum as fixed in these By-Laws, shall nevertheless constitute a quorum for the purpose of electing directors. In the case of any meeting called for any other purpose, those who attend the second of such adjourned meeting, although less than a quorum as fixed by these By-Laws, shall nevertheless constitute a quorum for purposes of acting upon any resolution or other matter set forth in the notice of the meeting, if written notice of such second adjourned meeting, stating that those shareholders who attend shall constitute a quorum for the purpose of acting upon such resolution or other matter, is given to each shareholder of record entitled to vote at such second adjourned meeting at least ten days prior to the day named for the second adjourned meeting. If a vote is cast by a proxy on behalf of a shareholder on any issue other than a procedural motion considered at a meeting of the shareholders, the shareholder shall be deemed to be present during the entire meeting for the purposes of determining whether a quorum is present for consideration of any other issue.

Section 3.09 Shareholders Entitled to Vote. Unless otherwise provided in the Articles of Incorporation or in a bylaw adopted by the shareholders, every shareholder shall be entitled to one vote for every share standing in his, her or its 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 70 days prior to the date of the meeting of shareholders or any adjournment thereof. 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 increase or other transfer of shares on the books of the Corporation after the record date so fixed. 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 3.10 Shareholders May Vote in Person or by Proxy. At all meetings of shareholders, shareholders entitled to vote at a meeting of the shareholders or express consent or dissent to corporate action in writing without the formality of a meeting may authorize another person to act for him, her or it by proxy. Every proxy shall be executed or authenticated by the shareholder or by such shareholder's duly authorized attorney-in-fact and filed with or transmitted to the Secretary of the Corporation or its designated agent. A shareholder or his duly authorized attorney-in-fact may execute or authenticate a writing or transmit an electronic message authorizing another person to act for him by proxy. A telegram, telex, cablegram, datagram, e-mail, Internet communication or other means of electronic transmission from a shareholder or attorney-in-fact, or a photographic, facsimile or similar reproduction of a writing executed by a shareholder or attorney-in-fact, may be treated as properly executed or authenticated and shall be treated as properly executed or authenticated if it sets forth or utilizes a confidential and unique identification number or other mark furnished by the Corporation to the shareholder for the purposes of the particular meeting or transaction. A proxy 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 or its designated agent in writing or by electronic transmission. An unrevoked proxy shall not be valid after 11 months from the date of its execution, authentication or transmission unless a longer time is expressly provided therein, but in no event shall a proxy be voted on after three years from the date of its execution. 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 the death or incapacity is given to the Secretary of the Corporation or its designated agent. 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 3.11 Election of Directors. Elections for directors need not be by ballot except upon demand made by a shareholder at the election and before the voting begins. Candidates for election as directors receiving the highest number of votes (cast in person or by proxy at a meeting of shareholders) from the shareholders entitled to elect directors, up to the number of directors to be elected by the shareholders, shall be elected.

Section 3.12 Voting. Except as otherwise provided by law or these By-Laws, whenever any corporate action is to be taken by vote of the shareholders, it shall be authorized if at least a majority of the votes cast by all shareholders entitled to vote thereon vote in favor of such corporate action.

Section 3.13 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 of Directors, 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 3.14 Voting Lists. Upon the request of a shareholder, the share register of the Corporation, which register shall set forth the identity of all the shareholders of the Corporation,

shall be produced at any regular or special meeting of the Corporation. If at any meeting the right of a shareholder to vote is challenged, the Chairman shall require that the share register be produced as evidence of the right of the shareholder challenged to vote, and all persons who appear in such share register to be shareholders entitled to vote shall be entitled to vote.

Section 3.15 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 are 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. 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 determine the number of shareholders of record and the voting power of each, the shareholders present at the meeting, the existence of a quorum, the authenticity, validity and effect of proxies, receive votes or ballots, hear and determine all challenges and questions in any way arising in connection with the right to vote, count and tabulate all votes, determine the result, and do such acts as may be proper to the conduct of the election or vote with fairness to all shareholders. 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. 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.

Section 3.16 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 of Directors fixes a new record date for the adjourned meeting or unless the NPCL requires notice of the business to be transacted and such notice has not previously been given.

Section 3.17 Informal Action by Shareholders. Except as may be otherwise provided by applicable laws or in the Articles of Incorporation, notwithstanding anything to the contrary contained in these By-Laws, any action required or permitted to 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 the shareholders who would be entitled to vote at a meeting for such purpose shall be filed with the Secretary of the Corporation. Any action required or permitted to be taken at a meeting of the shareholders or of a class of shareholders may be taken without a meeting upon the consent of all shareholders who would have been entitled to vote upon such action at any meeting of the shareholders. The consents shall be filed with the Secretary of the Corporation.

Section 3.18 Conduct of Shareholders Meeting. There shall be a presiding officer at every meeting of the shareholders. The presiding officer of each shareholder meeting shall be the Chairman of the Board of Directors, and absent a Chairman, shall be appointed by the Board of Directors. If the Chairman shall be unable or unwilling to preside over any shareholder meeting and the Board of Directors fails to designate a presiding officer, then the President, or if not present the Secretary, of the Corporation shall be the presiding officer. The presiding officer

shall determine the order of business and shall have the authority to establish rules for conduct of the meeting. Any action by the presiding officer in adopting rules for, and in conducting, a meeting shall be fair to the shareholders. The presiding officer shall announce at the meeting when the polls close for each matter voted upon. If no announcement is made, the polls shall be deemed to have closed upon the final adjournment of the meeting. After the polls close, no ballots, proxies or votes, nor any revocations or changes thereto, may be accepted.

Section 3.19 Participation in Meetings by Conference Telephone or Other Electronic Technology. Unless determined to the contrary by the Board of Directors in advance of a particular meeting with respect to that meeting, the presence or participation, including voting and taking other action, at a meeting of the shareholders, or the expression of consent or dissent to a corporate action, by a shareholder by conference telephone or other electronic means shall constitute the presence of, or vote or action by, or consent or dissent of the shareholder.

ARTICLE IV DIRECTORS

Section 4.01 Number; Term of Office; Selection.

(a) The business and affairs of the Corporation shall be managed under the direction of a board consisting of six members, who shall be natural persons of full age. Until the Flip Date (as defined in Section 4.01(d) below), four of the six directors shall be individuals nominated by Hospital Service Association of Northeastern Pennsylvania, a Pennsylvania nonprofit corporation ("BCNEPA") (each individual nominated by BCNEPA as a director is hereinafter referred to as a "BCNEPA Director"), and the two remaining directors shall be individuals nominated by Highmark Inc., a Pennsylvania nonprofit corporation ("Highmark") (each individual nominated by Highmark as a director is hereinafter referred to as a "Highmark Director"). From and after the Flip Date, four of the six directors shall be individuals nominated by Highmark, and the two remaining directors shall be individuals nominated by BCNEPA. Except as provided in Section 4.15(c) below, neither the number nor the method for the nomination of directors shall be changed, amended or modified, except by an amendment to these By-Laws adopted by the shareholders. Following the Flip Date, Highmark may in its discretion call a special meeting of the board of directors of the Corporation, and the Secretary of the Corporation shall cooperate with Highmark in calling such a meeting, or circulate a written consent of the shareholders of the Corporation to give effect the terms of this Section 4.01.

(b) Until the Flip Date, at least two of the BCNEPA Directors shall be composed of Enrollees (as defined herein) of the Corporation's prepaid health plan who reside in or in proximity to the Service Area (as defined in Section 4.15(b) below) (the "Enrollee Directors"). From and after the Flip Date, at least two of the Highmark Directors shall be Enrollee Directors. No Enrollee having ownership or interest in, or employed by, or gaining financial reward from direct dealings with the Corporation (except through the receipt of director's fees or other similar fees), or with an affiliated institution or organization, and no members of his or her immediate family, shall be an Enrollee Director. In addition, there shall be equitable representation among the Enrollee Directors from the medically underserved populations serviced by the Corporation's prepaid health plan in proportion to their enrollment relative to the entire enrollment in the Corporation's prepaid health plan, except that if the

aggregate number of medically underserved Enrollees represent five percent or less of the total enrollment in the Corporation's prepaid health plan, then such Enrollees shall be without representation. For purposes of this Section 4.01(b), the term "Enrollee" means an individual who has entered into a contractual arrangement, or on whose behalf a contractual arrangement has been entered into, with the Corporation under which the Corporation assumes responsibility for providing health services to such individual.

(c) Directors need not be residents of Pennsylvania or shareholders in the Corporation. The term of office for each director shall be one year. 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.

(d) For purposes of these By-Laws, the term "Flip Date" shall mean the date upon which Highmark consummates the purchase, in accordance with Paragraph 8(b)(i) of the Shareholders Agreement (as defined in Section 4.15(b) below), of such number of shares of the Corporation's capital stock as shall be necessary to cause Highmark to own up to 60% of the then issued and outstanding shares of capital stock of the Corporation.

Section 4.02 Vacancies. Vacancies in the Board of Directors shall be filled by the remaining members of the Board of Directors though less than a quorum or by a sole remaining director, as follows: (a) in the event of any vacancy on the Board of Directors due to the death, resignation or removal of a BCNEPA Director, then such vacancy shall be filled by a majority of the remaining BCNEPA Directors; and (b) in the event of any vacancy on the Board of Directors due to the death, resignation or removal of a Highmark Director, then such vacancy shall be filled by the remaining Highmark Director. Except as provided in Sections 4.03 and 4.18 below, any individual elected in accordance with this Section 4.02 shall be a director and shall serve for the balance of the unexpired term.

Section 4.03 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. Any vacancy resulting from the resignation of a director shall be filled in accordance with Section 4.02 above.

Section 4.04 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 4.05 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, who shall give at least five days written notice thereof to each other director, which notice shall set forth the time and place of the meeting.

Section 4.06 Regular Meetings. Regular meetings of the Board of Directors may be held at such times as the Board of Directors 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 secular day.

Section 4.07 Special Meetings. Special meetings of the Board of Directors may be called at any time by the Chairman or the President, and shall be called upon the written request of any director delivered to the Secretary. Any such request by a director shall state the time and place of the proposed meeting, and upon receipt of such request it shall be the duty of the Secretary to issue the call for such meeting promptly. If the Secretary shall neglect to issue such call, the director making the request may issue the call.

Section 4.08 Notice of Meetings. Written notice of every meeting of the Board of Directors shall be given by or at the direction of the Secretary or other authorized person, to each director at least seven days prior to the date of any regular meeting and at least five days prior to the date of any special meeting. Any notice of a regular or special meeting of the Board of Directors may be given to a director either personally or by sending a copy thereof by first class or express mail, postage prepaid, or courier service, charges prepaid, or by telegram (with messenger service specified), charges prepaid, to the shareholder's postal address appearing on the books of the Corporation. In addition, notice may be given by telex, TWX or facsimile transmission to the telex, TWX or facsimile number supplied to the Corporation for the purpose of notice. If the notice is sent by mail, telegraph or courier service, it shall be deemed to have been given to the director entitled to such notice when deposited in the United States mail or with a telegraph office or courier service for delivery to such director or, in the case of telex, TWX or facsimile, when dispatched. Such notice shall specify the location, day and hour of the meeting, and shall state any other information required by the NPCL. In any case, the Corporation shall not have a duty to augment any notice.

Section 4.09 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 By-Laws 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 4.10 Waiver of Notice. Whenever any notice is required by law or the Articles of Incorporation or these By-Laws 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 4.11 Quorum. At all meetings of the Board of Directors a majority of the directors in office shall be necessary to constitute a quorum for the transaction of business; provided that until the Flip Date, such majority must include at least one Highmark Director; and provided further that from and after the Flip Date, such majority must include at least one BCNEPA Director. The acts of a majority of the directors present at a meeting at which a quorum is present shall be the acts of the Board of Directors, except as may otherwise be specifically provided by applicable laws, by the Articles of Incorporation, or in Section 4.15(b) or 4.15(c) below.

Section 4.12 Voting Rights of Directors. Every director shall be entitled to one vote. Any requirement of law or of these By-Laws for the presence of or vote or other action by a specified percentage of directors shall be satisfied by the presence of or vote or other action by directors entitled to cast the specified percentage of the votes that all voting directors in office are entitled to cast.

Section 4.13 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 4.14 Informal Action. Notwithstanding anything to the contrary contained in these By-Laws, any action required or permitted to be taken at a meeting of the directors or any committee may be taken without a meeting, if, prior or subsequent to the action, a consent or consents thereto by all of the directors or the members of the committee, as the case may be, is filed with the Secretary of the Corporation.

Section 4.15 General Powers; Matters Requiring Special Approval.

(a) Subject to Section 4.15(b) and 4.15(c) below, all the powers of the Corporation and all lawful acts and things as are not by statute, or by the Articles of Incorporation or by these By-Laws, directed or required to be exercised or done by the shareholders, shall be exercised by or under the authority of the Board of Directors. The provisions of this Section 4.15 shall not be changed, amended or modified, except by an amendment to these By-Laws adopted by the shareholders.

(b) Until the Flip Date, the Corporation shall not take any of the following actions without the approval of the Board of Directors, which approval must include the affirmative vote of all of the Highmark Directors and the affirmative vote of a majority of the BCNEPA Directors: (i) acquire the capital stock or interests of any person or entity other than the Corporation's capital stock in accordance with the terms of that certain Shareholders Agreement dated April 29, 2005 among BCNEPA, Highmark and the Corporation (the "Shareholders Agreement"); acquire all or substantially all of the assets of any person or entity; or merge or consolidate with or into any person or entity; (ii) reorganize, recapitalize, dissolve or

liquidate; (iii) sell, lease, assign or otherwise dispose of all or a substantial portion of the Corporation's assets in any transaction or series of transactions; (iv) amend the Articles of Incorporation, these By-Laws, the Shareholders Agreement, the Administrative Services Agreement dated April 29, 2005 between the Corporation and BCNEPA (the "BCNEPA ASA"), the Administrative Services Agreement dated April 29, 2005 between the Corporation and First Priority Life Insurance Company, Inc. (the "Inter-Company ASA") or the Administrative Services Agreement dated April, 29, 2005 between the First Priority Life Insurance Company, Inc. and BCNEPA (the "FPLIC ASA"); (v) approve or amend the Corporation's annual budget or business plan; (vi) approve or amend the Corporation's insurance underwriting or pricing policies; (vii) approve any unbudgeted capital or other expenditures of the Corporation in excess of \$500,000 individually, or in excess of five percent of the Corporation's annual operating budget in the aggregate; (viii) expand the geographic markets in which the Corporation operates outside of the Service Area; or (ix) market, sell or service any Medicare (as defined in Paragraph 23(a)(F) of the Shareholders Agreement) product or products. For purposes of these By-Laws, "Service Area" shall mean the 13-county area in northeastern and northcentral Pennsylvania consisting of Lackawanna, Luzerne, Monroe, Wayne, Pike, Sullivan, Susquehanna, Bradford, Tioga, Lycoming, Clinton, Carbon and Wyoming counties.

(c) From and after the Flip Date, the Corporation shall not take any of the following actions without the approval of the Board of Directors, which approval must include the affirmative vote of all of the BCNEPA Directors and the affirmative vote of a majority of the Highmark Directors: (i) acquire the capital stock or interests of any person or entity other than the Corporation's capital stock in accordance with the terms of the Shareholders Agreement; acquire all or substantially all of the assets of any person or entity; or merge or consolidate with or into any person or entity; (ii) reorganize, recapitalize, dissolve or liquidate; (iii) sell, lease, assign or otherwise dispose of all or a substantial portion of the Corporation's assets in any transaction or series of transactions; (iv) amend the Articles of Incorporation, these By-Laws, the Shareholders Agreement, the BCNEPA ASA, the Inter-Company ASA or the FPLIC ASA; or (v) market, sell or service any Medicare (as defined in Paragraph 23(a)(F) of the Shareholders Agreement) product or products. If the BCNEPA ASA or FPLIC ASA is terminated or not renewed by the Corporation or First Priority Life Insurance Company, Inc., as applicable, following the Flip Date, then the following additional matters shall not be approved by the Board of Directors, and no such actions shall be deemed approved by the Board of Directors, unless such approval includes the affirmative vote of all of the BCNEPA Directors and the affirmative vote of a majority of the Highmark Directors: (A) approve or amend the Corporation's annual budget or business plan; (B) approve or amend the Corporation's insurance underwriting or pricing policies; (C) approve any unbudgeted capital or other expenditures of the Corporation in excess of \$500,000 individually, or in excess of five percent of the Corporation's annual operating budget in the aggregate; or (D) expand the geographic markets in which the Corporation operates outside of the Service Area.

Section 4.16 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 two or more directors of the Corporation. Each committee shall, except as otherwise required by applicable law, include at least one Highmark Director prior to the Flip Date, and, from and after the Flip Date, at least one BCNEPA Director. Any committee shall have and may exercise all of the powers and authority granted to such committee in the resolution adopted by the Board of

Directors establishing such committee, except that a committee shall not have any power or authority (a) prohibited by the NPCL, or (b) to do or approve any of the acts set forth in Section 4.15(b) or 4.15(c) above. Vacancies in the membership of the committees shall be filled by the Board of Directors at a regular or special meeting of the Board of Directors. Any committee of the Board of Directors shall keep regular minutes of its proceedings and report the same to the Board of Directors at each regular meeting of the Board of Directors. Each committee of the Board of Directors shall serve at the pleasure of the Board of Directors.

Section 4.17 Compensation of Directors. Directors may receive such reasonable compensation for their services as may be provided by a resolution adopted by the Board of Directors.

Section 4.18 Removal of Directors.

(a) The entire Board of Directors or any one director may be removed from office without assigning any cause by the vote of the shareholders entitled to cast at least a majority of the votes which all shareholders present would be entitled to cast at any annual or other regular election of the directors; provided that in any action to remove a BCNEPA Director, such majority must include all votes that may be cast by BCNEPA as of the date such action is taken; provided further that in any action to remove a Highmark Director, such majority must include all votes that may be cast by Highmark as of the date such action is taken. Any vacancies created by any action of the Board of Directors taken in accordance with this Section 4.18(a) shall be filled in accordance with Section 4.02 above.

(b) The Board of Directors may declare vacant the office of a director who has been declared of unsound mind by an order of a court or who has been convicted of a felony 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 of Directors. Any vacancies created by any action of the Board of Directors taken in accordance with this Section 4.18(b) shall be filled in accordance with Section 4.02 above.

(c) An act of the Board of Directors taken 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 of Directors or by the final judgment of a court.

Section 4.19 Interested Directors or Officers; Quorum.

(a) 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 of

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

Section 4.20 Participation in Meetings by Conference Telephone or Other Electronic Technology. Any director may participate in any meeting of the Board of Directors or of any committee (provided such director is otherwise entitled to participate), be counted for the purpose of determining a quorum thereof and exercise all rights and privileges to which such director might be entitled were he or she personally in attendance, including the right to vote, or any other rights attendant to presence in person at such meeting, by means of conference telephone or other electronic technology by means of which all persons participating in the meeting can hear each other. Participation in a meeting pursuant to this Section 4.20 shall constitute presence at such meeting.

Section 4.21 Directors' Quality Assurance Committee. The Corporation shall have a Directors' Quality Assurance Committee that shall consist of no less than three nor more than six directors of the Corporation appointed in accordance with Section 4.16 above. The Directors' Quality Assurance Committee shall assure that quality improvement processes are established to deliver quality, cost-effective health care services to members of the Corporation; to review, comment and provide a recommendation to the Board of Directors regarding the approval of the previous year's Evaluation of Quality Management Program, the current year's Quality Improvement Work Plan and the current Quality Improvement Program Description; and to serve in an advisory capacity and make recommendations to the Board of Directors regarding reports and information as requested. Minutes of all meetings of the Directors' Quality Assurance Committee shall be kept.

ARTICLE V OFFICERS, AGENTS AND EMPLOYEES

Section 5.01 Executive Officers.

(a) Subject to Article XII below, the executive officers of the Corporation shall be elected annually by a majority vote of the Board of Directors and shall include a Chairman, a President, one or more Vice Presidents, a Secretary, a Treasurer, a Medical Director or persons who shall act as such, regardless of the name or title by which they may be designated, elected or appointed; provided, that until the Flip Date, the Chairman shall be an

individual nominated by BCNEPA; and provided further that from and after the Flip Date, the Chairman shall be an individual nominated by Highmark. One or more Vice Presidents and such other officers and assistant officers as may be reasonably deemed necessary by the Board of Directors from time to time may also be elected or appointed. Each officer and assistant officer shall be a natural person of the age of 18 years or older.

(b) In addition to the powers and duties prescribed by these By-Laws, the officers and assistant officers shall have such authority and shall perform such duties in the management of the Corporation as may be determined by or pursuant to resolutions or orders of the Board of Directors. The officers and assistant officers of the Corporation shall hold office for a term of one year and until such officer's successor has been selected and qualified or until such officer's earlier death, resignation or removal. Any officer 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 may be specified in the notice of resignation. The Board of Directors may add to the title of any officer or assistant officer a word or words descriptive of his or her powers or the general character of his or her duties. If the office of any officer or assistant officer becomes vacant for any reason, the vacancy shall be filled by the Board of Directors; provided, until the Flip Date, any vacancy in the Chairman's office shall be filled by an individual nominated by BCNEPA; and provided further that from and after the Flip Date, any vacancy in the Chairman's office shall be filled by an individual nominated by Highmark. The Board of Directors may delegate to any officer or committee of the Board the power to elect or 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 5.02 Agents or Employees. The Board of Directors may by resolution designate the officer or officers who shall have authority to appoint such agents or employees as the needs of the Corporation may require. In the absence of such designation this function may be performed by the President and may be delegated by him or her to others in whole or in part.

Section 5.03 Salaries. The salaries of all officers of the Corporation shall be fixed by the Board of Directors or by authority conferred by resolution of the Board of Directors. The Board of Directors also may fix the salaries or other compensation of assistant officers, agents and employees of the Corporation, but in the absence of such action this function shall be performed by the President or by others under his or her supervision.

Section 5.04 Removal of Officers, Agents or Employees.

(a) Any officer, assistant officer, agent or employee of the Corporation may be removed or his or her authority revoked by resolution 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. Any agent or employee of the Corporation may be removed by the President or, subject to his or her supervision, by the person having authority with respect to the appointment of such agent or employee.

(b) Section 5.04(a) above notwithstanding, until the Flip Date, the Chairman may not be removed or his or her authority revoked, limited or modified without the consent of a majority of the BCNEPA Directors. Following the Flip Date, the Chairman may not be removed or his or her authority revoked, limited or modified without the consent of a majority of the Highmark Directors.

Section 5.05 Chairman of the Board of Directors and President; Powers and Duties.

(a) The Chairman of the Board of Directors shall preside at all meetings of the shareholders and of the Board of Directors. The Chairman shall be a full voting member of the Board of Directors, entitled to vote and participate in all actions and matters brought before the Board of Directors. He or she shall be the senior officer of the Corporation and shall have such powers and duties as the Board of Directors may prescribe.

(b) The President shall be the chief executive officer 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. In the absence of the Chairman of the Board of Directors, the President shall preside at all meetings of the shareholders and of the Board of Directors. He or she shall from time to time make such reports of the affairs of the Corporation as the Board of Directors 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.

(c) Except as otherwise required by applicable law, the Chairman of the Board of Directors and President shall be, ex officio, members of every committee appointed by the Board of Directors, and shall be entitled to vote and participate in all actions and matters brought before such committee(s).

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 President.

Section 5.07 Secretary; Powers and Duties. The Secretary shall attend all sessions of the Board of Directors 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 of Directors or by the President. 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 depository or depositories 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 President and to the directors, at the regular meetings of the Board of Directors or whenever the President or the Board of Directors may require it, an account of all his or her transactions as Treasurer.

Section 5.09 Medical Director; Powers and Duties. The Medical Director shall be the chief medical officer for the Corporation and shall administer the quality assurance and utilization review activities related to the Corporation's prepaid health plans. The Medical Officer shall be subject to appointment by the Board of Directors or the President, and shall have such powers and perform such duties as may be assigned to him or her by the Board of Directors and/or the President.

Section 5.10 Delegation of Officers' Duties. Any officer may delegate duties to his or her assistant (if any) appointed by the Board of Directors; 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 of Directors 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 Certificates of Shares. Subject to requirements prescribed by law, the shares of the Corporation shall be represented by share certificates in such form as shall be approved by the Board of Directors. The fact that the Corporation is a nonprofit corporation shall be noted conspicuously on the face of each certificate. Every shareholder shall be entitled to a share 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 share 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 share 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 are freely transferable by the shareholders. The foregoing notwithstanding, the shares of the Corporation shall be transferred only on its books upon the surrender to the Corporation or its transfer agent of the

share 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 (a) while the books of the Corporation are closed against transfers as hereinafter provided in these By-Laws, or (b) in contravention of the terms of the Shareholders Agreement. 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 share 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 share certificate to be issued in place of any share 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 of Directors may approve for the protection of the Corporation and its officers and agents.

Section 6.06 Cancellation of Shares. The terms of Section 5752(e) of the NPCL or any successor provision thereto notwithstanding, the Corporation shall not have the power to exclude any shareholder from the Corporation for any reason, and the Corporation may not cancel the shares of any shareholder for any reason whatsoever.

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 70 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 increase or other 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 of Directors 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.

ARTICLE VIII NO DISTRIBUTIONS

Section 8.01 No Distributions Generally. Except as provided by applicable law, the Corporation shall not pay dividends or distribute any part of its income or profits to its shareholders, directors or officers, other than the payment to the Corporation's directors and officers of directors fees, salary and the reimbursement of expenses. The Corporation may repay the capital contributions of the shareholders, or redeem any evidence of indebtedness held by the shareholders, in accordance with Section 8.02 below, except when the Corporation is currently insolvent or would thereby be made insolvent or rendered unable to carry on its corporate purposes, or when the fair value of the assets of the Corporation remaining after such payment or redemption would be insufficient to meet the Corporation's liabilities.

Section 8.02 Limited Distributions. Unless the Combined RBC equals or exceeds 700% (as such percentage may be adjusted from time to time in accordance with Paragraph 10 of the Shareholders Agreement) for six consecutive calendar quarters, the Corporation shall not repay the capital contributions of any shareholder or redeem or repay any evidence of indebtedness (or interest thereon) held by any shareholder. No repayment of capital contributions or redemption or repayment on any evidence of indebtedness (or interest thereon) held by any shareholder may be made at any time by the Corporation, if the Combined RBC immediately after giving effect to such repayment or redemption shall be less than 650% (as such percentage may be adjusted from time to time in accordance with Paragraph 10 of the Shareholders Agreement). The foregoing notwithstanding, the Corporation shall not be prohibited or otherwise limited from (i) making any payments to BCNEPA required by Section 6.3 of that certain Stock and Note Purchase Agreement dated November 24, 2003, among Highmark, BCNEPA and the Company, (ii) repaying the capital contributions of a shareholder or redeeming or repaying any evidence of indebtedness (or interest thereon) held by the shareholders as set forth in Paragraph 10(e) of the Shareholders Agreement (to the extent otherwise permitted by applicable law), or (iii) paying reasonable compensation (including, without limitation, any accounts or other trade payables) to BCNEPA or Highmark for services rendered. For purposes of this Section 8.02, the term "Combined RBC" shall have the meaning ascribed to such term in the Shareholders Agreement.

ARTICLE IX MISCELLANEOUS PROVISIONS

Section 9.01 Corporate Records. The Corporation shall keep minutes of the proceedings of the shareholders, the directors and a share register giving the names and addresses of the shareholders and showing the number and classes of shares held by each. The Corporation shall also keep appropriate, complete and accurate books and records of account. The records provided for in this Section 9.01 shall be kept at any of the following locations: (a) the registered office of the Corporation in the Commonwealth of Pennsylvania; (b) the principal place of business wherever situated; or (c) any actual business office of the Corporation. Whenever any instrument is required to be filed with the Secretary of the Corporation, in addition to other means of filing with the Secretary, insertion in the minute book of the

Corporation shall be deemed filing with the Secretary regardless of whether the Secretary or some other authorized person has actual possession of the minute book.

Section 9.02 Execution of Written Instruments. Any form of execution provided in the Articles of Incorporation or in these By-Laws 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 President or any Vice President and any Secretary or Assistant Secretary or Treasurer or Assistant Treasurer of the Corporation 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.

Section 9.03 Annual Financial Statements.

(a) The Board of Directors shall present annually to the shareholders a report, verified by the President and Treasurer or by a majority of the Board of Directors, showing in appropriate detail the following: (i) the assets and liabilities, including the trust funds, of the Corporation as of the end of the fiscal year immediately preceding the date of the report; (ii) the principal changes in the assets and liabilities, including trust funds, during the year immediately preceding the date of the report; (iii) the revenue or receipts of the Corporation, both unrestricted and restricted to a particular purposes, for the year immediately preceding the date of the report, including separate data with respect to each trust fund held by or for the Corporation; (iv) the expenses or disbursements of the Corporation, for both general and restricted purposes, including separate data with respect to each trust fund held by or for the Corporation; and (v) the number of shareholders of the Corporation as of the date of the report, together with a statement of increase or decrease in such number during the year immediately preceding the date of the report, and a statement of the place where the names and addresses of the current shareholders may be found.

(b) The annual report of the Board of Directors shall be filed with the minutes of the meetings of the shareholders.

Section 9.04 Investments. The investments of the Corporation shall be subject to the investment provisions for a stock life company set forth in 40 Pa. C.S.A. § 504.1 and 504.2 (or any successor provision thereto).

**ARTICLE X
INDEMNIFICATION OF DIRECTORS, OFFICERS AND OTHER AUTHORIZED
REPRESENTATIVES AND PERSONAL LIABILITY OF DIRECTORS**

Section 10.01 Scope of Indemnification.

(a) 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 pursuant to Section 10.06 or otherwise to constitute willful misconduct or recklessness within the meaning of Section 5746(b) of the NPCL or any superseding provision of law sufficient in the circumstances to bar indemnification against liabilities arising from the conduct; or

(3) to the extent such indemnification has been finally determined in a final adjudication pursuant to Section 10.06 to be otherwise unlawful.

(b) 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 shall indemnify such indemnified representative to the maximum extent for such portion of the liabilities.

(c) 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) 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 expense of any nature (including, without limitation, all reasonable attorneys' fees, retainers, court costs, transcript costs, fees of experts, witness fees, travel expenses, duplication costs, printing and binding costs, telephone charges, postage charges and delivery service fees); and

(4) "proceeding" means any threatened, pending or completed action, suit, arbitration, alternate dispute resolution mechanism, investigation, appeal, or other 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 security holders or otherwise.

Section 10.02 Proceedings Initiated by Indemnified Representatives. Notwithstanding any other provision of this Article X, the Corporation shall not indemnify under this Article X an indemnified representative for any liability incurred in a proceeding initiated (which shall not be deemed to include counter claims 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 10.02 does not apply to reimbursement of expenses incurred in successfully prosecuting or defending an arbitration under Section 10.06 or otherwise successfully prosecuting or defending the rights of an indemnified representative granted by or pursuant to this Article X.

Section 10.03 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 a proceeding described in Section 10.01 or the initiation of or participation in which is authorized pursuant to Section 10.02 upon receipt of an undertaking by or on behalf of the indemnified representative to repay the amount if it is ultimately determined pursuant to Section 10.06 that such person is not entitled to be indemnified by the Corporation pursuant to this Article X. The financial ability of an indemnified representative to repay an advance shall not be a prerequisite to the making of such advance.

Section 10.04 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 security holders, officers and directors and shall not be subject to voidability.

Section 10.05 Payment of Indemnification. An indemnified representative shall be entitled to indemnification within 30 days after a written request for indemnification has been delivered to the secretary of the Corporation.

Section 10.06 Arbitration.

(a) Any dispute related to indemnification, contribution or advancement of expenses as provided under this Article X shall be decided only by arbitration in Philadelphia, Pennsylvania, in accordance with the commercial arbitration rules then in effect of the American Arbitration Association. In the absence of the American Arbitration Association or if for any

reason arbitration under the arbitration rules of the American Arbitration Association cannot be initiated the necessary arbitrator or arbitrators shall be selected by the presiding judge of the Court of Common Pleas of Philadelphia County, Pennsylvania.

(b) The party or parties challenging the right of an indemnified representative to the benefits of this Article X shall have the burden of proof.

(c) The Corporation shall reimburse an indemnified representative for the expenses (including attorneys' fees and disbursements) incurred in successfully prosecuting or defending such arbitration.

(d) Any award entered by the arbitrators shall be final, binding and non-appealable and judgment may be entered thereon by any party in accordance with applicable law in any court of competent jurisdiction, except that the Corporation shall be entitled to interpose as a defense in any such judicial enforcement proceeding any prior final judicial determination adverse to the indemnified representative under Section 10.01(a)(2) in a proceeding not directly involving indemnification under this Article X. The arbitration provision shall be specifically enforceable.

Section 10.07 Contribution. If the indemnification provided for in this Article X 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 X or otherwise.

Section 10.08 Mandatory Indemnification of Directors, Officers, etc. To the extent that an indemnified representative of the Corporation has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in Sections 5741 or 5742 of the NPCL, 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 10.09 Contract Rights; Amendment or Repeal. All rights under this Article X 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. Notwithstanding any other provision of these By-Laws relating to their amendment generally, any repeal or amendment of this Article X which is adverse to any indemnified representative shall apply to such indemnified representative only on a prospective basis, and shall not reduce any limitation on the personal liability of an indemnified representative, or limit the rights of an indemnified representative to indemnification or to the advancement of expenses with respect to any action or failure to act occurring prior to the time of such repeal or amendment. Notwithstanding any other provision of these By-Laws, no repeal or amendment of these By-Laws shall affect any or all of this Article so as either to reduce the limitation of an indemnified representative's liability or limit indemnification or the advancement of expenses in any manner unless adopted by (a) the unanimous vote of the directors of the Corporation then serving, or (b) the affirmative vote of shareholders entitled to cast not less than two-thirds of the votes that all shareholders are entitled to cast in the election of directors; provided that no such amendment shall have retroactive effect inconsistent with the preceding sentence

Section 10.10 Scope of Article. The rights granted by this Article X 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 X 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 10.11 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 of indemnification, contribution and advancement of expenses provided by this Article X.

Section 10.12 **[Intentionally omitted]**

Section 10.13 Personal Liability of Directors.

(a) A director shall not be personally liable, as such, for monetary damages (including, without limitation, any judgment, amount paid in settlement, penalty, punitive damages or expense of any nature (including, without limitation, attorneys' fees and disbursements)) for any action taken, or any failure to take any action, unless:

(1) the director has breached or failed to perform the duties of his or her office under Section 5713 of the NPCL; and

(2) the breach or failure to perform constitutes self-dealing, willful misconduct or recklessness.

(b) The provisions of Section 10.13(a) shall not apply to the responsibility or liability of a director pursuant to any criminal statute, or the liability of a director for the payment of taxes pursuant to a local, state or federal law.

(c) The provisions of this Section 10.13 shall be effective April 29, 2005, and shall be subject to any provision of law prohibiting the application of this subsection to specific circumstances, but shall not apply to any action filed prior to that date nor to any breach or failure of performance of duty by a director occurring prior to that date. Any repeal or amendment of this Section 10.13, or the adoption of any provision of the Articles of Incorporation or these By-Laws inconsistent with this Section 10.13, shall be prospective only and shall not affect, to the detriment of any director, any limitation on the personal liability of a director existing at the time of such repeal, amendment or adoption.

Section 10.14 Personal Liability of Officers.

(a) In lieu of the standards of conduct otherwise provided by law, officers of the Corporation shall be subject to the same standards of conduct, including standards of care and loyalty and rights of justifiable reliance, as shall at the time be applicable to directors of the Corporation. An officer of the Corporation shall not be personally liable, as such, to the Corporation or its members for monetary damages for any action taken, or any failure to take any

action, unless the officer has breached or failed to perform the duties of his or her office under the Articles of Incorporation, these By-Laws, or the applicable provisions of law and the breach or failure to perform constitutes self-dealing, willful misconduct or recklessness.

(b) The provisions of this Section 10.14 shall be effective April 29, 2005, and shall be subject to any provision of law prohibiting the application of this subsection to specific circumstances, but shall not apply to any action filed prior to that date nor to any breach or failure of performance of duty by an officer occurring prior to that date. Any repeal or amendment of this Section 10.14, or the adoption of any provision of the Articles of Incorporation or these By-Laws inconsistent with this Section 10.14, shall be prospective only and shall not affect, to the detriment of any officer, any limitation on the personal liability of an officer existing at the time of such repeal, amendment or adoption.

Section 10.15 Changes in Pennsylvania Law. References in this Article X to Pennsylvania law or to any provision thereof shall be to such law as it existed on the date this Article X was adopted or as such law thereafter may be changed; provided that (a) in the case of any change which expands the liability of directors or limits the indemnification rights or the rights to advancement of expenses which the Corporation may provide, the rights to limited liability, to indemnification and to the advancement of expenses provided in this Article shall continue as theretofore to the extent permitted by law; and (b) if such change permits the Corporation without the requirement of any further action by shareholders or directors to limit further the liability of directors (or limit the liability of officers) or to provide broader indemnification rights or rights to the advancement of expenses than the Corporation was permitted to provide prior to such change, then liability thereupon shall be so limited and the rights to indemnification and the advancement of expenses shall be so broadened to the extent permitted by law.

ARTICLE XI AMENDMENT OF BY-LAWS

Section 11.01 Shareholders. Except as otherwise expressly provided in Section 10.09, the shareholders shall have the power to alter, amend or repeal these By-Laws, which approval shall include the approval of both BCNEPA and Highmark; provided that the approval of BCNEPA or Highmark, as the case may be, shall not be necessary from and after the date BCNEPA or Highmark ceases to be a shareholder. In the case of a meeting of shareholders to amend or repeal these By-Laws, written notice shall be given to each shareholder that the purpose, or one of the purposes, of the meeting is to consider the adoption, amendment or repeal of the By-Laws, which notice shall include or enclose a copy of the proposed amendment or a summary of the changes to be effected thereby.

Section 11.02 Board of Directors. Anything in these By-Laws to the contrary notwithstanding, neither the Board of Directors nor a committee thereof shall have the power or right to amend or repeal these By-laws or to adopt new or replacement By-laws.

Section 11.03 Effect. Any change in the By-Laws shall take effect when adopted unless otherwise provided in the resolution effecting the change.

ARTICLE XII OTHER MATTERS

Section 12.01 Definitions; No Amendment. For purposes of this Article XII, capitalized terms used but not otherwise defined in this Article shall have the meaning ascribed to such terms in the Shareholders Agreement. This Article XII may not be changed, amended or modified except by an amendment to these By-Laws adopted by the shareholders, which approval shall include the approval of both BCNEPA and Highmark, so long as BCNEPA or Highmark, as the case may be, is a shareholder

Section 12.02 Engagement of Financial and Operational Officers. Highmark shall have the right, immediately following the Determination Date on which the shareholders receive an RBC Determination Notice showing that the Combined RBC has been below the RBC Control Level for two consecutive calendar quarters (after giving effect to the BCNEPA Capital Infusion and any Specified Other Shareholder Capital Infusion), to require the immediate removal of the officer of the Corporation having responsibility for the overall financial and operational performance of the Corporation, and the selection of any successor for such office shall (a) until the Flip Date, require the approval of all of the Highmark Directors and a majority of the BCNEPA Directors, and (b) from and after the Flip Date, require the approval of all of the BCNEPA Directors and a majority of the Highmark Directors.

ARTICLE XIII INTERPRETATION

Section 13.01 Interpretation. All words, terms and provisions of these Bylaws shall be interpreted and defined by and in accordance with the NPCL, or any successor statute thereto.

Section 13.02 Separability. The provisions of these Bylaws are independent of and separable from each other, and no provision shall be affected or rendered invalid or unenforceable by virtue of the fact that for any reason any other or others of them may be invalid or unenforceable in whole or in part.

Section 13.03 Effect of Board Determinations. Any determination involving the interpretation or application of these By-Laws made in good faith by the Board of Directors (which determination must include, prior to the Flip Date, the concurrence of at least one Highmark Director, and from and after the Flip Date, the concurrence of at least one BCNEPA Director) shall be final, binding and conclusive on all parties in interest.

Section 13.04 Gender, Etc. Words used in these By-Laws, regardless of the number and gender specifically used, shall be construed to include any other number, singular or plural, and any other gender, masculine, feminine or neuter, as the context requires.

Section 13.05 BCNEPA and Highmark Further Defined. For purposes of these By-Laws, the meaning of the terms "BCNEPA" and "Highmark" shall also include any Related Party (as such term is defined in the Shareholders Agreement) of BCNEPA or Highmark to which BCNEPA or Highmark transfers all of its shares of capital stock of the Corporation.

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EXHIBIT B
AMENDED AND RESTATED BYLAWS
OF
INTER-COUNTY HEALTH PLAN, INC.

ARTICLE I - NAME

The name of the Corporation is Inter-County Health Plan, Inc.

ARTICLE II - MEMBERSHIP

Section 1. Classes of Membership. The Corporation shall have two classes of members, designated as Class A members and Class B members.

Section 2. Class A Members. The Class A members of the Corporation shall be Pennsylvania Blue Shield ("PBS") and Independence Blue Cross ("IBC").

Section 3. Class B Members. The Class B members of the Corporation shall be the directors of the Corporation. Any individual elected a director of the Corporation automatically shall become a Class B member upon election as a director and shall cease to be a Class B member upon the election and qualification of his successor as director, or until his earlier death, resignation or removal.

Section 4. Voting. Each Class A and Class B member shall be entitled to one vote on all matters on which such members are entitled to vote under these Bylaws. Only the Class A members shall be entitled to vote in the election of directors of the Corporation and on all other matters on which members of a Pennsylvania nonprofit corporation are entitled to vote, except as otherwise provided in the next sentence. Only Class B members shall be entitled to vote as may be required to comply with the requirements of Section 6325 of the Act of November 15, 1972, P.L. 1063, No. 271, concerning Professional Health Service Plan Corporations, as the same may be amended; Class B members shall not have any other voting rights.

Section 5. Meetings. The annual meeting of the Class A members for the purpose of electing directors shall be held at such time in each calendar year as shall be determined by the

Class A members. Special meetings of the Class A members may be called at any time by either Class A member. Meetings of the Class B members may be called by the Class A members or by the Board of Directors, and notice of the time and place shall be given to each Class B member at least ten (10) days prior thereto.

Section 6. Members' Agreement. The provisions of these Bylaws are subject to the terms of a certain Members' Agreement among the Corporation and the Class A members of the Corporation, PBS and IBC, dated February 12, 1993 (the "Members' Agreement"), and to the extent that these Bylaws are inconsistent with the terms of the Members' Agreement, the terms of the Members' Agreement shall govern.

Section 7. Quorum and Adjournment.

(a) General Rule. A meeting of Class A or Class B members of the Corporation duly called shall not be organized for the transaction of business unless a quorum is present. The presence of members entitled to cast at least a majority of the votes that all members are entitled to cast on a particular matter to be acted upon at the meeting shall constitute a quorum for the purposes of consideration and action on the matter.

(b) Withdrawal of a Quorum. The members present at a duly organized meeting may not continue to do business if the withdrawal of one or more members leaves less than a quorum.

(c) Adjournments. Any regular or special meeting of the members, including one at which directors are to be elected and one which cannot be organized because a quorum has not attended, may be adjourned for such period and to such place as the members present and entitled to vote shall direct, except that any meeting at which directors are to be elected shall be adjourned only from day to day or for such longer periods not exceeding fifteen (15) days each as the members present and entitled to vote shall direct. Those members who attend a meeting that has been previously adjourned for lack of a quorum shall not constitute a quorum under any circumstances unless the quorum requirement of Section 7(a) is satisfied.

Section 8. Action by Members. Except as otherwise provided in the Pennsylvania Nonprofit Corporation Law of 1988, as amended, or the Articles of Incorporation or these Bylaws, whenever any corporate action is to be taken by vote of the members of the Corporation, it shall be authorized by a majority of the votes cast at a duly organized meeting of members by the members entitled to vote thereon.

Section 9. Action Requiring Vote of the Members. The Corporation shall not engage in one or more of the following actions or transactions without the affirmative vote of all the Class A members of the Corporation:

(a) The amendment, modification or repeal of any provision of the Corporation's Articles of Incorporation or Bylaws;

(b) The liquidation, dissolution, sale or other disposition of all or substantially all of the Corporation's assets;

(c) The division or consolidation or merger with or into any other Corporation, firm or other entity; and

(d) The adoption or approval of the Corporation's business plan covering such matters as its capital and operating budget and its business strategy or any major changes to a previously approved business plan.

Section 10. Voting by Corporations. Any corporation that is a Class A member of this Corporation may vote at meetings of members of this Corporation by any of its officers or agents, or by proxy appointed by any officer or agent, unless some other person, by resolution of the board of directors of the other corporation or a provision of its articles of incorporation or bylaws, a copy of which resolution or provision certified to be correct by one of its officers has been filed with the Secretary of this Corporation, is appointed its general or special proxy in which case that person shall be entitled to vote herein.

Section 11. Consent of Members in Lieu of Meeting. Any action required or permitted to be taken at a meeting of the members or of a class of members may be taken without a meeting if, prior or subsequent to the action, a consent or consents thereto by all of the members who would be entitled to vote at a meeting for such purpose shall be filed with the Secretary of the Corporation.

Section 12. Capital Contributions of Class A Members.

(a) General Rule. The Class A members shall make capital contributions to the Corporation in such amounts and on such terms and conditions as are stated in the Members' Agreement or fixed by the Class A members.

(b) Consideration Receivable. The capital contribution of a Class A member shall consist of money or other property, tangible or intangible, or labor or services actually received by or performed for the Corporation or for its benefit or in its formation or reorganization, or a combination thereof.

The judgment of the Class A members as to the value of the consideration received by the Corporation shall be conclusive.

(c) Evidence of Contribution. The capital contribution of a Class A member shall be recorded on the books of the Corporation and may be evidenced by a written instrument delivered to the Class A member, but such instrument shall not be denominated a "share certificate" or by any other word or term implying that the instrument is a share certificate subject to 15 Pa.C.S. §5752 (relating to organization on a stock share basis).

(d) Repayment of Contribution. The capital contribution of a Class A member shall not be repaid by the Corporation except upon dissolution of the Corporation or as provided in the next sentence. Capital contributions shall be repayable, in whole or in part, at the option of the Corporation only, at such amount or amounts (not to exceed the amount of the capital contributions), within such period or periods, and on such terms and conditions as are stated in the Members' Agreement or fixed by the Class A members.

Section 13. Transferability of Membership. A member may transfer his membership or any right arising therefrom, but only on such terms and conditions as are stated in the Members' Agreement or fixed by the Class A members and otherwise in accordance with the Pennsylvania Nonprofit Corporation Law.

ARTICLE III - BOARD OF DIRECTORS

Section 1. Powers. The Board of Directors shall have full power to conduct, manage and direct the business and affairs of the Corporation, including but not limited to the power to borrow money and to give evidences of such indebtedness to secure repayment thereof, to mortgage, purchase, sell or lease or otherwise dispose of real or personal property; and all powers vested in the Corporation by law are hereby granted to and vested in the Board of Directors.

Section 2. Membership and Qualifications.

(a) The Board of Directors shall consist of twenty-one (21) members, twenty (20) of whom shall be elected by the Class A members of the Corporation, except in the case of certain vacancies as hereinafter provided. The President of the Corporation shall be a member of the Board of Directors, ex-officio without the right to vote.

(b) All directors of the Corporation shall be residents of the Commonwealth of Pennsylvania between the ages of eighteen (18) and seventy (70) years, except that any director may complete any full term during which he reaches the age of seventy (70) years.

(c) At least fifty percent (50%) of the members of the Board of Directors shall be subscribers who have coverage under a contract issued by the Corporation, and who are representative of broad segments of subscribers covered under contracts issued by the Corporation, whose background and experience indicate that they are qualified to act in the interests of such subscribers, and who do not derive and whose spouses do not derive substantial income from the delivery or administration of health care.

Section 3. Selection of Directors.

(a) Power to Select Directors. Except as otherwise provided in these Bylaws, directors of the Corporation shall be elected by the Class A members.

(b) Nomination of Candidates. At any annual or special meeting of Class A members of the Corporation at which directors are to be elected, each Class A member shall be entitled to nominate ten (10) individuals to stand for election as directors.

(c) Election of Directors. In elections for directors, voting need not be by ballot, except upon demand made by a member entitled to vote at the election and before the voting begins. The candidates receiving the highest number of votes shall be elected.

Section 4. Term of Office. The term of office of an elected member of the Board of Directors shall begin immediately upon the adjournment of the annual meeting of the Class A members at which the director is elected and shall continue until the adjournment of the third annual meeting thereafter and until his successor has been elected and qualified. Directors shall be eligible for reelection.

Section 5. Removal of Directors.

(a) Removal by the Members. The entire Board of Directors or any individual director may be removed from office by vote of the Class A members entitled to vote thereon without assigning any cause. Notwithstanding the foregoing, a Class A member shall have the right to recommend the removal, with or without cause, only of any directors the member nominated in accordance with Section 3(b) of this Article. In case the Board or any one or more directors are so removed, new directors may be elected at the same meeting.

(b) 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 if, within sixty (60) days after notice of his or her selection, the director does not accept the office either in writing or by attending a meeting of the Board of Directors.

Section 6. Vacancies.

(a) General Rule. If a vacancy is created on the Board of Directors by reason of the death, removal, or resignation of any one of the elected directors, such vacancy shall be filled in accordance with the nomination procedure set forth in Section 3(b) of this Article, with the result that whichever Class A member originally nominated the director in the vacant position will be entitled to nominate a director to fill that vacancy. If the Class A member entitled to nominate a director to fill any such vacancy shall fail to nominate a director within thirty (30) days after the date such vacancy occurs, the Class A members shall use their best efforts to cause the remaining directors to meet within fifteen (15) days after the end of such thirty-day period for the purpose of nominating a director to fill such vacancy as follows: the remaining directors on the Board who were originally nominated by the Class A member entitled to nominate a director to fill the vacancy shall nominate a director on behalf of that Class A member.

(b) Action by Resigned Directors. When one or more directors resign from the Board effective at a future date, the directors then in office, including those who have so resigned, shall have power by the applicable vote to fill the vacancies, the vote thereon to take effect when the resignations become effective.

Section 7. Compensation. The Board of Directors may provide for and reimburse directors for reasonable travel and allied expenses of attendance at meetings of the Board or its committees, and for other expenses incurred in the course of performing their duties as directors. The members of the Board of Directors may be compensated for their service as determined by the Board of Directors.

Section 8. Meetings.

(a) Annual Meetings. An annual meeting of the Board of Directors shall be held without further notice than by these Bylaws as soon as possible after the annual meeting of the Class A members of the Corporation, at which the Board of Directors as then constituted shall elect officers for the ensuing year.

(b) Regular Meetings. Regular meetings of the Board of Directors shall be held at such time and place as shall, from time to time, be determined by the Board, and notice of the

time and place shall be given to each director at least five (5) days prior thereto.

(c) Special Meetings. The Chairman of the Board may call a special meeting of the Board whenever the occasion may require and shall call a special meeting upon receipt of a written request signed by five (5) directors. Notice of the time, place and purpose of any special meeting of the Board of Directors shall be given to each director at least twenty-four (24) hours prior to the meeting, and no other business than that specified in the notice shall be transacted at the meeting.

(d) Waiver of Notice. Notice of any meeting of the Board need not be given to any director if waived by him in writing. Attendance at a meeting shall constitute a waiver of notice of the meeting, except where a director attends a meeting for the express purpose of objecting to the transaction of any business because the meeting was not lawfully called or convened.

(e) Notation of Dissent. A director who is present at a meeting of the Board of Directors, or of a committee of the Board, at which action on any corporate matter is taken shall be presumed to have assented to the action taken unless his or her dissent is entered in the minutes of the meeting or unless the director files a written dissent to the action with the Secretary of the meeting before the adjournment thereof or transmits the dissent in writing to the Secretary of the Corporation immediately after the adjournment of the meeting. The right to dissent shall not apply to a director who voted in favor of the action. Nothing in this Section shall bar a director from asserting that minutes of the meeting incorrectly omitted his or her dissent if, promptly upon receipt of a copy of such minutes, the director notifies the Secretary, in writing, of the asserted omission or inaccuracy.

Section 9. Quorum of and Action by Directors.

(a) General Rule. A majority of the directors in office, including the presence of twelve (12) directors, six (6) directors each representing the Class A member who nominated them in accordance with Section 3(b) of this Article, shall be necessary to constitute a quorum for the transaction of business, and the acts of a majority of the directors present at a meeting at which a quorum is present shall be the acts of the Board of Directors.

(b) Action by Written Consent. Any action required or permitted to be taken at a meeting of the directors may be taken without a meeting if, prior or subsequent to the action, a consent or consents thereto by all of the directors in office is filed with the Secretary of the Corporation.

(c) Supermajority Board Decisions. Subject to the provisions of Section 9 of Article I, the following actions by the Corporation shall require the affirmative vote of two-thirds of the Board of Directors in office:

(1) The amendment, modification or repeal of any provision of the Corporation's Articles of Incorporation or Bylaws;

(2) The sale, license, conveyance or other disposition, in a single transaction or a series of related transactions, of all or a substantial part of the Corporation's or any subsidiary's assets or business;

(3) The acquisition of all or substantially all of the stock, assets or business of another person, in a single transaction or a series of related transactions;

(4) The entry into any transaction between the Corporation and (i) any member of the Corporation, (ii) any affiliate of any member of the Corporation, (iii) any holder of any equity interest in any person described in clause (ii), or (iv) any director of any member of the Corporation or an entity described in clause (ii), except for agreements expressly contemplated by the Affiliation Agreement between PBS and IBC dated February 12, 1993 (the "Affiliation Agreement") or transactions that are on terms that are no less favorable to the Corporation than it would obtain in a comparable arms-length transaction with an independent third party;

(5) The making of any substantial change in the general type of business that the Corporation or any subsidiary of the Corporation conducts;

(6) The entry into any division or merger or consolidation involving the Corporation or any subsidiary of the Corporation, other than transactions involving the merger or consolidation of a wholly-owned subsidiary with or into the Corporation or with or into a wholly-owned subsidiary of the Corporation;

(7) The creation of any lien, mortgage or security interest in or on any property of the Corporation relating to the extension of credit to the Corporation in a principal amount in excess of \$500,000;

(8) The incurring of any indebtedness for borrowed money of \$1,000,000 or more, collectively, or the issuance of any debt securities or the incurring, assumption, guarantee, endorsement or otherwise becoming responsible for (including by operation of law), any obligations of liability of

\$1,000,000 or more, collectively, or the making of any loans or advances of \$500,000 or more, individually;

(9) The adoption or approval of: (i) the dissolution of the Corporation or any of its subsidiaries; (ii) a plan of liquidation of the Corporation or any of its subsidiaries; (iii) any action by the Corporation to commence any suit, case, proceeding or other action under any existing or future law of any jurisdiction relating to bankruptcy, insolvency, reorganization or relief of debtors, seeking to have an order for relief entered with respect to the Corporation or any subsidiary or seeking to adjudicate the Corporation or any subsidiary a bankrupt or insolvent or seeking reorganization, arrangement, adjustment, winding-up, liquidation, dissolution, composition or other relief with respect to the Corporation or any subsidiary, or seeking appointment of a receiver, trustee, custodian or other similar official for the Corporation or any subsidiary, or for all or any substantial part of the assets of the Corporation or any subsidiary, or making a general assignment for the benefit of the creditors of the Corporation or any subsidiary; and

(10) The execution of any agreement to do any of the foregoing.

ARTICLE IV - COMMITTEES

Section 1. Executive Committee.

(a) Composition. There shall be an Executive Committee to be elected annually by the Board of Directors. The number of directors comprising the Executive Committee shall be nine (9) to be determined as follows: (i) each Class A member shall be entitled to nominate three (3) directors to serve as members of the Executive Committee; (ii) the Chairman of the Board of Directors and the Vice Chairman of the Board of Directors each shall be a member of the Executive Committee, ex-officio with the right to vote, during the term of his office; and (iii) the President of the Corporation shall be a member of the Executive Committee, ex-officio without the right to vote, during the term of his office.

(b) Authority. The Executive Committee shall have and exercise the powers of the Board of Directors when the Board is not in session, excepting such powers as may, by law or these Bylaws, be required to be exercised by the Board or the members and further excepting such powers as the Board or the members may expressly reserve for itself or themselves, respectively. The Chairman of the Board shall preside at meetings of the Executive Committee and in the event of his inability or refusal to act, the Vice Chairman of the Board shall act as Chairman.

(c) Quorum. A majority of the members of the Executive Committee, including the presence of at least two (2) directors each representing the member who nominated them in accordance with Section 1(a) of this Article, shall be necessary to constitute a quorum for the transaction of business, and the acts of a majority of the members present at a meeting at which a quorum is present shall be the acts of the Executive Committee; provided that if all the members consent in writing to any action to be taken, such action shall be as valid as though it had been authorized at a meeting of the Executive Committee.

(d) Minutes. The Executive Committee shall keep regular minutes of its proceedings and report the same to the Board at its next regular meeting, or when required.

(e) Meetings. The Executive Committee shall meet monthly, or at such other intervals as the Board may determine. Special meetings of the Executive Committee may be called at any time by the Chairman of the Board or by any three (3) of the elected members of the Executive Committee.

Section 2. Other Committees.

(a) Appointment. The Board of Directors shall appoint such other committees, and members thereof, as it may deem necessary or desirable.

(b) Quorum. A majority of the members comprising any committee appointed under authority of Section 2(a) shall be necessary to constitute a quorum for the transaction of business, and the acts of a majority of the members of a committee present at any meeting at which a quorum is present shall be the acts of the committee; provided that if all the members consent in writing to any action to be taken, such action shall be as valid as though it had been taken at a meeting of the committee.

ARTICLE V - OFFICERS

Section 1. Officers. The officers of the Corporation shall be elected by the Board of Directors and shall include a Chairman of the Board of Directors, a Vice Chairman of the Board, a President, a Treasurer, a Secretary, one or more Vice Presidents, and such other officers as may be elected in accordance with the provisions of this Article.

(a) Chairman. The Chairman of the Board shall have general supervision over the carrying out of the policies adopted or approved by the Board of Directors; shall preside at all meetings of the Board of Directors; and exercise such other powers and perform such other duties as may be assigned to that

office by the Board of Directors. He shall also be an ex-officio member of all committees with voting rights.

(b) Vice Chairman. In the absence of the Chairman or in the event of his inability or refusal to act, the Vice Chairman of the Board shall exercise all the powers and perform all the duties of the Chairman.

(c) President. The President shall be the Chief Executive Officer and shall have general and active management of the business of the Corporation and be responsible for carrying into effect the policies adopted or approved by the Board of Directors. He may sign on behalf of the Corporation any documents which the Board of Directors has authorized to be executed, except in cases where the signing and execution thereof shall be expressly delegated by the Board of Directors or by these Bylaws to some other officer or agent of the Corporation, or shall be required by law to be otherwise signed or executed; and in general, he shall perform all duties incident to the office of President in accordance with the provisions of this Article, and such other duties as maybe prescribed by the Board of Directors or the Executive Committee from time to time. He shall also be an ex-officio member of all committees with voting rights, except for the Executive Committee of which he shall be an ex-officio member without voting rights.

(d) Vice President. In the absence of the President or in the event of his inability or refusal to act, the Vice Presidents, in order of their designation by the Board of Directors, shall perform the duties of the President and, when so acting, shall have all the powers of and be subject to the restrictions upon the President. Each Vice President shall perform such duties as from time to time may be assigned to him by the President.

(e) Treasurer. The Treasurer shall, under the direction of the Board, have general charge and custody of and be responsible for all funds and securities of the Corporation and make such reports of its receipts and disbursements in such form and manner as the Board may direct. The Treasurer shall receive and give receipts for monies due and payable to the Corporation from any source whatsoever and deposit such monies in the name of the Corporation in such banks, trust companies or other depositories as shall be selected by the Board of the Executive Committee. He shall keep the accounts of the Corporation and whenever and as required by the President, the Board of Directors or the Executive Committee, he shall render financial statements of the Corporation and under the direction of the Board of Directors disburse the funds thereof; and in general, he shall perform all the duties as may from time to time be assigned to him by the Board of Directors.

(f) Secretary. The Secretary shall have charge of all books and records of the Corporation including the Corporate Seal. He shall cause accurate minutes to be kept of all meetings of the members of the Corporation, the Board of Directors and the Executive Committee. He shall notify each member of the Board of Directors of all regular and special meetings of the Board of Directors. He shall give notice of all meetings as herein provided. He shall perform such additional duties as may be directed by the Board of Directors.

(g) Assistant Treasurers and Assistant Secretaries. The Assistant Treasurers and Assistant Secretaries shall in the absence or incapacity of the Treasurer or Secretary, respectively, exercise and perform the duties of such office and shall perform such duties as from time to time shall be assigned to them by the Treasurer or Secretary, respectively, by the Board of Directors, the Executive Committee or the President.

Section 2. Other Officers. The Board of Directors may appoint other officers and agents of the Corporation who shall hold their office subject to the pleasure of the Board and perform such duties as may be assigned to them by the Board of Directors, Executive Committee or President.

Section 3. Election, Term of Office and Vacancies. The officers of the Corporation shall be elected at the annual meeting of the Board of Directors. The term of office for the Chairman and Vice Chairman shall be one year or until their respective successors are elected and qualify. All other officers shall hold their offices subject to the pleasure of the Board. Officers may be elected to succeed themselves. Vacancies in any office may be filled and new offices created and filled at any meeting of the Board of Directors.

Section 4. Compensation. The compensation of all officers of the Corporation shall be fixed by the Board of Directors.

Section 5. Bond. The Board of Directors may require any officer to give bond and security in such sum and with such surety or sureties as the Board of Directors shall determine.

ARTICLE VI - LIMITATION OF LIABILITY AND INDEMNIFICATION

Section 1. Limitation of Director's Liability.

(a) A director of the Corporation shall not be personally liable, as such, for monetary damages (including, without limitation, any judgment, amount paid in settlement, penalty, punitive damages or expense of any nature (including, without limitation, attorneys' fees and disbursements)) for any action taken, or any failure to take any action, unless:

(1) the director has breached or failed to perform the duties of his or her office under the Articles of Incorporation or Bylaws of this Corporation or under 15 Pa.C.S. Subchapter B of Chapter 57 (or any successor provision); and

(2) the breach or failure to perform constitutes self-dealing, willful misconduct or recklessness.

(b) The provisions of Section 1(a) shall not apply to the responsibility or liability of a director pursuant to any criminal statute, or the liability of a director for the payment of taxes pursuant to local, state or federal law.

(c) The provisions of this Section have been adopted pursuant to the authority of 15 Pa.C.S. Subchapter B of Chapter 57 and shall be deemed to be a contract with each director of the Corporation who serves as such at any time while this Section is in effect; such provisions are cumulative of and shall be in addition to and independent of any and all other limitations on the liabilities of directors of the Corporation, as such, or rights of indemnification by the Corporation to which a director of the Corporation may be entitled, whether such limitations or rights arise under or are created by any statute, rule of law, bylaw, agreement, vote of members or disinterested directors or otherwise.

Each person who serves as a director of the Corporation while this Section is in effect shall be deemed to be doing so in reliance on the provisions of this Section. No amendment to or repeal of this Section, nor the adoption of any provisions inconsistent with this Section, shall apply to or have any effect on the liability or alleged liability of any director of the Corporation for or with respect to any acts or omissions of such director occurring prior to such amendment, repeal or adoption of an inconsistent provision. In any action, suit or proceeding involving the application of the provisions of this Section, the party or parties challenging the right of a director to the benefits of this Section shall have the burden of proof.

Section 2. 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 pursuant to Section 7 of this Article or otherwise:

(i) to constitute willful misconduct or recklessness within the meaning of 15 Pa.C.S. §5746(b) or any superseding provision of law sufficient in the circumstances to bar indemnification against liabilities arising from the conduct; or

(ii) 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

(3) to the extent such indemnification has been finally determined in a final adjudication pursuant to Section 7 of this Article 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 shall 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 other 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 security holders, if any, or otherwise.

Section 3. 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 counter-claims 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 reimbursement of expenses incurred in successfully prosecuting or defending an arbitration under Section 7 of this Article or otherwise successfully prosecuting or defending the rights of an indemnified representative granted by or pursuant to this Article.

Section 4. 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 a proceeding described in Section 2 of this Article or the initiation of or participation in which is authorized pursuant to Section 3 of this Article upon receipt of an undertaking by or on behalf of the indemnified representative to repay the amount if it is ultimately determined pursuant to Section 7 of this Article 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. 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 and shall not be subject to voidability.

Section 6. Payment of Indemnification. An indemnified representative shall be entitled to indemnification within thirty (30) days after a written request for indemnification has been delivered to the Secretary of the Corporation.

Section 7. Arbitration.

(a) General Rule. Any dispute related to the right to indemnification, contribution or advancement of expenses as provided under this Article shall be decided only by arbitration in the metropolitan area in which the principal executive offices of the Corporation are located at the time, in accordance with the commercial arbitration rules then in effect of the American Arbitration Association, before a panel of three arbitrators, one of whom shall be selected by the Corporation, the second of whom shall be selected by the indemnified representative and the third of whom shall be selected by the other two arbitrators. In the absence of the American Arbitration Association, or if for any reason arbitration under the arbitration rules of the American Arbitration Association cannot be initiated, and if one of the parties fails or refuses to select an arbitrator or the arbitrators selected by the Corporation and the indemnified representative cannot agree on the selection of the third arbitrator within thirty (30) days after such time as the Corporation and the indemnified representative have each been notified of the selection of the other's arbitrator, the necessary arbitrator or arbitrators shall be selected by the presiding judge of the court of general jurisdiction in such metropolitan area.

(b) Burden of Proof. Any party or parties challenging the right of an indemnified representative to the benefits of this Article shall have the burden of proof.

(c) Expenses. The Corporation shall reimburse an indemnified representative for the expenses (including attorneys' fees and disbursements) incurred in successfully prosecuting or defending such arbitration.

(d) Effect. Any award entered by the arbitrators shall be final, binding and nonappealable and judgment may be entered thereon by any party in accordance with applicable law in any court of competent jurisdiction, except that the Corporation

shall be entitled to interpose as a defense in any such judicial enforcement proceeding any prior final judicial determination adverse to the indemnified representative under Section 2(a)(2) of this Article in a proceeding not directly involving indemnification under this Article. This arbitration provision shall be specifically enforceable.

Section 8. 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. 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, suit or proceeding referred to in 15 Pa. C.S. §5741 or §5742 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 10. 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. Notwithstanding the foregoing, any repeal, amendment or modification hereof in accordance with Article IX of these Bylaws shall be prospective only and shall not affect any rights or obligations then existing.

Section 11. 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 12. 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 of indemnification, contribution and advancement of expenses provided by this Article.

Section 13. Interpretation. The provisions of this Article are intended to constitute Bylaws authorized by 15 Pa.C.S. §5746(a).

ARTICLE IX - AMENDMENTS

These Bylaws may be amended or repealed, or new Bylaws may be adopted, only by vote of the Class A members at any duly organized annual or special meeting of Class A members or by action taken by written consent of the Class A members. Any change in these Bylaws shall take effect when adopted unless otherwise provided in the resolution effecting the change.

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EXHIBIT B
AMENDED AND RESTATED BYLAWS
OF
INTER-COUNTY HOSPITALIZATION PLAN, INC.

ARTICLE I - NAME

The name of the Corporation is Inter-County Hospitalization Plan, Inc.

ARTICLE II - MEMBERSHIP

Section 1. Members. The members of the Corporation shall be Pennsylvania Blue Shield ("PBS") and Independence Blue Cross ("IBC").

Section 2. Meetings. The annual meeting of the members for the purpose of electing directors shall be held at such time in each calendar year as shall be determined by the members. Special meetings of the members may be called at any time by either member.

Section 3. Members' Agreement. The provisions of these Bylaws are subject to the terms of a certain Members' Agreement among the Corporation and the members of the Corporation, PBS and IBC, dated February 12, 1993 (the "Members' Agreement"), and to the extent that these Bylaws are inconsistent with the terms of the Members' Agreement, the terms of the Members' Agreement shall govern.

Section 4. Quorum and Adjournment.

(a) General Rule. A meeting of members of the Corporation duly called shall not be organized for the transaction of business unless a quorum is present. The presence of members entitled to cast at least a majority of the votes that all members are entitled to cast on a particular matter to be acted upon at the meeting shall constitute a quorum for the purposes of consideration and action on the matter.

(b) Withdrawal of a Quorum. The members present at a duly organized meeting may not continue to do business if the withdrawal of one or more members leaves less than a quorum.

(c) Adjournments. Any regular or special meeting of the members, including one at which directors are to be elected and one which cannot be organized because a quorum has not attended, may be adjourned for such period and to such place as the members present and entitled to vote shall direct, except that any meeting at which directors are to be elected shall be adjourned only from day to day or for such longer periods not exceeding fifteen (15) days each as the members present and entitled to vote shall direct. Those members who attend a meeting that has been previously adjourned for lack of a quorum shall not constitute a quorum under any circumstances unless the quorum requirement of Section 4(a) is satisfied.

Section 5. Action by Members. Except as otherwise provided in the Pennsylvania Nonprofit Corporation Law of 1988, as amended, or the Articles of Incorporation or these Bylaws, whenever any corporate action is to be taken by vote of the members of the Corporation, it shall be authorized by a majority of the votes cast at a duly organized meeting of members by the members entitled to vote thereon.

Section 6. Action Requiring Vote of the Members. The Corporation shall not engage in one or more of the following actions or transactions without the affirmative vote of all the members of the Corporation:

(a) The amendment, modification or repeal of any provision of the Corporation's Articles of Incorporation or Bylaws;

(b) The liquidation, dissolution, sale or other disposition of all or substantially all of the Corporation's assets;

(c) The division or consolidation or merger with or into any other Corporation, firm or other entity; and

(d) The adoption or approval of the Corporation's business plan covering such matters as its capital and operating budget and its business strategy or any major changes to a previously approved business plan.

Section 7. Voting Rights of Members. Unless otherwise provided in the Articles of Incorporation, every member of the Corporation shall be entitled to one vote.

Section 8. Voting by Corporations. Any corporation that is a member of this Corporation may vote at meetings of members of this Corporation by any of its officers or agents, or by proxy appointed by any officer or agent, unless some other person, by resolution of the board of directors of the other

corporation or a provision of its articles of incorporation or bylaws, a copy of which resolution or provision certified to be correct by one of its officers has been filed with the Secretary of this Corporation, is appointed its general or special proxy in which case that person shall be entitled to vote herein.

Section 9. Consent of Members in Lieu of Meeting. Any action required or permitted to be taken at a meeting of the members or of a class of members may be taken without a meeting if, prior or subsequent to the action, a consent or consents thereto by all of the members who would be entitled to vote at a meeting for such purpose shall be filed with the Secretary of the Corporation.

Section 10. Capital Contributions of Members.

(a) General Rule. The members shall make capital contributions to the Corporation in such amounts and on such terms and conditions as are stated in the Members' Agreement or fixed by the members.

(b) Consideration Receivable. The capital contribution of a member shall consist of money or other property, tangible or intangible, or labor or services actually received by or performed for the Corporation or for its benefit or in its formation or reorganization, or a combination thereof. The judgment of the members as to the value of the consideration received by the Corporation shall be conclusive.

(c) Evidence of Contribution. The capital contribution of a member shall be recorded on the books of the Corporation and may be evidenced by a written instrument delivered to the member, but such instrument shall not be denominated a "share certificate" or by any other word or term implying that the instrument is a share certificate subject to 15 Pa.C.S. §5752 (relating to organization on a stock share basis).

(d) Repayment of Contribution. The capital contribution of a member shall not be repaid by the Corporation except upon dissolution of the Corporation or as provided in the next sentence. Capital contributions shall be repayable, in whole or in part, at the option of the Corporation only, at such amount or amounts (not to exceed the amount of the capital contributions), within such period or periods, and on such terms and conditions as are stated in the Members' Agreement or fixed by the members.

Section 11. Transferability of Membership. A member may transfer his membership or any right arising therefrom, but only on such terms and conditions as are stated in the Members' Agreement or fixed by the members and otherwise in accordance with the Pennsylvania Nonprofit Corporation Law.

ARTICLE III - BOARD OF DIRECTORS

Section 1. Powers. The Board of Directors shall have full power to conduct, manage and direct the business and affairs of the Corporation, including but not limited to the power to borrow money and to give evidences of such indebtedness to secure repayment thereof, to mortgage, purchase, sell or lease or otherwise dispose of real or personal property; and all powers vested in the Corporation by law are hereby granted to and vested in the Board of Directors.

Section 2. Membership and Qualifications.

(a) The Board of Directors shall consist of twenty-one (21) members, twenty (20) of whom shall be elected by the members of the Corporation, except in the case of certain vacancies as hereinafter provided. The President of the Corporation shall be a member of the Board of Directors, ex-officio without the right to vote.

(b) All directors of the Corporation shall be residents of the Commonwealth of Pennsylvania between the ages of eighteen (18) and seventy (70) years, except that any director may complete any full term during which he reaches the age of seventy (70) years.

Section 3. Selection of Directors.

(a) Power to Select Directors. Except as otherwise provided in these Bylaws, directors of the Corporation shall be elected by the members.

(b) Nomination of Candidates. At any annual or special meeting of members of the Corporation at which directors are to be elected, each member shall be entitled to nominate ten (10) individuals to stand for election as directors.

(c) Election of Directors. In elections for directors, voting need not be by ballot, except upon demand made by a member entitled to vote at the election and before the voting begins. The candidates receiving the highest number of votes shall be elected.

Section 4. Term of Office. The term of office of an elected member of the Board of Directors shall begin immediately upon the adjournment of the annual meeting of the members at which the director is elected and shall continue until the adjournment of the third annual meeting thereafter and until his successor has been elected and qualified. Directors shall be eligible for reelection.

Section 5. Removal of Directors.

(a) Removal by the Members. The entire Board of Directors or any individual director may be removed from office by vote of the members entitled to vote thereon without assigning any cause. Notwithstanding the foregoing, a member shall have the right to recommend the removal, with or without cause, only of any directors the member nominated in accordance with Section 3(b) of this Article. In case the Board or any one or more directors are so removed, new directors may be elected at the same meeting.

(b) 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 if, within sixty (60) days after notice of his or her selection, the director does not accept the office either in writing or by attending a meeting of the Board of Directors.

Section 6. Vacancies.

(a) General Rule. If a vacancy is created on the Board of Directors by reason of the death, removal, or resignation of any one of the elected directors, such vacancy shall be filled in accordance with the nomination procedure set forth in Section 3(b) of this Article, with the result that whichever member originally nominated the director in the vacant position will be entitled to nominate a director to fill that vacancy. If the member entitled to nominate a director to fill any such vacancy shall fail to nominate a director within thirty (30) days after the date such vacancy occurs, the members shall use their best efforts to cause the remaining directors to meet within fifteen (15) days after the end of such thirty-day period for the purpose of nominating a director to fill such vacancy as follows: the remaining directors on the Board who were originally nominated by the member entitled to nominate a director to fill the vacancy shall nominate a director on behalf of that member.

(b) Action by Resigned Directors. When one or more directors resign from the Board effective at a future date, the directors then in office, including those who have so resigned, shall have power by the applicable vote to fill the vacancies, the vote thereon to take effect when the resignations become effective.

Section 7. Compensation. The Board of Directors may provide for and reimburse directors for reasonable travel and allied expenses of attendance at meetings of the Board or its committees, and for other expenses incurred in the course of performing their duties as directors. The members of the Board

of Directors may be compensated for their service as determined by the Board of Directors.

Section 8. Meetings.

(a) Annual Meetings. An annual meeting of the Board of Directors shall be held without further notice than by these Bylaws as soon as possible after the annual meeting of the member of the Corporation, at which the Board of Directors as then constituted shall elect officers for the ensuing year.

(b) Regular Meetings. Regular meetings of the Board of Directors shall be held at such time and place as shall, from time to time, be determined by the Board, and notice of the time and place shall be given to each director at least five (5) days prior thereto.

(c) Special Meetings. The Chairman of the Board may call a special meeting of the Board whenever the occasion may require and shall call a special meeting upon receipt of a written request signed by five (5) directors. Notice of the time, place and purpose of any special meeting of the Board of Directors shall be given to each director at least twenty-four (24) hours prior to the meeting, and no other business than that specified in the notice shall be transacted at the meeting.

(d) Waiver of Notice. Notice of any meeting of the Board need not be given to any director if waived by him in writing. Attendance at a meeting shall constitute a waiver of notice of the meeting, except where a director attends a meeting for the express purpose of objecting to the transaction of any business because the meeting was not lawfully called or convened.

(e) Notation of Dissent. A director who is present at a meeting of the Board of Directors, or of a committee of the Board, at which action on any corporate matter is taken shall be presumed to have assented to the action taken unless his or her dissent is entered in the minutes of the meeting or unless the director files a written dissent to the action with the Secretary of the meeting before the adjournment thereof or transmits the dissent in writing to the Secretary of the Corporation immediately after the adjournment of the meeting. The right to dissent shall not apply to a director who voted in favor of the action. Nothing in this Section shall bar a director from asserting that minutes of the meeting incorrectly omitted his or her dissent if, promptly upon receipt of a copy of such minutes, the director notifies the Secretary, in writing, of the asserted omission or inaccuracy.

Section 9. Quorum of and Action by Directors.

(a) General Rule. A majority of the directors in office, including the presence of twelve (12) directors, six (6) directors each representing the member who nominated them in accordance with Section 3(b) of this Article, shall be necessary to constitute a quorum for the transaction of business, and the acts of a majority of the directors present at a meeting at which a quorum is present shall be the acts of the Board of Directors.

(b) Action by Written Consent. Any action required or permitted to be taken at a meeting of the directors may be taken without a meeting if, prior or subsequent to the action, a consent or consents thereto by all of the directors in office is filed with the Secretary of the Corporation.

(c) Supermajority Board Decisions. Subject to the provisions of Section 6 of Article I, the following actions by the Corporation shall require the affirmative vote of two-thirds of the Board of Directors in office:

(1) The amendment, modification or repeal of any provision of the Corporation's Articles of Incorporation or Bylaws;

(2) The sale, license, conveyance or other disposition, in a single transaction or a series of related transactions, of all or a substantial part of the Corporation's or any subsidiary's assets or business;

(3) The acquisition of all or substantially all of the stock, assets or business of another person, in a single transaction or a series of related transactions;

(4) The entry into any transaction between the Corporation and (i) any member of the Corporation, (ii) any affiliate of any member of the Corporation, (iii) any holder of any equity interest in any person described in clause (ii), or (iv) any director of any member of the Corporation or an entity described in clause (ii), except for agreements expressly contemplated by the Affiliation Agreement between PBS and IBC dated February 12, 1993 (the "Affiliation Agreement") or transactions that are on terms that are no less favorable to the Corporation than it would obtain in a comparable arms-length transaction with an independent third party;

(5) The making of any substantial change in the general type of business that the Corporation or any subsidiary of the Corporation conducts;

(6) The entry into any division or merger or consolidation involving the Corporation or any subsidiary of the Corporation, other than transactions involving the merger or consolidation of a wholly-owned subsidiary with or into the Corporation or with or into a wholly-owned subsidiary of the Corporation;

(7) The creation of any lien, mortgage or security interest in or on any property of the Corporation relating to the extension of credit to the Corporation in a principal amount in excess of \$500,000;

(8) The incurring of any indebtedness for borrowed money of \$1,000,000 or more, collectively, or the issuance of any debt securities or the incurring, assumption, guarantee, endorsement or otherwise becoming responsible for (including by operation of law), any obligations of liability for \$1,000,000 or more, collectively, or the making of any loans or advances of \$500,000 or more, individually;

(9) The adoption or approval of: (i) the dissolution of the Corporation or any of its subsidiaries; (ii) a plan of liquidation of the Corporation or any of its subsidiaries; (iii) any action by the Corporation to commence any suit, case, proceeding or other action under any existing or future law of any jurisdiction relating to bankruptcy, insolvency, reorganization or relief of debtors, seeking to have an order for relief entered with respect to the Corporation or any subsidiary or seeking to adjudicate the Corporation or any subsidiary a bankrupt or insolvent or seeking reorganization, arrangement, adjustment, winding-up, liquidation, dissolution, composition or other relief with respect to the Corporation or any subsidiary, or seeking appointment of a receiver, trustee, custodian or other similar official for the Corporation or any subsidiary, or for all or any substantial part of the assets of the Corporation or any subsidiary, or making a general assignment for the benefit of the creditors of the Corporation or any subsidiary; and

(10) The execution of any agreement to do any of the foregoing.

ARTICLE IV - COMMITTEES

Section 1. Executive Committee.

(a) Composition. There shall be an Executive Committee to be elected annually by the Board of Directors. The number of directors comprising the Executive Committee shall be nine (9) to be determined as follows: (i) each member shall be entitled to nominate three (3) directors to serve as members of the Executive Committee; (ii) the Chairman of the Board of

Directors and the Vice Chairman of the Board of Directors each shall be a member of the Executive Committee, ex-officio with the right to vote, during the term of his office; and (iii) the President of the Corporation shall be a member of the Executive Committee, ex-officio without the right to vote, during the term of his office.

(b) Authority. The Executive Committee shall have and exercise the powers of the Board of Directors when the Board is not in session, excepting such powers as may, by law or these Bylaws, be required to be exercised by the Board or the members and further excepting such powers as the Board or the members may expressly reserve for itself or themselves, respectively. The Chairman of the Board shall preside at meetings of the Executive Committee and in the event of his inability or refusal to act, the Vice Chairman of the Board shall act as Chairman.

(c) Quorum. A majority of the members of the Executive Committee, including the presence of at least two (2) directors each representing the member who nominated them in accordance with Section 1(a) of this Article, shall be necessary to constitute a quorum for the transaction of business, and the acts of a majority of the members present at a meeting at which a quorum is present shall be the acts of the Executive Committee; provided that if all the members consent in writing to any action to be taken, such action shall be as valid as though it had been authorized at a meeting of the Executive Committee.

(d) Minutes. The Executive Committee shall keep regular minutes of its proceedings and report the same to the Board at its next regular meeting, or when required.

(e) Meetings. The Executive Committee shall meet monthly, or at such other intervals as the Board may determine. Special meetings of the Executive Committee may be called at any time by the Chairman of the Board or by any three (3) of the elected members of the Executive Committee.

Section 2. Other Committees.

(a) Appointment. The Board of Directors shall appoint such other committees, and members thereof, as it may deem necessary or desirable.

(b) Quorum. A majority of the members comprising any committee appointed under authority of Section 2(a) shall be necessary to constitute a quorum for the transaction of business, and the acts of a majority of the members of a committee present at any meeting at which a quorum is present shall be the acts of the committee; provided that if all the members consent in

writing to any action to be taken, such action shall be as valid as though it had been taken at a meeting of the committee.

ARTICLE V - OFFICERS

Section 1. Officers. The officers of the Corporation shall be elected by the Board of Directors and shall include a Chairman of the Board of Directors, a Vice Chairman of the Board, a President, a Treasurer, a Secretary, one or more Vice Presidents, and such other officers as may be elected in accordance with the provisions of this Article.

(a) Chairman. The Chairman of the Board shall have general supervision over the carrying out of the policies adopted or approved by the Board of Directors; shall preside at all meetings of the Board of Directors; and exercise such other powers and perform such other duties as may be assigned to that office by the Board of Directors. He shall also be an ex-officio member of all committees with voting rights.

(b) Vice Chairman. In the absence of the Chairman or in the event of his inability or refusal to act, the Vice Chairman of the Board shall exercise all the powers and perform all the duties of the Chairman.

(c) President. The President shall be the Chief Executive Officer and shall have general and active management of the business of the Corporation and be responsible for carrying into effect the policies adopted or approved by the Board of Directors. He may sign on behalf of the Corporation any documents which the Board of Directors has authorized to be executed, except in cases where the signing and execution thereof shall be expressly delegated by the Board of Directors or by these Bylaws to some other officer or agent of the Corporation, or shall be required by law to be otherwise signed or executed; and in general, he shall perform all duties incident to the office of President in accordance with the provisions of this Article, and such other duties as maybe prescribed by the Board of Directors or the Executive Committee from time to time. He shall also be an ex-officio member of all committees with voting rights, except for the Executive Committee of which he shall be on ex-officio member without voting rights.

(d) Vice President. In the absence of the President or in the event of his inability or refusal to act, the Vice Presidents, in order of their designation by the Board of Directors, shall perform the duties of the President and, when so acting, shall have all the powers of and be subject to the restrictions upon the President. Each Vice President shall perform such duties as from time to time may be assigned to him by the President.

(e) Treasurer. The Treasurer shall, under the direction of the Board, have general charge and custody of and be responsible for all funds and securities of the Corporation and make such reports of its receipts and disbursements in such form and manner as the Board may direct. The Treasurer shall receive and give receipts for monies due and payable to the Corporation from any source whatsoever and deposit such monies in the name of the Corporation in such banks, trust companies or other depositories as shall be selected by the Board of the Executive Committee. He shall keep the accounts of the Corporation and whenever and as required by the President, the Board of Directors or the Executive Committee, he shall render financial statements of the Corporation and under the direction of the Board of Directors disburse the funds thereof; and in general, he shall perform all the duties as may from time to time be assigned to him by the Board of Directors.

(f) Secretary. The Secretary shall have charge of all books and records of the Corporation including the Corporate Seal. He shall cause accurate minutes to be kept of all meetings of the members of the Corporation, the Board of Directors and the Executive Committee. He shall notify each member of the Board of Directors of all regular and special meetings of the Board of Directors. He shall give notice of all meetings as herein provided. He shall perform such additional duties as may be directed by the Board of Directors.

(g) Assistant Treasurers and Assistant Secretaries. The Assistant Treasurers and Assistant Secretaries shall in the absence or incapacity of the Treasurer or Secretary, respectively, exercise and perform the duties of such office and shall perform such duties as from time to time shall be assigned to them by the Treasurer or Secretary, respectively, by the Board of Directors, the Executive Committee or the President.

Section 2. Other Officers. The Board of Directors may appoint other officers and agents of the Corporation who shall hold their office subject to the pleasure of the Board and perform such duties as may be assigned to them by the Board of Directors, Executive Committee or President.

Section 3. Election, Term of Office and Vacancies. The officers of the Corporation shall be elected at the annual meeting of the Board of Directors. The term of office for the Chairman and Vice Chairman shall be one year or until their respective successors are elected and qualify. All other officers shall hold their offices subject to the pleasure of the Board. Officers may be elected to succeed themselves. Vacancies in any office may be filled and new offices created and filled at any meeting of the Board of Directors.

Section 4. Compensation. The compensation of all officers of the Corporation shall be fixed by the Board of Directors.

Section 5. Bond. The Board of Directors may require any officer to give bond and security in such sum and with such surety or sureties as the Board of Directors shall determine.

ARTICLE VI - LIMITATION OF LIABILITY AND INDEMNIFICATION

Section 1. Limitation of Director's Liability.

(a) A director of the Corporation shall not be personally liable, as such, for monetary damages (including, without limitation, any judgment, amount paid in settlement, penalty, punitive damages or expense of any nature (including, without limitation, attorneys' fees and disbursements)) for any action taken, or any failure to take any action, unless:

(1) the director has breached or failed to perform the duties of his or her office under the Articles of Incorporation or Bylaws of this Corporation or under 15 Pa.C.S. Subchapter B of Chapter 57 (or any successor provision); and

(2) the breach or failure to perform constitutes self-dealing, willful misconduct or recklessness.

(b) The provisions of Section 1(a) shall not apply to the responsibility or liability of a director pursuant to any criminal statute, or the liability of a director for the payment of taxes pursuant to local, state or federal law.

(c) The provisions of this Section have been adopted pursuant to the authority of 15 Pa.C.S. Subchapter B of Chapter 57 and shall be deemed to be a contract with each director of the Corporation who serves as such at any time while this Section is in effect; such provisions are cumulative of and shall be in addition to and independent of any and all other limitations on the liabilities of directors of the Corporation, as such, or rights of indemnification by the Corporation, to which a director of the Corporation may be entitled, whether such limitations or rights arise under or are created by any statute, rule of law, bylaw, agreement, vote of members or disinterested directors or otherwise.

Each person who serves as a director of the Corporation while this Section is in effect shall be deemed to be doing so in reliance on the provisions of this Section. No amendment to or repeal of this Section, nor the adoption of any provisions inconsistent with this Section, shall apply to or have any effect on the liability or alleged liability of any director of the

Corporation for or with respect to any acts or omissions of such director occurring prior to such amendment, repeal or adoption of an inconsistent provision. In any action, suit or proceeding involving the application of the provisions of this Section, the party or parties challenging the right of a director to the benefits of this Section shall have the burden of proof.

Section 2. 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 pursuant to Section 6 of this Article or otherwise:

(i) to constitute willful misconduct or recklessness within the meaning of 15 Pa.C.S. §5746(b) or any superseding provision of law sufficient in the circumstances to bar indemnification against liabilities arising from the conduct; or

(ii) 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

(3) to the extent such indemnification has been finally determined in a final adjudication pursuant to Section 7 of this Article 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 shall 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 other 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 security holders, if any, or otherwise.

Section 3. 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 counter-claims 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 reimbursement of expenses incurred in successfully prosecuting or defending an arbitration under Section 7 of this Article or otherwise successfully prosecuting or defending the rights of an indemnified representative granted by or pursuant to this Article.

Section 4. 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 a proceeding described in Section 2 of this Article or the initiation of or participation in which is authorized pursuant to Section 3 of this Article upon receipt of an undertaking by or on behalf of the indemnified representative to repay the amount if it is ultimately determined pursuant to Section 7 of this Article 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. 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 and shall not be subject to voidability.

Section 6. Payment of Indemnification. An indemnified representative shall be entitled to indemnification within thirty (30) days after a written request for indemnification has been delivered to the Secretary of the Corporation.

Section 7. Arbitration.

(a) General Rule. Any dispute related to the right to indemnification, contribution or advancement of expenses as provided under this Article shall be decided only by arbitration in the metropolitan area in which the principal executive offices of the Corporation are located at the time, in accordance with the commercial arbitration rules then in effect of the American Arbitration Association, before a panel of three arbitrators, one of whom shall be selected by the Corporation, the second of whom shall be selected by the indemnified representative and the third of whom shall be selected by the other two arbitrators. In the absence of the American Arbitration Association, or if for any reason arbitration under the arbitration rules of the American Arbitration Association cannot be initiated, and if one of the parties fails or refuses to select an arbitrator or the arbitrators selected by the Corporation and the indemnified representative cannot agree on

the selection of the third arbitrator within thirty (30) days after such time as the Corporation and the indemnified representative have each been notified of the selection of the other's arbitrator, the necessary arbitrator or arbitrators shall be selected by the presiding judge of the court of general jurisdiction in such metropolitan area.

(b) Burden of Proof. Any party or parties challenging the right of an indemnified representative to the benefits of this Article shall have the burden of proof.

(c) Expenses. The Corporation shall reimburse an indemnified representative for the expenses (including attorneys' fees and disbursements) incurred in successfully prosecuting or defending such arbitration.

(d) Effect. Any award entered by the arbitrators shall be final, binding and nonappealable and judgment may be entered thereon by any party in accordance with applicable law in any court of competent jurisdiction, except that the Corporation shall be entitled to interpose as a defense in any such judicial enforcement proceeding any prior final judicial determination adverse to the indemnified representative under Section 2(a)(2) of this Article in a proceeding not directly involving indemnification under this Article. This arbitration provision shall be specifically enforceable.

Section 8. 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.

Section 9. 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, suit or proceeding referred to in 15 Pa. C.S. §5741 or §5742 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 10. 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. Notwithstanding the foregoing, any repeal, amendment or modification hereof in accordance with Article IX of these Bylaws shall be prospective only and shall not affect any rights or obligations then existing.

Section 11. 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 12. 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 of indemnification, contribution and advancement of expenses provided by this Article.

Section 13. Interpretation. The provisions of this Article are intended to constitute Bylaws authorized by 15 Pa.C.S. §5746(a).

ARTICLE IX - AMENDMENTS

These Bylaws may be amended or repealed, or new Bylaws may be adopted, only by vote of the members at any duly organized annual or special meeting of members or by action taken by written consent of the members. Any change in these Bylaws shall take effect when adopted unless otherwise provided in the resolution effecting the change.

Document Divider

Amended and Restated
Bylaws
of
Keystone Health Plan West, Inc.

(As of May 31, 2010)

ARTICLE I - OFFICES

1. The principal office of the Corporation shall be at 120 Fifth Avenue, Fifth Avenue Place, Pittsburgh, Allegheny County, Pennsylvania.
2. The Corporation may also have offices at such other places as the Board of Directors may from time to time appoint or the business of the Corporation may require.

ARTICLE II - SEAL

The common seal shall have inscribed thereon the name of the Corporation, the year of its organization and the words "Corporate Seal, Pennsylvania."

ARTICLE III - PURPOSES

The purposes of the Corporation are to establish, operate and maintain health maintenance organizations in accordance with the Health Maintenance Organization Act, No. 234 of 1980, as amended; to do everything and anything necessary, suitable, proper and convenient and incidental to the aforesaid purposes; and to engage in any and all other lawful purposes, activities, and pursuits which may be done by a business corporation organized for such purposes under the laws of the Commonwealth of Pennsylvania.

ARTICLE IV - CLASSES OF STOCK

The Corporation shall be authorized to issue an aggregate number of one hundred fifty thousand (150,000) shares of stock (the "Common Stock"). The shares of authorized stock of the Corporation shall be divided into two (2) classes of stock, with seventy-five thousand (75,000) shares with a one dollar (\$1.00) par value per share stock designated as Class A Common Stock and with seventy-five thousand (75,000) shares of one dollar (\$1.00) par value per share stock designated as Class B Common Stock.

ARTICLE V - STOCKHOLDERS

1. Meetings of the stockholders shall be held at such place as the Board of Directors shall determine.

2. The annual meeting of the stockholders shall be held in the month of April or May in each year or such other date as the Board of Directors or the stockholders may determine, at such place and time as shall be determined by the Board of Directors or the stockholders. At such annual meeting, the stockholders shall elect a Board of Directors, and transact such other business as may properly be brought before the meeting.

3. The presence, in person or by proxy, of the holders of a majority of all of the outstanding shares of stock entitled to vote shall constitute a quorum of all meetings of the stockholders except as otherwise provided by law, by the Articles of Incorporation, or by these Bylaws. If, however, such quorum shall not be present at any meeting of the stockholders, those stockholders present and entitled to vote thereat shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting from time to time until the requisite number of shares shall be present. In the case of any meeting, adjournment or adjournments may be taken only from day to day, or for such longer periods not exceeding fifteen (15) days each, as the holders of a majority of the shares present in person or by proxy shall direct.

4. At a meeting of the stockholders at which a quorum is present, the affirmative vote in person or by proxy of the holders of a majority of the shares of Common Stock then outstanding that are entitled to vote with respect to the action being considered shall be required for action of the stockholders except as otherwise provided in these Bylaws or in the Articles of Incorporation or as specifically required by statute.

5. At each meeting of the stockholders, the holders of outstanding shares of Class A Common Stock and the holders of outstanding shares of Class B Common Stock shall have the same voting powers, to wit: one vote for each share. Every stockholder having the right to vote shall be entitled to vote in person or by proxy appointed by an instrument in writing subscribed by said stockholder and delivered to the Secretary at the meeting. No proxy shall be valid after one (1) year from the date of its execution, unless otherwise provided in the proxy. The record of the votes made by the Secretary, which shall show whether the same were cast in person or by proxy, shall be evidence of all such elections.

6. Written notice of the annual meeting shall be mailed to each stockholder entitled to vote thereat, at such address as appears on the books of the Corporation, at least thirty (30) days prior to the meeting.

7. In advance of any meeting of stockholders, the Board of Directors may appoint judges of election, who need not be stockholders, 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 stockholder or his proxy shall, make such appointment at the meeting. The number of judges shall be one (1) or three (3). If appointed at a meeting on the request of one or more stockholders or proxies, the majority of shares present and entitled to vote shall determine whether one (1) or three (3) judges are to be appointed. On request of the chairman of the meeting, or of any

stockholder or the stockholder's proxy, the judges shall make a report in writing of any challenge or question or matter determined by them, and execute a certificate of any fact found by them. No person who is a candidate for office shall act as a judge.

8. Special meetings of the stockholders may be called at any time by the Chairman of the Board, by the President, by a majority of the Board of Directors, or by the holders of not less than twenty percent (20%) of the votes which all stockholders are entitled to cast at the particular meeting. At any time, upon written request of any person or persons entitled to call a special meeting, it shall be the duty of the Secretary to call a special meeting to the stockholders, to be held at such time as the Secretary may fix, not less than fifteen (15) nor more than sixty (60) days after receipt of the request.

9. Business transacted at all special meetings need not be confined to the objects stated in the notice nor matters germane thereto.

10. Written notice of special meetings of stockholders must state the time and place thereof, and shall be mailed, postage prepaid or otherwise delivered, delivery costs prepaid, to each stockholder entitled to vote thereat, at such address as appears on the books of the Corporation, at least seven (7) days before such meeting. In addition, such other statutory and regulatory requirements of notice shall be complied with.

11. Upon request of the Chairman of the Board or the President, the officer having charge of the transfer books shall make at least five (5) days before each meeting of stockholders, a complete list of the stockholders entitled to vote at the meeting, arranged in alphabetical order, with the address of and the number of shares held by each, which list shall be subject to inspection by any stockholder at any time during usual business hours and shall also be produced and kept open at the time and place of the meeting, and shall be subject to the inspection of any stockholder during the whole time of the meeting.

12. If all the stockholders entitled to vote with respect to an action to be taken by the Corporation shall severally or collectively consent in writing to the action, such action shall be a valid corporate action as though it had been authorized at a meeting of the stockholders.

13. The holders of Common Stock of the Corporation shall have the power to:

- (a) Declare any dividends whether in cash, property, or shares of this or any other corporation owned by the Corporation.
- (b) Dissolve the Corporation or wind up its business.
- (c) Amend or repeal these Bylaws.
- (d) Amend the Articles of Incorporation.

(e) Issue additional shares of Common Stock.

(f) Approve any plans of merger, affiliation, joint venture, acquisition, other form of business combination by the Corporation, any plan of dissolution by the Corporation, or any expansion of the business operated by the Corporation into markets outside of the metropolitan Pittsburgh, Pennsylvania area or into operations other than the establishment, operation and maintenance of the Corporation's health maintenance organization.

ARTICLE VI - DIRECTORS

1. The business of the Corporation shall be managed by its Board of Directors who shall be natural persons of full age.

2. At each meeting of the Board of Directors, each director shall have the same voting power, to wit: one vote each.

3. The Board of Directors shall consist of six (6) persons or such other number as may be determined by majority action taken by the stockholders at any annual or special meeting thereof. No decrease in the number of directors shall affect the term of office of any director previously elected. At all times, at least one-third (1/3) of the total number of directors comprising the Board shall be Subscriber Directors. Every person elected as a Subscriber Director shall be a subscriber in the Corporation's health maintenance organization.

4. The directors shall be elected by the holders of the outstanding Common Stock as provided in the Articles and these Bylaws. The holders of outstanding shares of Common Stock shall elect by ballot at a meeting of stockholders of the Corporation those Subscriber Directors to be elected from a slate of candidates which shall be nominated in the manner provided in Article VI, paragraph 5 of the Bylaws. Voting shall be by ballot at the annual meeting of stockholders of the Corporation, and each director shall be elected for the term of one (1) year, or until a successor shall be duly chosen and shall qualify.

5. Each year, at least three (3) months prior to the annual meeting of the stockholders for election of directors, the Board of Directors shall establish a Subscriber Nominating Committee, and shall appoint committee members, who shall serve for one (1) year or until their successors are appointed. Such committee shall be comprised of at least three (3) persons, a majority of whom shall be subscribers in the Corporation's health maintenance organization who would be eligible to be elected as Subscriber Directors. Such Committee shall submit to the Board of Directors prior to the date of the annual meeting of the stockholders and upon the creation of a vacancy in the class of Subscriber Directors, and the Board of Directors shall nominate for election by the stockholders, a slate of candidates for the position of Subscriber Directors. The slate shall consist of not less than that number of candidates as there are expiring terms of Subscriber Directors or vacancies in such class.

Notwithstanding the foregoing, the Board of Directors shall not be required to establish a Subscriber Nominating Committee at any time if at such time the person controlling the Corporation is an insurer or another business entity having a board of directors and a committee thereof which meet the requirements of 1405(c)(4.1) of the Pennsylvania Insurance Company Law and such committee shall be charged with performing the responsibilities otherwise to be performed by the Subscriber Nominating Committee. If at any time a committee of the person controlling the Corporation shall be performing the functions of the Subscriber Nominating Committee, all references herein to the Subscriber Nominating Committee shall be deemed to be references to such committee of such other person.

6. In addition to the powers and authorities by these Bylaws expressly conferred upon them, the Board may exercise all such powers of the Corporation and do all such lawful action 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 stockholders.

7. The meetings of the Board of Directors may be held at such place within this Commonwealth, or elsewhere, as may be designated in the notice calling the meeting.

8. Each newly elected Board may meet at such place and time as shall be fixed by the stockholders at the meeting at which such directors are elected, and no notice shall be necessary to the newly elected directors in order legally to constitute the meeting, or they may meet at such place and time as may be fixed by the consent in writing of all the directors.

9. Regular meetings of the Board shall be called by the Chairman of the Board or by the President. Notice of the time and place of the meeting shall be sent to each director at least five (5) days prior thereto.

10. Special meetings of the Board may be called by the Chairman of the Board, the President, or five (5) directors on such directors' written request. The Secretary shall give five (5) days notice of such special meeting to each director either personally or by mail, telegram or private messenger service.

11. Business transacted at all special meetings shall be confined to the objects stated in the notice and matters germane thereto.

12. A quorum at all meetings of the Board of Directors shall consist of a majority of all the directors then in office. A quorum shall be necessary for the transaction of business. At a meeting at which a quorum is present the affirmative vote of a majority of the total number of directors then in office shall be the act of the Board of Directors. Any or all directors may participate in a meeting of the Board of Directors or committee of the Board by means of conference telephone or by any means of communication by which all persons participating in the meeting are able to hear one

another, and such participation shall constitute presence in person at the meeting. If all the directors shall severally or collectively consent in writing to any action to be taken by the Corporation, such action shall be valid corporate action as though it had been authorized at a meeting of the Board of Directors.

13. Directors may, in addition to reimbursement for expenses, receive an honorarium, if the Board of Directors, in its discretion, so decides. However, no director who is an employee of the Corporation or of an affiliate of the Corporation shall receive any honorarium for service as a director, but an employee may be reimbursed for any necessary expenses incurred.

14. Standing or temporary committees may be appointed from its own members by the Board of Directors from time to time, and the Board of Directors may from time to time invest such committees as may be prescribed by such Board.

15. Any or all members of the Board of Directors may be removed from office without assigning any cause, by a majority vote of the holders of the shares of Common Stock which would entitle the holder of such shares to cast votes to elect directors in place of those to be removed. In case of such removal, a vacancy so created shall be filled as hereinafter provided in Article X, paragraph 2 of these Bylaws and a new director may be elected for the unexpired term of each director removed.

16. Any relationships, interests, or situations which might indicate duality of interest, division of loyalty, or conflict of interest on the part of any member of the Board shall be disclosed to the Board and made a matter of record, such disclosure to be accomplished either by the filing of an annual disclosure statement, and, where applicable, by an appropriate oral statement made when a possible conflict of interest arises in connection with Board action.

Any member of the Board having a conflict of interest in connection with any matter coming before the Board shall so indicate at the time and shall not vote or use personal influence with respect to the matter. The minutes of the meeting shall reflect any such disclosure and the abstention from voting.

Annual disclosure statement forms shall be distributed to and completed by each member of the Board of Directors and kept on file by the Secretary of the Corporation.

ARTICLE VII – EXECUTIVE COMMITTEE

1. The Board of Directors may establish an Executive Committee. Members of the Executive Committee shall be elected annually by the Board of Directors, with the Chairman of the Board always being elected as one of the members of, and serving as Chairman of, the Executive Committee. The number of directors comprising the Executive Committee shall be determined, from time to time, by majority action of the Board of Directors.

2. When the Board is not in session, the Executive Committee shall have and exercise those powers of the Board of Directors expressly delegated by the Board to the Executive Committee, excepting such powers as may, by law or these Bylaws, be required to be exercised by the Board. Included within the powers of the Executive Committee shall be the establishment of the salaries of all officers and the establishment of the amount of any honorarium, which may be permitted by the Board of Directors in accordance with Section 13 of Article IV of these Bylaws.

3. Regular meetings of the Executive Committee shall be called by the Chairman of the Board. Notice of the time and place of the meeting shall be sent to each member at least five (5) days prior thereto. A notice may contain the time and place of one or more regular meetings, so long as such notice is sent to each member at least five (5) days prior to any and all meetings noticed therein.

4. Special meetings of the Executive Committee may be called by the Chairman of the Board on five (5) days notice to each member, either personally or by mail or telegram.

5. A majority of the members of the Executive Committee shall be necessary to constitute a quorum for the transaction of business of such Committee. The acts of a majority of the members present at a meeting at which a quorum is present shall be the acts of the Executive Committee; provided that if all the members consent in writing to any action to be taken, such action shall be as valid as though it has been authorized at a meeting of the Executive Committee.

6. The Executive Committee shall keep regular minutes of its proceedings and report the same to the Board at its next regular meeting, or when required.

ARTICLE VIII – OFFICERS

1. The executive officers of the Corporation shall be chosen annually by the directors and shall be a Chairman of the Board, a President, a Secretary, and a Treasurer, and may include (as the Board of Directors may decide) one or more Vice Presidents, one or more Assistant Secretaries, and one or more Assistant Treasurers. All officers shall hold their offices for such terms and shall have such authority and shall perform such duties as from time to time shall be prescribed by the Board.

2. The officers of the Corporation shall hold office for one (1) year and until their successors are chosen and have qualified. Any officer elected by the Board of Directors may be removed by the Board of Directors whenever in their judgement the best interest of the Corporation will be served thereby.

3. Only members of the Board of Directors shall be qualified to be elected to the office of Chairman of the Board. The Chairman of the Board shall preside at all meetings of the stockholders of the Corporation, of the Board of Directors and of the Executive Committee, and, in general, shall perform all duties incident to the office of the

Chairman of the Board and such other duties as may be prescribed by the Board from time to time. The Chairman of the Board shall have power to call meetings of the stockholders of the Corporation, of the Board of Directors and of the Executive Committee.

4. The President shall be the chief executive officer of the Corporation, shall have exclusive and active management of the business of the Corporation, and shall see that all orders and resolutions of the Board are carried into effect. The President shall have the general power and duties of supervision and management of the Corporation.

5. The Vice President shall perform such duties as may be assigned by the President or the Board of Directors.

6. The Secretary shall attend all sessions of the Board and all meetings of the stockholders and act as a clerk thereof, and record all the votes of the Corporation and the minutes of all of its transactions in a book to be kept for that purpose; and shall perform like duties for all committees of the Board of Directors when a committee so requires. The Secretary shall give, or cause to be given, notice of all meetings of the stockholders and of the Board of Directors, and perform such other duties as may be prescribed by the Board of Directors or the President. The Secretary shall keep in safe custody the common seal of the Corporation and when authorized by the Board, affix the same to any instrument requiring it.

7. The Treasurer shall have custody of the corporate funds and securities, shall keep full and accurate accounts of receipts and disbursements in books belonging to the Corporation, and shall keep the moneys of the Corporation in a separate account in depositories to be approved by the Board of Directors. The Treasurer shall disburse the funds of the Corporation as may be ordered by the Board, taking proper vouchers for such disbursements, and shall render to the President and the directors, at the regular meetings of the Board, or whenever they may require it, an account of all the transactions made as Treasurer and of the financial condition of the Corporation. The Treasurer shall give bond with such sureties and in an amount fixed by the Board of Directors, when the Board of Directors requires it.

8. In the event of the death, physical incapacity or absence of the President of the Corporation, the Vice Presidents, in the order designated by the Board of Directors, shall exercise the functions of the President, and shall be authorized to execute any and all documents on behalf of the Corporation, such execution to be legally binding upon the Corporation and to have the same force and effect as the signature of the President.

9. In the event of the death, physical incapacity, or absence of the Secretary of the Corporation, any duly elected Assistant Secretary shall exercise the functions of the Secretary and shall be authorized to execute any and all documents on behalf of the Corporation, such execution to be legally binding upon the Corporation and to have the same force and effect as the signature of the Secretary.

10. In the event of the death, physical incapacity, or absence of the Treasurer of the Corporation, any duly elected Assistant Treasurer shall exercise the functions of the Treasurer, and shall be authorized to execute any and all documents on behalf of the Corporation, such execution to be legally binding upon the Corporation and to have the same force and effect as the signature of the Treasurer.

11. In the absence of any officer of the Corporation, or for any other reason the Board of Directors may deem sufficient, the Board of Directors may delegate, for the time being, the powers or duties, or any of them, of such officer to any other officer or to any director.

12. The Board of Directors shall have the authority to appoint and remove such additional officers and agents of the Corporation as it may deem advisable.

ARTICLE IX – RATIFICATION OF ACTS OF DIRECTORS AND OFFICERS

Except as otherwise provided by law or by the Articles of Incorporation, any transaction or contract or act of the Corporation, of the directors, or of the officers may be ratified by the affirmative vote at a meeting of stockholders of the holders of shares entitling them to exercise a majority of the voting power of the Corporation or by the written consent with or without a meeting of all of the stockholders of shares entitling them to vote, and such ratification shall be as valid and as binding as though affirmatively voted for or consented to by every stockholder of the Corporation.

ARTICLE X – VACANCIES

1. If the office of any officer becomes vacant for any reason, the Board of Directors may choose a successor or successors, who shall hold office for the unexpired term in respect to which such vacancy occurred and until a successor is appointed and qualified.

2. Vacancies in the Board of Directors shall be filled by a majority vote of the holders of the shares of Common Stock entitled to elect each such director whose office is vacant; provided, however, that any vacancy in the class of Subscriber Directors shall be filled from a slate of candidates nominated by the Subscriber Nominating Committee as provided in Article VI, Paragraph 5 of these Bylaws. If a vacancy in the Board of Directors shall occur, in lieu of the holding of a meeting of stockholders, the holders of stock entitled to elect such director may submit to the Secretary a written consent, signed by all such stockholders, electing a replacement director. Each person so elected shall be a director and hold office for the unexpired term in respect to which such vacancy occurred and until a successor is elected and qualified.

ARTICLE XI – CORPORATE RECORDS

There shall be kept at the principal office of the Corporation an original or duplicate record of the proceedings of the stockholders and of the directors and the original or a copy of its Bylaws, including all amendments or alterations thereto to date, certified by the Secretary of the Corporation. An original or duplicate share register shall also be kept at the principal office, or at the office of a transfer agent or registrar within this Commonwealth, giving the names of the stockholders in alphabetical order, and showing their respective addresses, the number and classes of shares held by each, the number and date of certificates issued for the shares, and the number and date of cancellation of every certificate surrendered for cancellation.

ARTICLE XII – CAPITAL STOCK

1. The share certificates of the Corporation shall be numbered and registered in the share ledger and transfer books of the Corporation as they are issued. They shall be signed by the President and countersigned by the Secretary and shall bear the corporate seal.

Each certificate shall be consecutively numbered or otherwise identified, and shall state the name of the person to whom issued, the number and class of shares of stock (with designation of series, if any), the date of issue, and the par value or a statement that the stock is without par value. If the Corporation is authorized to and does issue shares of more than one class of stock or of series without a class, the certificate shall also contain such information or statement as may be required by law.

The name and address of each stockholder, the name and class of shares of stock held and the date on which the certificates for the shares of stock were issued shall be entered on the books of the Corporation. The person in whose name shares of stock stand on the books of the Corporation shall be deemed the owner thereof for all purposes as regards the Corporation.

2. Transfers of shares shall be made on the books of the Corporation upon surrender of the certificates therefor, endorsed by the person named in the certificates or by attorney, lawfully constituted in writing. No stock in the Corporation shall be transferred to any person except a person who is already a stockholder, except pursuant to the terms of a stockholder agreement to which all holders of outstanding shares of Common Stock are parties or unless the transfer is approved by vote of the holders of a majority of the outstanding shares of Common Stock at an annual meeting or a special meeting.

3. All shares now or hereafter owned by the stockholders shall be subject to the provision of this Article XII and the certificates representing same shall bear a legend in substantially the following form:

“The sale, transfer, exchange, pledge, assignment, mortgage or other disposition or encumbrance of this certificate is subject to Article XII of the Bylaws of the Corporation, providing, among other things, certain restrictions as to the sale and purchase of the

shares of stock evidenced by this certificate. By accepting the shares of stock evidenced by this certificate, the holder agrees to be bound by said Article”.

4. The Board of Directors may fix a time, not more than fifty (50) days prior to the date of any annual or special meeting of the stockholders, as a record of date for the determination of the stockholders entitled to notice of, and to vote at, any such meeting, or to exercise the rights in respect to any such change, conversion, or exchange of shares. In such case, only such stockholders as shall be stockholders of record on the date so fixed shall be entitled to notice of, and to vote at, such meeting, or to exercise such rights as the case may be, notwithstanding any transfer of any shares on the books of the Corporation after any record date fixed, as aforesaid.

5. If a share certificate has allegedly been lost or destroyed, the Board of Directors may in its discretion, except as may be required by law, direct that a new certificate be issued upon such indemnification and other reasonable requirements as it may impose.

ARTICLE XIII – CONTRACTS, LOANS, CHECKS, DEPOSITS AND INVESTMENTS

1. The Board of Directors shall have authority to authorize, approve, enter into, or ratify and contracts, agreements, or other transactions between the Corporation and any other party. The Board of Directors may authorize any officer or officers, agent or agents in the name of and on behalf of the Corporation, to enter into any other contracts or execute or deliver any subscription agreement or instrument which the Board itself could enter into, execute, or deliver and such delegated authority may be general or confined to specific instances.

2. The Board of Directors shall not have authority to borrow money or guarantee, become surety for, acquire, own or dispose of obligations, capital stock or other securities, or evidences of indebtedness, without the prior approval of the holders of a majority of the outstanding shares of Common Stock.

3. All checks, drafts, or other orders for the payment of corporate funds, notes or other evidence of indebtedness shall be issued in the name of the Corporation and shall be signed by such officer or officers, agent or agents, of the Corporation in such manner as shall from time to time be determined by resolution of the Board of Directors.

4. All funds of the Corporation, not otherwise employed, shall be deposited from time to time to the credit of the Corporation in such banks, trust companies or other depositories in such manner as the Board of Directors may approve.

5. The funds of the Corporation shall be invested in compliance with any applicable statutory requirements.

ARTICLE XIV – MISCELLANEOUS PROVISIONS

1. The fiscal year shall begin the first day of January each year.
2. Whenever written notice is required to be given to any person, it may be given to such person, either personally or by sending a copy thereof through the mail, or by telegram or by private messenger service, charges prepaid, to the address appearing on the books of the Corporation for such person, or to the address supplied by such person to the Corporation for the purpose of notice. If the notice is sent by mail or by telegraph, it shall be deemed to have been given to the person entitled thereto when deposited in the United States mail or with a telegraph office for transmission to such person. Such notice shall specify the place, day, and hour of the meeting and, in the case of a special meeting, the general nature of the business to be transacted and the specific matters to be considered.
3. Excepting notice of the annual meeting, whenever any written notice is required by statute, or by the Articles or Bylaws of this Corporation, a waiver thereof in writing, signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice. Neither the general nature of the business to be transacted nor the specific matters to be considered at the meeting need be specified in the waiver of notice of such meeting, unless such meeting is a special meeting. Attendance of a person, either in person or by proxy, at any meeting shall constitute a waiver of notice of such meeting, except where a person attends a meeting for the express purpose of objecting to the transaction of any business because the meeting was not lawfully called or convened.
4. All meetings of stockholders, the Board of Directors, or the committees of the Corporation may, at the election of the Chairman of the Board, be governed by the parliamentary rules and usages contained in the then current Robert's Rules of Order.
5. Whenever the context of these Bylaws require, the masculine gender includes the feminine or neuter, and the singular includes the plural.
6. In the event the Board of Directors is deadlocked on any matter presented to the Board at two (2) consecutive meetings of the Board, the Board shall refer the matter upon which it is deadlocked to the holders of outstanding shares of Common Stock by calling a special meeting of such stockholders for such purpose at the earliest practicable date.

ARTICLE XV – INDEMNIFICATION OF DIRECTORS, OFFICERS AND OTHERS

The Corporation shall effect appropriate indemnification of each and every person referred to in Sections 1741, et seq., of Title 15 of the Pennsylvania Statutes, as it may be amended from time to time, against expenses or liability covered in said two Sections, such indemnifications to be effected in accordance with the provisions of Section 1741, et

seq., of the aforementioned Title 15 of the Pennsylvania Statutes, as it may be amended from time to time.

ARTICLE XVI – ANNUAL STATEMENT

The President and Board of Directors shall present at each annual meeting a full and complete statement of the business and affairs of the Corporation for the preceding year.

ARTICLE XVII – AMENDMENTS

These Bylaws may be adopted, altered, amended or repealed only by the affirmative vote of the holders of a majority of the outstanding shares of Common Stock or by the written consent of the holders of all of the outstanding shares of Common Stock.

Document Divider

Amended December 6, 2000
Amended September 24, 2002
Amended June 28, 2005
Amended April 21, 2009
Amended March 3, 2010

UNITED CONCORDIA COMPANIES, INC.
(formerly known as Concordia Resources, Inc.)

AMENDED BY-LAWS

April 21, 2009

ARTICLE I - SHAREHOLDERS

Section 1.1 - Annual Meeting. The annual meeting of the shareholders shall be held in the first quarter of each year on such day as the Board of Directors shall determine. At such meeting, the shareholders shall elect a Board of Directors, and transact such other business as may properly be brought before the meeting. If the annual meeting shall not be called and held during the prescribed quarter in any calendar year, any shareholder may call such meeting at any time thereafter.

Section 1.2 - Quorum. The presence, in person or by proxy, of shareholders entitled to cast at least a majority of the votes which all shareholders are entitled to cast on the particular matter shall constitute a quorum for the purpose of considering such matter. Whenever any corporate action is to be taken by vote of the shareholders, it shall be authorized upon receiving a majority of the votes cast by all shareholders present in person or by proxy at any duly organized meeting of the shareholders.

Section 1.3 - Special Meetings. Special meetings of the shareholders may be called at any time by the Board Chairman, the Chief Executive Officer, the Board of Directors, or shareholders entitled to cast at least two-fifths of the votes which all shareholders are entitled to cast at the particular meeting. At any time, upon written request of any person or persons who have duly called a special meeting, it shall be the duty of the Secretary to fix the date of the

meeting, to be held not more than sixty days after the receipt of the request, and to give due notice thereof. If the Secretary shall neglect or refuse to fix the date of the meeting and give notice thereof, the person or persons calling the meeting may do so. Business transacted at all special meetings shall be confined to the objects stated in the call and matters germane thereto, unless all shareholders entitled to vote are present and consent.

Section 1.4 - Notice of Meetings. Written notice of any annual or special meeting shall be given, at least five days prior to the meeting, to each shareholder entitled to vote at the meeting.

ARTICLE II - DIRECTORS

Section 2.1 - Number, Term and Qualifications of Directors.

The business and affairs of this corporation shall be managed by its Board of Directors, which shall be no fewer than seven in number. The directors need not be residents of this Commonwealth nor shareholders of the corporation. Not less than one-third of the directors of the Corporation shall be persons who are not officers or employees of the Corporation or of any entity controlling, controlled by or under common control by the Corporation and who are not beneficial owners of a controlling interest in the voting stock of the Corporation, hereinafter referred to as Outside Directors. Directors shall be elected by the shareholders at the annual meeting of shareholders of the corporation from among those nominated by the appropriate committee. Each director shall be elected for the term of one year, or until his or her successor shall be elected and shall qualify.

Section 2.2 - Powers of Board of Directors. In addition to the powers and authorities expressly conferred upon them by these Bylaws, the Board may exercise all such powers of the

corporation and do all such lawful acts and things as are not by statute, by the Articles, or by these Bylaws required to be exercised or done by the shareholders.

Section 2.3 - Regular meetings. Regular meetings of the Board of Directors may be held at such place within the Commonwealth, or elsewhere, as the Chairman of the Board of Directors may from time to time appoint, or as may be designated in the notice calling the meeting. Notice of such meetings shall be given to each director no less than two days in advance of the meeting, either personally, by mail, or by facsimile.

Section 2.4 - Annual meetings. Each newly elected Board may meet at such place and time as shall be fixed by the shareholders at the time of election and no notice shall be necessary to the newly elected directors in order legally to constitute the meeting, or they may meet at such place and time as may be fixed by the consent in writing of all the directors.

Section 2.5 - Special Meetings. Special meetings of the Board may be called by the Board Chairman or Chief Executive Officer, or shall be called by the Secretary on the written request of a majority of the directors in office, on two days' notice to each director, delivered either personally, by mail, or by facsimile.

Section 2.6 - Quorum. Fifty Percent of the directors in office, including at least one Outside Director as defined in Section 2.1 shall be necessary to constitute a quorum for the transaction of business. The acts of a majority of the directors present at a meeting at which a quorum is present shall be the acts of the Board of Directors.

Section 2.7 - Compensation of Directors. Directors as such shall not receive any stated salary for their services, provided, however, that this restriction shall not preclude any director from serving the corporation in any other capacity and receiving fair compensation for such services.

Section 2.8. - Committees. The Board of Directors may appoint from among its members an Executive Committee, and other committees composed of two or more directors.

The Quality Improvement Committee shall be comprised of members as appointed by the Board in accordance with the provisions of the Quality Assurance Plan adopted by the Board.

The Executive Committee shall have and exercise the powers of the Board of Directors when the Board is not in session, excepting such powers as may, by law or these By-Laws, be required to be exercised by the Board and further excepting such powers as the Board may expressly reserve for itself. The Board may delegate to committees other than the Executive Committee any of the powers of the Board of Directors expressly designated by the Board, excepting such powers as may, by law or these By-Laws, be required to be exercised by the Board. Neither the Executive Committee nor any other committee shall have the power to elect directors, amend the By-Laws, or approve any merger.

The Board of Directors shall appoint an Audit, Nominating and Evaluation Committee to perform the functions described in Section 1405(c)(4) and (4.1) of the Pennsylvania Insurance Company Law. The Audit, Nominating and Evaluation Committee shall consist solely of Outside Directors as defined in Section 2.1. The members of the Audit, Nominating and Evaluation Committee shall have such responsibilities as required by law and the Board of Directors.

Notwithstanding the foregoing, or anything to the contrary set forth herein, the Board of Directors shall not be required to appoint an Audit, Nomination and Evaluation Committee at any time if at such time the person controlling the corporation is an insurer or another business entity having a board of directors and committees thereof which meet the requirements of 1405(c)(3), (4) and (4.1) of the Pennsylvania Insurance Company Law and such committee or committees shall be charged with performing the responsibilities otherwise to be performed by

the Audit, Nomination and Evaluation Committee as set forth herein. If at any time a committee or committees of the person controlling the corporation shall be performing the functions of the Audit, Nomination and Evaluation Committee as contemplated by the preceding sentence, all references herein to the Audit, Nomination and Evaluation Committee shall be deemed to be references to the applicable committee or committees of such other person.

Section 2.9. - Committee Procedure. Each committee may fix rules of procedure for its business. A majority of the members of a committee shall constitute a quorum for the transaction of business and the act of a majority of those present at a meeting at which a quorum is present shall be the act of the committee. The members of a committee present at any meeting, whether or not they constitute a quorum, may appoint a director serving on the same committee to act in the place of an absent member. Any action required or permitted to be taken at a meeting of a committee may be taken without a meeting, if an unanimous written consent which sets forth the action is signed by each member of the committee and filed with the minutes of the committee. The members of a committee may conduct any meeting thereof by conference telephone.

ARTICLE III - OFFICERS

Section 3.1 - Election of Officers. The officers of the corporation shall be chosen by the directors and shall be a Board Chairman, a Chief Executive Officer, a President, a Secretary and a Treasurer. The Board of Directors may also choose such other officers and agents as it shall deem necessary, who shall hold their offices for such terms and shall have such authority and shall perform such duties as from time to time shall be prescribed by the Board. The Board of Directors shall designate the Corporation's principal officers and shall select the principal officers after considering the recommendation of the Audit, Nominating and Evaluation

Committee. Any number of offices may be held by the same person, except that the offices of President and Secretary shall not be held by the same person. It shall not be necessary for the officers to be directors, except as otherwise stated herein.

Section 3.2 - Salaries of Officers. The salaries of principal officers of the corporation shall be fixed by the Board of Directors after considering the recommendation of the Audit, Nominating and Evaluation Committee.

Section 3.3 - Term of Office. The officers of the corporation shall hold office for one year and until their successors are chosen and have qualified. Any officer or agent elected or appointed by the Board may be removed by the Board of Directors whenever in its judgment the best interests of the corporation will be served thereby.

Section 3.4 - The Board Chairman. The Board Chairman shall preside at all meetings of the shareholders and directors, and shall provide general supervision of the business of the corporation.

Section 3.5 - The Chief Executive Officer. The Chief Executive Officer shall be responsible for the general management of the business and affairs of the corporation and shall exercise general supervision and authority over all agents and employees of the corporation. The Chief Executive Officer shall have such other powers and duties as are provided in these Bylaws or as may be incident to the office of chief executive officer and shall perform such other duties as may be assigned to him or her by the Board of Directors. The Chief Executive Officer shall supervise the implementation of all policies, orders and resolutions of the Board of Directors and shall execute all contracts and agreements authorized by the Board of Directors, except that he or she may delegate to other officers of the corporation the power to execute contracts in the ordinary course of business or as otherwise may be authorized by the Board of Directors.

Section 3.5A - The President. The President shall be the chief operating officer of the corporation and shall be responsible for the direct and active administration, supervision and control of the day-to-day activities and operations of the corporation. The President shall have such other powers and duties as are provided in these Bylaws or as may be incident to the office of president and shall perform such other duties as may be assigned to him or her by the Chief Executive Officer or the Board of Directors.

Section 3.6 - The Secretary. The Secretary shall attend all sessions of the Board and all meetings of the shareholders and act as clerk thereof, recording all the votes of the corporation and the minutes of all its transactions in a book to be kept for that purpose, and shall perform like duties for all 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 of Directors, Board Chairman or the Chief Executive Officer, under whose supervision he or she shall serve. He or she shall keep in safe custody the corporate seal of the corporation, and when authorized by the Board, Board Chairman, Chief Executive Officer or President, affix the same to any instrument requiring it.

Section 3.7 - The Treasurer. The Treasurer shall have custody of the corporate funds and securities and shall keep full and accurate accounts of receipts and disbursements in books belonging to the corporation, and shall keep the moneys of the corporation in a separate account to the credit of the corporation. He or she shall disburse the funds of the corporation as may be ordered by the Board, taking proper vouchers for such disbursements, and shall render to the Chief Executive Officer, the President and the directors, at the regular meetings of the Board, or whenever they may require it, an account of all his or her transactions as Treasurer and of the financial condition of the corporation.

ARTICLE IV - VACANCIES

Section 4.1 - Choice of Successor. If the office of any officer becomes vacant for any reason, the Board of Directors may choose a successor or successors, who shall hold office for the unexpired term in respect of which such vacancy occurred.

Section 4.2 - Vacancies on Board of Directors. Vacancies on the Board of Directors, including vacancies resulting from an increase in the number of directors, shall be filled by a majority of the remaining members of the Board, though less than a quorum, and each person so elected shall be a director until his or her successor is elected by the shareholders, who may make such election at the next annual meeting of the shareholders or at any special meeting duly called for that purpose.

ARTICLE V - CORPORATE RECORDS

Section 5.1 - Place of Keeping of Records. There shall be kept at the registered office or principal place of business of the corporation an original or duplicate record of the proceedings of the shareholders and of the directors, and the original or copy of its Bylaws, including all amendments or alterations thereto to date, certified by the Secretary of the corporation. An original or duplicate share register shall also be kept at the registered office, giving the names of the shareholders in alphabetical order, and showing their respective addresses, the number and classes of shares held by each, the number and date of certificates issued for the shares, and the number and date of cancellation of every certificate surrendered for cancellation.

Section 5.2 - Inspection of Records. Every shareholder shall, upon written demand under oath stating the purpose thereof, have a right to examine, in person or by agent or attorney, during the usual hours for business for any proper purpose, the share register, books and records of account, and records of the proceedings of the shareholders and directors, and make extracts

therefrom. A proper purpose shall mean a purpose reasonably related to such person's interest as a shareholder.

ARTICLE VI - SHARE CERTIFICATES, DIVIDENDS, ETC.

Section 6.1 - Form of Certificates. The share certificates of the corporation shall be numbered and registered in the share ledger and transfer books of the corporation as they are issued. They shall bear the corporate seal and shall be signed by the Chief Executive Officer or President and by the Secretary.

Section 6.2.- Transfer of Shares. Transfer of shares shall be made on the books of the corporation upon surrender of the certificates therefor, endorsed by the person named in the certificate or by attorney lawfully constituted in writing. No transfer shall be made inconsistent with the provisions of Article 8 of the Pennsylvania Uniform Commercial Code, and its amendments and supplements.

Section 6.3 - Fixing of Record Date. The Board of Directors may fix a date, not more than 45 days, prior to the date of any meeting of shareholders, or the date fixed for payment of any dividend or distribution, or the date for the allotment of rights, or the date when any change or conversion or exchange of shares will be made or go into effect, as a record date for the determination of the shareholders entitled to notice of, and to vote at, any such meeting, or entitled to receive payment of any such dividend or distribution, or to receive any such allotment of rights, or to exercise the rights in respect to any such change, conversion or exchange of shares. In such case, only those persons who are shareholders of record on the date so fixed shall be entitled to vote at such meeting, or to receive payment of such dividend, or to receive such allotment or rights, or to exercise such rights, as the case may be, notwithstanding any transfer of any shares on the books of the corporation after any such record date. If no record date is fixed

for the determination of shareholders entitled to receive notice of, or vote at, a shareholders' meeting, transferees of shares which are

transferred on the books of the corporation within ten days next preceding the date of such meeting shall not be entitled to notice of or vote at such meeting.

Section 6.4 - Lost or Destroyed Certificates. In the event that a share certificate shall be lost, destroyed or mutilated, a new certificate may be issued therefor upon such terms and indemnity to the corporation as the Board of Directors may prescribe.

Section 6.5 - Dividends. The Board of Directors may declare and pay dividends upon the outstanding shares of the corporation, from time to time and to such extent as they deem advisable, in the manner and upon the terms and conditions provided by statute and the Articles of Incorporation.

ARTICLE VII - FINANCIAL STATEMENTS; RESTRICTIONS ON TRANSFER OF SHARES

Section 7.1 - Financial Statements Not Required. Financial statements of the corporation need not be furnished to the shareholders and, if furnished, need not have been prepared by independent certified public accountants. Each shareholder shall execute an agreement with the Corporation to that effect, and under which that shareholder shall waive the requirements of Section 1554 of the Pennsylvania Business Corporation Law of 1988, as amended, any successor to it, or any statute of similar import. No shareholder may sell, assign, transfer or otherwise dispose of any shares of the stock of the Corporation unless the transferee(s) of the stock execute an agreement with the Corporation reflecting such agreement and waiver and an agreement to be bound by the provisions of this Section.

Section 7.2 - Restrictions on Transfer of Shares. A shareholder shall not sell, transfer or otherwise dispose of the shareholder's shares without first offering the shares to the corporation

or to the other shareholders in accordance with the terms of a Shareholder's Agreement to be executed by and among said shareholders and the corporation.

Section 7.3 - Endorsement on Share Certificates. All certificates evidencing the capital stock of the Corporation shall bear the following legend:

The shares of stock represented by this certificate are subject to restrictions against transfer as set forth in Article VII of the bylaws of the corporation and an agreement executed by the holder of those shares reflecting the same, and may not be sold, assigned, transferred or otherwise disposed of except in accordance with the terms of such instruments. Copies of the bylaws and shareholder's agreement are available for review by the shareholder at the offices of the corporation upon request.

ARTICLE VIII - LIABILITY AND INDEMNIFICATION

Section 8.1 - Limitation of Liability for Monetary Damages.

No officer, director or authorized representative of the corporation shall be personally liable for monetary damages for any action taken or any failure to take any action unless such person has failed to exercise due diligence in performing the duties of his or her office as defined in Title 15, Pennsylvania Consolidated Statutes, Section 512 (or any successor legislation governing the conduct of officers and directors of Pennsylvania Corporations), and the breach or failure to perform constitutes self-dealing, willful misconduct or recklessness. This limitation of liability for monetary damages shall inure to the benefit of the heirs and personal representatives of officers or directors, but it shall not be available in situations in which a liability arises under a criminal statute or under a local, state or federal law imposing taxes.

Section 8.2 - Indemnification of Authorized Representatives.

The corporation shall indemnify, to the fullest extent now or hereafter permitted by Pennsylvania law, any person who was or is an authorized representative of the corporation (as hereinafter defined) and who was or is a party, or has been threatened to be made a party, to any

proceeding (as hereinafter defined) because such person was or is an authorized representative of the corporation, against all expense and liability reasonably incurred or suffered by such authorized person in connection with any such proceeding. At the discretion of the Board of Directors, the Corporation may also indemnify employees or other persons who are made parties, or are threatened to be made parties, to proceedings as a result of their activities on behalf of the Corporation.

Section 8.3 - Advancing Expenses - The corporation shall, to the fullest extent permitted by law, pay any expenses incurred by an authorized representative in any proceeding, in advance of the final disposition of the proceeding, upon agreement by the authorized representative to repay any expenses so advanced, without interest, if such authorized representative is ultimately determined not to be entitled to be indemnified.

Section 8.4 Scope of Section - The indemnification of authorized representatives or advancement of their expenses, as authorized by this Article shall:

(1) not be deemed exclusive of any other rights to which those seeking indemnification or advancement of expenses may be entitled other than under this Article, both as to action in an official capacity and as to action in another capacity while holding that office;

(2) continue as to a person who has ceased to be an authorized representative; and

(3) inure to the benefit of the heirs and personal representatives of such a person.

Section 8.5 - Purchase of Insurance. The corporation may purchase and maintain insurance at its expense for the benefit of any authorized representative on behalf of who insurance is permitted to be purchased by Pennsylvania law against any expense, liability or loss, whether or not the corporation would have the power to indemnify such authorized representative under Pennsylvania or other law. The corporation may also purchase and

maintain insurance to insure its indemnification obligations, whether arising hereunder or otherwise.

Section 8.6 - Definitions. As used in this Article:

(a) "Authorized representative" shall mean a director, officer or agent of the corporation when acting in his or her official capacity as a representative of the corporation, or a person serving at the request of the corporation as a Trustee, officer, employee or agent of an affiliated corporation, partnership, joint venture, or other enterprise;

(b) "Proceeding" shall mean any threatened, pending or completed third-party or derivative action, suit or proceeding, whether civil, criminal, administrative or investigative, or any threatened, pending or completed action or suit by or in the right of the corporation to procure a judgment in its favor;

(c) "Liability" shall mean any judgment, amount paid in settlement, fine, penalty, or expense of any nature including attorneys' fees; and

(d) "Expenses" as used in Section 8.4 shall mean all costs of defending a civil or criminal action, suit or proceeding.

ARTICLE IX - GENERAL PROVISIONS

Section 9.1 - Registered Office. The registered Office of the corporation shall be at 4401 Deer Path Road, Harrisburg, Pennsylvania 17110. The corporation may also have offices at such other places as the Board of Directors may from time to time appoint or the business of the corporation may require.

Section 9.2 - Corporate Seal. The corporate seal shall have inscribed thereon the name of the corporation, the year of its organization and the words "Corporate Seal, Pennsylvania."

Section 9.3 - Fiscal Year. The fiscal year shall begin the first day of January each year.

Section 9.4 - Bank Deposits. All funds of the Corporation not otherwise employed shall be deposited to the credit of the Corporation in such banks, trust companies or other depositories as the Board may select, or as may be selected by any officer or agent of the Corporation to whom such power shall have been delegated by the Board. For the purpose of deposit and for the purpose of collection for the account of the Corporation, the Chief Executive Officer, the President, any Vice President or the Treasurer (or any other officer or agent of the Corporation who may be designated by the Board) may endorse, assign and deliver checks, drafts and other orders for the payment of money which are payable to the order of the Corporation.

Section 9.5 - Execution of Documents. The Board of directors shall have the power to determine by whom and in what manner the corporation's contracts or other documents shall be signed. When the execution of any contract, conveyance or other instrument has been authorized without specification of the executing officers, any one or more officers or Vice Presidents of the Corporation may execute the same in the name of the corporation. The affixation of the corporate seal shall not be necessary to the valid execution of any document or instrument by the corporation.

Section 9.6 - Manner of Giving Notice. Whenever, under statute or under these Bylaws, written notice is required to be given to any person, it may be given to such person, either personally or by sending a copy thereof through the mail, or by facsimile, to his or her address or facsimile telephone number appearing on the books of the corporation, or supplied by him or her to the corporation for the purpose of notice. If the notice is sent by mail, it shall be deemed to have been given to the person entitled thereto when deposited in the United States mail. Such notice shall specify the place, day and hour of any meeting and, in the case of a special meeting of shareholders, the general nature of the business to be transacted.

Section 9.7 - Waiver of Notice. Whenever any written notice is required by statute, or by the Articles or Bylaws of this corporation, a waiver thereof in writing, signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice. Except in the case of a special meeting of shareholders, neither the business to be transacted at nor the purpose of the meeting need be specified in the waiver of notice of such meeting. Attendance of a person, either in person or by proxy, at any meeting shall constitute a waiver of notice of such meeting, except where a person attends a meeting for the express purpose of objecting to the transaction of any business because the meeting was not lawfully called or convened.

Section 9.8 - Participation in Meetings by Telephone. 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 means of which all persons participating in the meeting can hear each other.

Section 9.9 - Action by Written Consent. Any action which may be taken at a meeting of the directors or shareholders, or of any committee of the Board Directors or any class of shareholders, may be taken without a meeting if a consent or consents in writing, setting forth the action so taken, shall be signed by all of the persons who would be entitled to vote at a meeting for such purpose and shall be filed with the Secretary of the corporation.

Section 9.10 - Payments to Officers. Any payments made to an officer or employee of the corporation such as a salary, commission, bonus, interest, rent, travel or entertainment expense incurred by him or her, which shall be disallowed in whole or in part as a deductible expense by the Internal Revenue Service, shall be reimbursed by such officer or employee to the corporation to the full extent of such allowance. It shall be the duty of the directors, as a Board, to enforce payment by the officer or employee, subject to the determination of the directors,

proportionate amounts may be withheld from his future compensation payments until the amount owed to the corporation has been removed.

Section 9.11 - Amendment of Bylaws. These Bylaws may be amended or repealed, and new bylaws may be adopted, by the Board of Directors, regardless of whether the shareholders have previously adopted or approved the bylaw being amended or repealed, except where the power to amend a bylaw on any subject is expressly committed to the shareholders by the Pennsylvania Business Corporation Law of 1988, as it may be amended, and subject always to the power of the shareholders to change any action taken by the Board of Directors. Any change in the Bylaws shall take effect when adopted unless otherwise provided in the resolution effecting the change.

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BYLAWS
OF
UNITED CONCORDIA DENTAL PLANS OF PENNSYLVANIA, INC.

ARTICLE I
SHAREHOLDERS

Section 1. Annual Meeting. An annual meeting of the shareholders shall be held at such hour as shall be designated by the chief executive officer on the fourth Wednesday of April, or such other date within six months after the close of the fiscal year of the Corporation as the chief executive officer may select, in each year for the purpose of electing directors for the terms hereinafter provided and for the transaction of such other business as may come before the meeting. If the day fixed for the annual meeting shall be a legal holiday of the State of Pennsylvania, such meeting shall be held on the next succeeding business day.

Section 2. Special Meetings. Special meetings of the shareholders may be called by the president, by the chief executive officer, by the board of directors, or by shareholders holding not less than one-fourth of all the shares outstanding and entitled to vote on the business proposed to be transacted thereat.

Section 3. Place of Meeting. All meetings of shareholders shall be held at the principal office of the Corporation or at such other place, either within or without the State of Pennsylvania, as may be specified in the respective notices, or waivers of notice, of such meetings in accordance with the certificate of incorporation.

Section 4. Notice of Meetings. A written or printed notice, stating the place, day and hour of the meeting, and in case of a special meeting or when required by law or by the certificate of incorporation or these bylaws, the purpose or purposes for which the meeting is called, shall be delivered or mailed by the secretary, or by the officer or persons calling the meeting, at least ten (10) days before the date of the meeting, to each shareholder of record entitled to vote at such meeting at such address as appears upon the stock records of the Corporation. Notice of any meeting of the shareholders may be waived in writing by any shareholder if the waiver sets forth in reasonable detail the purpose or purposes for which the meeting is called and the time and place thereof. Attendance at any meeting in person, or by proxy when the instrument of proxy sets forth in reasonable detail the purpose or purposes for which the meeting is called, shall constitute a waiver of notice of such meeting.

Section 5. Quorum. Unless otherwise provided by the certificate of incorporation or by these bylaws, at any meeting of shareholders a majority of the outstanding shares entitled to vote at such meeting, represented in person or by proxy, shall constitute a quorum. If less than a majority of such shares are represented at a meeting, a majority of the shares so represented may adjourn the meeting from time to time without further notice. The shareholders present at a meeting at which a quorum is present may continue to transact business until adjournment, notwithstanding the withdrawal of enough shareholders to leave less than a quorum.

Section 6. Record Date. Except as otherwise provided in Section 7 of this Article, for the purpose of determining shareholders entitled to receive payment of any dividend or in order to make a determination of shareholders for any other proper purpose, the board of directors may provide by resolution that the stock transfer books shall be closed for a stated period, but not to exceed, in any case, fifty (50) days, or may fix in advance a record date for such purpose, such date in any case to be not more than fifty (50) days prior to the date on which the action requiring such determination of shareholders is to be taken.

Section 7. Voting at Shareholders' Meetings.

Subsection 1. Voting Rights. Unless otherwise provided by the certificate of incorporation or by these bylaws or by law, every shareholder shall have the right at every shareholders' meeting to one vote for each share standing in his or her name on the books of the Corporation on the date established by the board of directors as the record date for determination of shareholders entitled to vote at such meeting; provided that if such date is not established by the board of directors, such date shall be ten (10) days prior to the date of such meeting. Any shareholder acquiring title to a share after the record date has been established shall, upon written request to the shareholder of record, be entitled to receive from the shareholder of record a proxy, with power of substitution, to vote that share.

Subsection 2. Prohibition Against Voting Shares. No share shall be voted at any meeting:

- (a) upon which any installment is due and unpaid; or
- (b) which belongs to this Corporation.

Subsection 3. Voting of Shares Owned by Corporations and Fiduciaries. Shares of this Corporation standing in the name of another Corporation may be voted by such officer, agent or proxy as the board of directors of such other Corporation may appoint, or as the bylaws of such other Corporation may prescribe. Shares held by fiduciaries may be voted by the fiduciaries in such manner as the instrument or order appointing such fiduciaries may direct. In the absence of such direction, or the inability of the fiduciaries to act in accordance therewith, the following provisions shall apply:

(a) where shares are held jointly by three (3) or more fiduciaries, such shares shall be voted in accordance with the will of the majority;

(b) where the fiduciaries, or a majority of them, cannot agree, or where they are equally divided upon the question of voting such shares, any court of general equity jurisdiction may, upon petition filed by any of such fiduciaries, or by any party in interest, direct the voting of such shares as it may deem to be for the best interests of the beneficiaries, and such shares shall be voted in accordance with such direction.

Subsection 4. Voting of Jointly Held Shares. Shares issued and held in the name of two or more persons shall be voted in accordance with the will of the majority, and if a majority of them cannot agree, or if they are equally divided as to the voting of such shares, the shares shall be divided equally between or among such persons for voting purposes.

Subsection 5. Proxies. A shareholder may vote either in person or by proxy executed in writing by the shareholder of a duly authorized attorney-in-fact. No proxy shall be valid after eleven (11) months from the date of its execution, unless a longer time is expressly provided therein.

Section 8. Order of Business. The order of business at each shareholders' meeting shall be established by the person presiding at the meeting.

Section 9. Action Without a Meeting. Any action required by law to be taken at a meeting of shareholders, or any action which may be taken at a meeting of shareholders, may be taken without a meeting if, prior to such action, a consent in writing, setting forth the action to be taken, shall be signed by a majority of the shareholders entitled to vote with respect to the subject matter thereof, and such written consent is filed with the minutes of the proceedings of the shareholders.

ARTICLE II

BOARD OF DIRECTORS

Section 1. Number and Election of Directors. The business of the Corporation shall be managed by its Board of Directors, which shall consist of at least three but not more than six members, none of whom need be shareholders or residents of the State of Pennsylvania. Each Director shall be elected annually by the Shareholder(s) for a term of one year and until the Director's successor is elected and has qualified, or until his/her earlier death, resignation or removal. Whenever all of the shares of the Corporation are owned beneficially and of record by either one or two shareholders, the number of directors may be less than three but not less than the number of shareholders. Whenever there are three or more shareholders, there must be at least three directors.

Section 2. Regular Meetings. A regular meeting of the board of directors shall be held without other notice than this bylaw immediately after, and at the same place as, the annual meeting of shareholders, or within thirty (30) days thereafter upon notice in the manner provided by these bylaws for calling special meetings of the board. The board of directors may provide by resolution the time and place, either within or without the State of Pennsylvania, for the holding of additional regular meetings without other notice than such resolution. In lieu of a regular meeting of the board of directors, any action required or permitted to be taken therein may be taken without a meeting in the manner described in Section 8 of this Article.

Section 3. Special Meetings. Special meetings of the board of directors may be called by the chairman of the board, or in his absence or incapacity or if such office by vacant, by the president. The secretary shall call special meetings of the board of directors when requested in writing to do so by any member thereof. All special meetings of the board of directors shall be held at the principal office of the Corporation or at such other place, either within or without the State of Pennsylvania, as may be specified in the respective notices, or waivers of notice, of such meetings.

Section 4. Notice of Meetings. Unless otherwise provided by these bylaws, notice of any meeting of the board of directors shall be given, not less than three (3) days before the date fixed for such meeting, by oral, telegraphic, telephonic, electronic or written communication stating the time and place thereof and delivered personally to each member of the board of directors or telegraphed or mailed to such director at his or her address as it appears on the books of the Corporation; provided, that in lieu of such notice, a director may sign a written waiver of notice either before the time of the meeting, at the time of the meeting or after the time of the meeting, if the waiver sets forth in reasonable detail the purpose or purposes for which the meeting is called and the time and place thereof.

Section 5. Vacancies. Any vacancy occurring in the membership of the board of directors caused by an increase in the number of directors, death, resignation, disqualification, or otherwise, may be filled by a majority vote of the remaining members of the board, until the next annual or special meeting of the shareholders or, at the discretion of the board of directors, such vacancy may be filled by vote of the shareholders at a special meeting called for that purpose. Shareholders shall be notified of any increase in the number of directors and the name, address, principal occupation and other pertinent information about any director elected by the board of directors to fill any vacancy.

Section 6. Quorum. The attendance of not less than a majority of the members of the whole board of directors shall be necessary to constitute a quorum for the transaction of any business except the filling of vacancies, but if fewer than a majority of the directors is present at a meeting, a majority of the directors present may adjourn the meeting from time to time without further notice.

Section 7. Committees of the Board. The board of directors may, by resolution adopted by a majority of the whole board, designate from among its members an

executive committee and one or more other committees, each of which shall have the authority granted to it in the resolution or bylaw provision creating it; provided, however, that no such committee shall have the authority to declare dividends or distributions, amend the articles of incorporation or these bylaws, approve a plan of merger or consolidation, reduce earned or capital surplus, authorize or approve the re-acquisition of shares of this Corporation, or recommend to the shareholders a voluntary dissolution of the Corporation. No member of the board of directors shall be liable for any action taken by a committee if he or she is not a member of that committee and has acted in good faith and in a manner he or she reasonably believes is in the best interests of the Corporation.

Subsection 1. Executive Committee. The executive committee shall consist of the chairman of the board and at least one other director of the Corporation.

The executive committee shall have all powers which the full board may have, subject only to the limitations stated in the preceding paragraph and any limitations herein stated. The executive committee may approve commitments of capital for \$100,000 or less. Any capital commitments in excess of \$100,000 require approval of the full board of directors of the Corporation.

Section 8. Manner of Acting. The act of a majority of the directors present at any meeting at which a quorum is present shall be the act of the board of directors, unless a greater number is required by the certificate of incorporation or by these bylaws or by law. Unless otherwise provided in the certificate of incorporation, any action required or permitted to be taken at any meeting of the board of directors or of any committee thereof may be taken without a meeting, if prior to such action a written consent to such action is signed by all members of the board or of such committee as the case may be, and such written consent is filed with the minutes of proceedings of the board or committee. This consent may be signed in one or more counterparts, each of which shall be deemed an original and all of which taken together shall constitute one and the same consent.

Any or all members of the board of directors or of a committee designated by the board may participate in a meeting of the board or committee by means of a conference telephone or similar communications equipment by which all persons participating in the meeting can communicate with each other, and participation in this manner constitutes presence in person at the meeting.

Section 9. Removal of Directors. Any member of the board of directors may be removed, with or without cause, at a meeting of the shareholders called expressly for that purpose, by a vote of the holders of a majority of the shares then entitled to vote at an election of directors.

ARTICLE III

OFFICERS

Section 1. Number. The elected officers of the Corporation shall be a president, a secretary, and a treasurer, and may also include a chairman of the board, a chief operating officer, one or more vice presidents of a class or classes as the board of directors may determine, and such other officers as the board of directors may determine. Any two or more offices may be held by the same person, except the offices of president and secretary.

Section 2. Election and Term of Office. The elected officers of the Corporation shall be elected annually by the board of directors, each for a term of one year, at the regular meeting of the board of directors held after the annual meeting of the shareholders. Additional officers may be elected at any regular or special meeting of the board of directors to serve until the regular meeting of the board held after the next annual meeting of the shareholders. Each officer shall hold office until his or her successor is elected and has qualified or until his or her death, resignation, retirement or removal.

Section 3. Removal. Any officer may be removed by the board of directors whenever in its judgment the best interests of the Corporation will be served thereby, but such removal shall be without prejudice to the contract rights, if any, of the person so removed.

Section 4. Vacancies. A vacancy in the office of president, secretary or treasurer because of death, resignation, retirement, removal or otherwise, shall be filled by the board of directors, and a vacancy in any other elected office may be filled by the board of directors.

Section 5. Chief Executive Officer. If the elected officers of the Corporation include both a chairman of the board and a president, the board of directors shall designate one of such officers to be the chief executive officer of the Corporation. If the office of chairman of the board be vacant, the president shall be chief executive officer of the Corporation. The chief executive officer of the Corporation shall be, subject to the board of directors, in general charge of the affairs of the Corporation.

Section 6. Chairman of the Board. The chairman of the board shall preside at all meetings of the shareholders and of the board of directors at which he may be present and shall have such other powers and duties as may be determined by the board of directors.

Section 7. President. The president shall have such powers and duties as may be determined by the board of directors.

Section 8. Chief Operating Officer/Executive Vice President. The chief operating officer shall have such powers and duties as may be determined by the board of directors or the chief executive officer.

Section 9. Vice Presidents. A vice president shall perform such duties as may be assigned by the president, the chief executive officer or the board of directors. In the absence of the president and in accordance with such order of priority as may be established by the board of directors, a vice president may perform the duties of the president, and when so acting, shall have all the powers of and be subject to all the restrictions upon the president.

Section 10. Secretary. The secretary shall (a) keep the minutes of the shareholders' and board of directors' meetings in one or more books provided for that purpose, (b) see that all notices are duly given in accordance with the provisions of these bylaws or as required by law, (c) be custodian of the corporate records and of the seal of the Corporation and see that the seal of the Corporation is affixed to all documents the execution of which on behalf of the Corporation under its seal is duly authorized, and (d) in general, perform all duties incident to the office of secretary and such other duties as may be assigned by the chief executive officer or the board of directors.

Section 11. Treasurer. The treasurer shall (a) have charge and custody of all funds and securities of the Corporation, (b) receive and give receipts for monies due and payable to the Corporation from any source whatsoever, (c) deposit all such monies in the name of the Corporation in such depositories as are selected in the manner designated by the board of directors, and (d) in general, perform all duties incident to the office of treasurer and such other duties as may be assigned by the chief executive officer or the board of directors. If required by the board of directors, the treasurer shall give a bond for the faithful discharge of his duties in such form and with such surety or sureties as the board of directors shall determine.

Section 12. Assistant Secretaries. One or more assistant secretaries may be elected by the board of directors or appointed by the chief executive officer. In absence of the secretary, an assistant secretary shall have the power to perform his or her duties including the certification, execution and attestation of corporate records and corporate instruments. Assistant secretaries shall perform such other duties as may be assigned to them by the chief executive officer or the board of directors.

Section 13. Assistant Treasurers. One or more assistant treasurers may be elected by the board of directors or appointed by the chief executive officer. In the absence of the treasurer, an assistant treasurer shall have the power to perform his or her duties. Assistant treasurers shall perform such other duties as may be assigned to them by the chief executive officer of the board of directors.

Section 14. Positions and Titles. The chief executive officer may establish such positions and appoint persons to them with such titles as he or she may deem necessary. He or she may also fix the duties of such positions and may discharge persons from them.

ARTICLE IV

CORPORATE INSTRUMENTS, LOANS AND CONTRIBUTIONS

Section 1. Corporate Instruments. The board of directors may authorize any officer or officers to execute and deliver any instrument in the name of or on behalf of the Corporation, and such authority may be general or confined to specific instances.

Section 2. Loans. No loans shall be contracted on behalf of the Corporation and no evidences of indebtedness shall be issued in its name unless authorized by a resolution of the board of directors. Such authority may be general or confined to specific instances.

Section 3. Loans to Officers and Directors. Neither the Corporation, nor any of its directors or officers acting for and on its behalf, shall directly or indirectly make any advancement on account of services to be performed in the future or loan any of its funds, monies, capital or other property to any director or officer of the Corporation.

Section 4. Contributions. The board of directors may make contributions out of the gross income of the Corporation to such entities, and for any one or more of such purposes, as the board may reasonably believe will constitute such contributions deductions from such gross income in computing the net income of the Corporation subject to tax, pursuant to the provisions of the Internal Revenue Code, as amended.

ARTICLE V

STOCK CERTIFICATES, TRANSFER OF SHARES, BOOKS AND RECORDS

Section 1. Certificates for Shares. Each shareholder shall be entitled to a certificate, signed by the chief executive officer, the president or a vice-president and the secretary or an assistant secretary of the Corporation, certifying the number of shares owned by him or her in the Corporation. If such certificate is countersigned by the written signature of a registrar other than the Corporation or an employee of the Corporation, the signatures of the transfer agent and the officers of the Corporation may be facsimiles. In case any officer, transfer agent, or registrar who has signed or whose facsimile signature has been placed upon a certificate shall have ceased to be such officer, transfer agent, or registrar before such certificate is issued, it may be issued by the Corporation with the same effect as if he or she were such officer, transfer agent, or registrar at the date of its issue. Certificates representing shares of the Corporation shall be in such form consistent with the laws of the State of Pennsylvania as shall be determined by the board of directors. All certificates for shares shall be consecutively numbered or otherwise identified. The name and address of the person to whom the shares represented thereby are issued, with the number of shares and the date of issue, shall be entered on the stock transfer records of the Corporation.

Section 2. Transfer of Shares. Transfer of shares of the Corporation shall be made on the stock transfer records of the Corporation by the holder of record thereof or by his or her legal representative, who shall furnish proper evidence of authority to transfer, or by his or her attorney thereunto authorized by power of attorney duly executed and filed with the Corporation, and, except as otherwise provided in these bylaws, upon surrender for cancellation of the certificates for such shares.

Section 3. Lost, Destroyed or Wrongfully Taken Certificates. Any person claiming a certificate of stock to have been lost, destroyed or wrongfully taken, and who requests the issuance of a new certificate before the Corporation has notice that the certificate alleged to have been lost, destroyed or wrongfully taken has been acquired by a bona fide purchaser, shall make an affidavit of that fact and shall give the Corporation and its transfer agents and registrars a bond of indemnity which unlimited liability, in form and with one or more corporate sureties satisfactory to the chief executive officer or treasurer of the Corporation (except that the chief executive officer or treasurer may authorize the acceptance of a bond of different amount, or a bond with personal surety thereon, or a personal agreement of indemnity), whereupon in the discretion of the chief executive officer or the treasurer and except as otherwise provided by law a new certificate may be issued of the same tenor and for the same number of shares as the one alleged to have been lost, destroyed or wrongfully taken. In lieu of a separate bond of indemnity in each case, the chief executive officer or the treasurer may accept an assumption of liability under a blanket bond issued in favor of the Corporation and its transfer agents and registrars by one or more corporate sureties satisfactory to the chief executive officer or treasurer.

Section 4. Transfer Agent and Registrars. The board of directors by resolution may appoint a transfer agent or agents or a registrar or registrars of transfer, or both. All such appointments shall confer such powers, rights, duties and obligations consistent with the laws of the State of Pennsylvania as the board of directors shall determine. The board of directors may appoint the treasurer of the Corporation and one or more assistant treasurers to serve as transfer agent or agents.

Section 5. Books and Records. The Corporation shall keep correct and complete books of account and minutes of the proceedings of its shareholders and directors, and shall likewise keep, at its principal office, a complete and accurate shareholders' list giving the names and addresses of all shareholders and the number of shares held by each. All such books, records and lists of the Corporation shall be open to inspection and examination during normal business hours for all proper purposes by every shareholder, or his or her duly authorized agent or attorney. Upon written request of any shareholder, the Corporation shall mail to such shareholder its most recent annual financial statements showing in reasonable detail its assets and liabilities and the results of its operations.

ARTICLE VI

LIABILITY

No person or his or her personal representatives shall be liable to the Corporation for any loss or damage suffered by it on account of any action taken or omitted to be taken by such person in good faith as a director, officer or employee of the Corporation, or of any other company, partnership, joint-venture, trust or other enterprise which he or she serves or served as a director, officer, employee, partner or trustee at the written request of the Corporation, if such person (a) exercised and used the same degree of care and skill as a prudent person would have exercised and used under like circumstances, charged with a like duty, or (b) took or omitted to take such action in reliance upon advice of counsel for the Corporation or such enterprise or upon statements made or information furnished by persons employed or retained by the Corporation or such enterprise upon which he or she had reasonable grounds to rely. The foregoing shall not be exclusive of other rights and defenses to which such person or his or her personal representatives may be entitled under law.

ARTICLE VII

INDEMNIFICATION

Section 1. Actions By a Third Party. The Corporation shall indemnify any person who is or was a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the Corporation) by reason of the fact that such person is or was a director, officer or employee of the Corporation, or is or was serving at the written request of the Corporation as a director, officer, employee or agent of another Corporation, partnership, joint-venture, trust or other enterprise, against expenses (including attorney's fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by such person in connection with such action, suit or proceeding if he or she acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the best interests of the Corporation and, with respect to any criminal action or proceeding, had no reasonable cause to believe his or her conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of *nolo contendere* or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which he or she reasonably believed to be in or not opposed to the best interests of the Corporation, and, with respect to any criminal action or proceeding, had reasonable cause to believe that his or her conduct was unlawful.

Section 2. Actions By or In the Right of the Corporation. The Corporation shall indemnify any person who is or was a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the Corporation to procure a judgment in its favor by reason of the fact that such person is or was a director, officer or employee of the Corporation, or is or was serving at the written request of the

Corporation as a director, officer, employee or agent of another Corporation, partnership, joint-venture, trust or other enterprise against expenses (including attorneys' fees) actually and reasonably incurred by such person in connection with the defense or settlement of such action or suit if he or she acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the best interests of the Corporation and except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable for negligence or misconduct in the performance of his or her duty to the Corporation unless and only to the extent that the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which such court deem proper.

Section 3. Method of Determining Whether Standards for Indemnification Have Been Met. Any indemnification under Section 1 or 2 of this Article (unless ordered by a court) shall be made by the Corporation only as authorized in the specific case upon a determination that indemnification of the director, officer or employee is proper in the circumstances because he or she has met the applicable standards of conduct set forth in Sections 1 or 2. In the case of directors of the Corporation, such determination shall be made (1) by the board of directors by a majority vote of a quorum consisting of directors who were not parties to such action, suit or proceeding, or (2) if such a quorum is not obtainable, or, even if obtainable, a quorum of disinterested directors so directs, by independent legal counsel in a written opinion. In the case of individuals who are not directors of the Corporation, such determination shall be made (1) by the chief executive officer or (2) in the chief executive officers so directs or in his absence, in the manner it would be made if the individual were a director of the Corporation.

Section 4. Advancement of Defense Expenses. Expenses (including attorney's fees) incurred in defending a civil or criminal action, suit or proceeding may be paid by the Corporation in advance of the final disposition of such action, suit or proceeding as authorized in the manner provided in Section 3 of this Article upon receipt of an undertaking by or on behalf of the director, officer or employee to repay such amount unless it shall ultimately be determined that he or she is entitled to be indemnified by the Corporation as authorized in this Article.

Section 5. Non-Exclusiveness of Indemnification. The indemnification provided by this Article shall not be deemed exclusive of any other rights to which those indemnified may be entitled under law both as to action in his or her official capacity and as to action in another capacity while holding such office and shall continue as to a person who has ceased to be a director, officer or employee shall inure to the benefit of the heirs, executors and administrators of such a person.

ARTICLE VIII

FISCAL YEAR

The fiscal year of the Corporation shall begin on the first day of January of each year and end upon the last day of December next succeeding.

ARTICLE IX

AMENDMENTS

These bylaws may be altered, amended or repealed and new bylaws may be made by a majority of the shareholders entitled to vote at any annual or special meeting of the shareholders.

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Amendment Date: June 7, 2000

UNITED CONCORDIA LIFE AND HEALTH INSURANCE COMPANY
AMENDED
BY-LAWS

ARTICLE I - SHAREHOLDERS

Section 1.1 - Annual Meeting. The annual meeting of the shareholders shall be held in the month of March each year on such day as the Board of Directors shall determine. At such meeting, the shareholders shall elect a Board of Directors, and transact such other business as may properly be brought before the meeting. If the annual meeting shall not be called and held during the prescribed month in any calendar year, any shareholder may call such meeting at any time thereafter.

Section 1.2 - Quorum. The presence, in person or by proxy, of shareholders entitled to cast at least a majority of the votes which all shareholders are entitled to cast on the particular matter shall constitute a quorum for the purpose of considering such matter. Whenever any corporate action is to be taken by vote of the shareholders, it shall be authorized upon receiving a majority of the votes cast by all shareholders present in person or by proxy at any duly organized meeting of the shareholders.

Section 1.3 - Special Meetings. Special meetings of the shareholders may be called at any time by the Board Chairman, the President, the Board of Directors, or shareholders entitled to

cast at least two-fifths of the votes which all shareholders are entitled to cast at the particular meeting. At any time, upon written request of any person or persons who have duly called a special meeting, it shall be the duty of the Secretary to fix the date of the meeting, to be held not more than sixty days after the receipt of the request, and to give due notice thereof. If the Secretary shall neglect or refuse to fix the date of the meeting and give notice thereof, the person or persons calling the meeting may do so. Business transacted at all special meetings shall be confined to the objects stated in the call and matters germane thereto, unless all shareholders entitled to vote are present and consent.

Section 1.4 - Notice of Meetings. Written notice of any annual or special meeting shall be given, at least five days prior to the meeting, to each shareholder entitled to vote at the meeting.

ARTICLE II - DIRECTORS

Section 2.1 - Number, Term and Qualifications of Directors.

The business and affairs of this corporation shall be managed by its Board of Directors, which shall consist of such number as established by the Board, provided, that such number shall not be less than nor more than the number authorized by the Articles of Incorporation. The directors need not be residents of this Commonwealth nor shareholders of the corporation. They

shall be elected by the shareholders at the annual meeting of shareholders or the corporation, and each director shall be elected for the term of one year, or until his or her successor shall be elected and shall qualify.

Section 2.2 - Powers of Board of Directors. In addition to the powers and authorities expressly conferred upon them by these Bylaws, the Board may exercise all such powers of the corporation and do all such lawful acts and things as are not by statute, by the Articles, or by these Bylaws required to be exercised or done by the shareholders.

Section 2.3 - Regular meetings. Regular meetings of the Board of Directors may be held at such place within the Commonwealth, or elsewhere, as the Chairman of the Board of Directors may from time to time appoint, or as may be designated in the notice calling the meeting. Notice of such meetings shall be given to each director no less than two days in advance of the meeting, either personally, by mail, or by facsimile.

Section 2.4 - Annual meetings. Each newly elected Board may meet at such place and time as shall be fixed by the shareholders at the time of election and no notice shall be necessary to the newly elected directors in order legally to constitute the meeting, or they may meet at such place and time as may be fixed by the consent in writing of all the directors.

Section 2.5 - Special Meetings. Special meetings of the Board may be called by the Board Chairman or President, or shall be called by the Secretary on the written request of a majority

of the directors in office, on two days' notice to each director, delivered either personally, by mail, or by facsimile.

Section 2.6 - Quorum. Fifty Percent of the directors in office shall be necessary to constitute a quorum for the transaction of business, and the acts of a majority of the directors present at a meeting at which a quorum is present shall be the acts of the Board of Directors.

Section 2.7 - Compensation of Directors. Directors as such shall not receive any stated salary for their services, provided, however, that this restriction shall not preclude any director from serving the corporation in any other capacity and receiving fair compensation for such services.

ARTICLE III - OFFICERS

Section 3.1 - Election of Officers. The executive officers of the corporation shall be chosen by the directors and shall be a Board Chairman, President, Chief Operating Officer, Secretary and Treasurer. The Board of Directors may also choose a Vice President, and such other officers and agents as it shall deem necessary, who shall hold their offices for such terms and shall have such authority and shall perform such duties as from time to time shall be prescribed by the Board. Any number of offices may be held by the same person. It shall not be necessary for the officers to be directors.

Section 3.2 - Salaries of Officers. The salaries of all officers and agents of the corporation shall be fixed by the Board of Directors.

Section 3.3 - Term of Office. The officers of the corporation shall hold office for one year and until their successors are chosen and have qualified. Any officer or agent elected or appointed by the Board may be removed by the Board of Directors whenever in its judgment the best interests of the corporation will be served thereby.

Section 3.4 - The Board Chairman. The Board Chairman shall preside at all meetings of the shareholders and directors, and shall provide general supervision of the business of the corporation.

Section 3.5 - The President. The President shall be the chief executive officer of the corporation. In the recess of the Board of Directors, the President shall have general supervision and control of the business of the corporation, and shall see that all orders and resolutions of the Board are carried into effect, subject, however, to the right of the Board to delegate any specific powers, except such as may be by statute exclusively conferred on the President, to any other officer or officers of the corporation. The President shall be ex-officio a member the Board of Directors and all committees, and shall have the general powers and duties of supervision and management usually vested in the office of the president of a corporation.

Section 3.6 - The Chief Operating Officer. The Chief Operating Officer shall: (a) subject to the general direction of

the Board of Directors and the President, have the active management and control of the business, property and affairs of the Corporation, (b) in the absence of the President, exercise all powers and perform all duties of the office of president of the Corporation, and (c) perform such other duties as the Board of Directors or the President may from time to time delegate.

Section 3.7 - The Secretary. The Secretary shall attend all sessions of the Board and all meetings of the shareholders and act as clerk thereof, recording all the votes of the corporation and the minutes of all its transactions in a book to be kept for that purpose, and shall perform like duties for all 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 of Directors, Board Chairman or President, under whose supervision he or she shall serve. He or she shall keep in safe custody the corporate seal of the corporation, and when authorized by the Board, Board Chairman or President, affix the same to any instrument requiring it.

Section 3.8 - The Treasurer. The Treasurer shall have custody of the corporate funds and securities and shall keep full and accurate accounts of receipts and disbursements in books belonging to the corporation, and shall keep the moneys of the corporation in a separate account to the credit of the corporation. He or she shall disburse the funds of the corporation as may be ordered by the Board, taking proper vouchers for such disbursements, and shall render to the

President and directors, at the regular meetings of the Board, or whenever they may require it, an account of all his or her transactions as Treasurer and of the financial condition of the corporation.

ARTICLE IV - VACANCIES

Section 4.1 - Choice of Successor. If the office of any officer becomes vacant for any reason, the Board of Directors may choose a successor or successors, who shall hold office for the unexpired term in respect of which such vacancy occurred.

Section 4.2 - Vacancies on Board of Directors. Vacancies on the Board of Directors, including vacancies resulting from an increase in the number of directors, shall be filled by a majority of the remaining members of the Board, though less than a quorum, and each person so elected shall be a director until his or her successor is elected by the shareholders, who may make such election at the next annual meeting of the shareholders or at any special meeting duly called for that purpose.

ARTICLE V - CORPORATE RECORDS

Section 5.1 - Place of Keeping of Records. There shall be kept at the registered office or principal place of business of the corporation an original or duplicate record of the

proceedings of the shareholders and of the directors, and the original or copy of its Bylaws, including all amendments or alterations thereto to date, certified by the Secretary of the corporation. An original or duplicate share register shall also be kept at the registered office, giving the names of the shareholders in alphabetical order, and showing their respective addresses, the number and classes of shares held by each, the number and date of certificates issued for the shares, and the number and date of cancellation of every certificate surrendered for cancellation.

Section 5.2 - Inspection of Records. Every shareholder shall, upon written demand under oath stating the purpose thereof, have a right to examine, in person or by agent or attorney, during the usual hours for business for any proper purpose, the share register, books and records of account, and records of the proceedings of the shareholders and directors, and make extracts therefrom. A proper purpose shall mean a purpose reasonably related to such person's interest as a shareholder.

ARTICLE VI - SHARE CERTIFICATES, DIVIDENDS, ETC.

Section 6.1 - Form of Certificates. The share certificates of the corporation shall be numbered and registered in the share ledger and transfer books of the corporation as they are issued. They shall bear the corporate seal and shall be signed by the President and by the Secretary.

Section 6.2 - Transfer of Shares. Transfer of shares shall be made on the books of the corporation upon surrender of the certificates therefor, endorsed by the person named in the certificate or by attorney lawfully constituted in writing. No transfer shall be made inconsistent with the provisions of Article 8 of the Pennsylvania Uniform Commercial Code, and its amendments and supplements.

Section 6.3 - Fixing of Record Date. The Board of Directors may fix a date, not more than 45 days, prior to the date of any meeting of shareholders, or the date fixed for payment of any dividend or distribution, or the date for the allotment of rights, or the date when any change or conversion or exchange of shares will be made or go into effect, as a record date for the determination of the shareholders entitled to notice of, and to vote at, any such meeting, or entitled to receive payment of any such dividend or distribution, or to receive any such allotment of rights, or to exercise the rights in respect to any such change, conversion or exchange of shares. In such case, only those persons who are shareholders of record on the date so fixed shall be entitled to vote at such meeting, or to receive payment of such dividend, or to receive such allotment or rights, or to exercise such rights, as the case may be, notwithstanding any transfer of any shares on the books of the corporation after any such record date. If no record date is fixed for the determination of shareholders entitled to receive notice of, or vote at, a shareholders' meeting, transferees of shares which are transferred on the books of the corporation within ten days next

preceding the date of such meeting shall not be entitled to notice of or vote at such meeting.

Section 6.4 - Lost or Destroyed Certificates. In the event that a share certificate shall be lost, destroyed or mutilated, a new certificate may be issued therefor upon such terms and indemnity to the corporation as the Board of Directors may prescribe.

Section 6.5 - Dividends. The Board of Directors may declare and pay dividends upon the outstanding shares of the corporation, from time to time and to such extent as they deem advisable, in the manner and upon the terms and conditions provided by statute and the Articles of Incorporation.

**ARTICLE VII - FINANCIAL STATEMENTS;
RESTRICTIONS ON TRANSFER OF SHARES**

Section 7.1 - Financial Statements Not Required. Financial statements of the corporation need not be furnished to the shareholders and, if furnished, need not have been prepared by independent certified public accountants. Each shareholder shall execute an agreement with the Corporation to that effect, and under which that shareholder shall waive the requirements of Section 1554 of the Pennsylvania Business Corporation Law of 1988, as amended, any successor to it, or any statute of similar import. No shareholder may sell, assign, transfer or otherwise dispose of any shares of the stock of the Corporation unless the

transferee(s) of the stock execute an agreement with the Corporation reflecting such agreement and waiver and an agreement to be bound by the provisions of this Section.

Section 7.2 - Restrictions on Transfer of Shares. A shareholder shall not sell, transfer or otherwise dispose of the shareholder's shares without first offering the shares to the corporation or to the other shareholders in accordance with the terms of a Shareholder's Agreement to be executed by and among said shareholders and the corporation.

Section 7.3 - Endorsement on Share Certificates. All certificates evidencing the capital stock of the Corporation shall bear the following legend:

The shares of stock represented by this certificate are subject to restrictions against transfer as set forth in Article VII of the bylaws of the corporation and an agreement executed by the holder of those shares reflecting the same, and may not be sold, assigned, transferred or otherwise disposed of except in accordance with the terms of such instruments. Copies of the bylaws and shareholder's agreement are available for review by the shareholder at the offices of the corporation upon request.

ARTICLE VIII - LIABILITY AND INDEMNIFICATION

Section 8.1 - Limitation of Liability for Monetary Damages.

No officer, director or authorized representative of the corporation shall be personally liable for monetary damages for

any action taken or any failure to take any action unless such person has failed to exercise due diligence in performing the duties of his or her office as defined in Title 15, Pennsylvania Consolidated Statutes, Section 512 (or any successor legislation governing the conduct of officers and directors of Pennsylvania Corporations), and the breach or failure to perform constitutes self-dealing, willful misconduct or recklessness. This limitation of liability for monetary damages shall inure to the benefit of the heirs and personal representatives of officers or directors, but it shall not be available in situations in which a liability arises under a criminal statute or under a local, state or federal law imposing taxes.

Section 8.2 - Indemnification of Authorized Representatives.

The corporation shall indemnify, to the fullest extent now or hereafter permitted by Pennsylvania law, any person who was or is an authorized representative of the corporation (as hereinafter defined) and who was or is a party, or has been threatened to be made a party, to any proceeding (as hereinafter defined) because such person was or is an authorized representative of the corporation, against all expense and liability reasonably incurred or suffered by such authorized person in connection with any such proceeding. At the discretion of the Board of Directors, the Corporation may also indemnify employees or other persons who are made parties, or are

threatened to be made parties, to proceedings as a result of their activities on behalf of the Corporation.

Section 8.3 - Advancing Expenses - The corporation shall, to the fullest extent permitted by law, pay any expenses incurred by an authorized representative in any proceeding, in advance of the final disposition of the proceeding, upon agreement by the authorized representative to repay any expenses so advanced, without interest, if such authorized representative is ultimately determined not to be entitled to be indemnified.

Section 8.4 Scope of Section - The indemnification of authorized representatives or advancement of their expenses, as authorized by this Article shall:

(1) not be deemed exclusive of any other rights to which those seeking indemnification or advancement of expenses may be entitled other than under this Article, both as to action in an official capacity and as to action in another capacity while holding that office;

(2) continue as to a person who has ceased to be an authorized representative; and

(3) inure to the benefit of the heirs and personal representatives of such a person.

Section 8.5 - Purchase of Insurance. The corporation may purchase and maintain insurance at its expense for the benefit of any authorized representative on behalf of who insurance is permitted to be purchased by Pennsylvania law against any expense, liability or loss, whether or not the corporation would

have the power to indemnify such authorized representative under Pennsylvania or other law. The corporation may also purchase and maintain insurance to insure its indemnification obligations, whether arising hereunder or otherwise.

Section 8.6 - Definitions. As used in this Article:

(a) "Authorized representative" shall mean a director, officer or agent of the corporation when acting in his or her official capacity as a representative of the corporation, or a person serving at the request of the corporation as a Trustee, officer, employee or agent of an affiliated corporation, partnership, joint venture, or other enterprise;

(b) "Proceeding" shall mean any threatened, pending or completed third-party or derivative action, suit or proceeding, whether civil, criminal, administrative or investigative, or any threatened, pending or completed action or suit by or in the right of the corporation to procure a judgment in its favor;

(c) "Liability" shall mean any judgment, amount paid in settlement, fine, penalty, or expense of any nature including attorneys' fees; and

(d) "Expenses" as used in Section 8.4 shall mean all costs of defending a civil or criminal action, suit or proceeding.

ARTICLE IX - GENERAL PROVISIONS

Section 9.1 - Registered Office. The registered Office of the corporation shall be at 4401 Deer Path Road, Harrisburg, Pennsylvania 17110. The corporation may also have offices at such other places as the Board of Directors may from time to time appoint or the business of the corporation may require.

Section 9.2 - Corporate Seal. The corporate seal shall have inscribed thereon the name of the corporation, the year of its organization and the words "Corporate Seal, Pennsylvania."

Section 9.3 - Fiscal Year. The fiscal year shall begin the first day of January each year.

Section 9.4 - Bank Deposits. All funds of the Corporation not otherwise employed shall be deposited to the credit of the Corporation in such banks, trust companies or other depositories as the Board may select, or as may be selected by any officer or agent of the Corporation to whom such power shall have been delegated by the Board. For the purpose of deposit and for the purpose of collection for the account of the Corporation, the President, any Vice President or the Treasurer (or any other officer or agent of the Corporation who may be designated by the Board) may endorse, assign and deliver checks, drafts and other orders for the payment of money which are payable to the order of the Corporation.

Section 9.5 Execution of Documents. The Board of directors shall have the power to determine by whom and in what manner the

corporation's contracts or other documents shall be signed. When the execution of any contract, conveyance or other instrument has been authorized without specification of the executing officers, any one or more officers of the Corporation may execute the same in the name of the corporation. The affixation of the corporate seal shall not be necessary to the valid execution of any document or instrument by the corporation.

Section 9.6 Manner of Giving Notice. Whenever, under statute or under these Bylaws, written notice is required to be given to any person, it may be given to such person, either personally or by sending a copy thereof through the mail, or by facsimile, to his or her address or facsimile telephone number appearing on the books of the corporation, or supplied by him or her to the corporation for the purpose of notice. If the notice is sent by mail, it shall be deemed to have been given to the person entitled thereto when deposited in the United States mail. Such notice shall specify the place, day and hour of any meeting and, in the case of a special meeting of shareholders, the general nature of the business to be transacted.

Section 9.7 Waiver of Notice. Whenever any written notice is required by statute, or by the Articles or Bylaws of this corporation, a waiver thereof in writing, signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice. Except in the case of a special meeting of shareholders, neither the business to be transacted at nor the purpose of the meeting need be specified in the waiver of notice of such

meeting. Attendance of a person, either in person or by proxy, at any meeting shall constitute a waiver of notice of such meeting, except where a person attends a meeting for the express purpose of objecting to the transaction of any business because the meeting was not lawfully called or convened.

Section 9.8 Participation in Meetings by Telephone. 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 means of which all persons participating in the meeting can hear each other.

Section 9.9 Action by Written Consent. Any action which may be taken at a meeting of the directors or shareholders, or of any committee of the Board Directors or any class of shareholders, may be taken without a meeting if a consent or consents in writing, setting forth the action so taken, shall be signed by all of the persons who would be entitled to vote at a meeting for such purpose and shall be filed with the Secretary of the corporation.

Section 9.10 Payments to Officers. Any payments made to an officer or employee of the corporation such as a salary, commission, bonus, interest, rent, travel or entertainment expense incurred by him or her, which shall be disallowed in whole or in part as a deductible expense by the Internal Revenue Service, shall be reimbursed by such officer or employee to the corporation to the full extent of such allowance. It shall be the duty of the directors, as a Board, to enforce payment by the

officer or employee, subject to the determination of the directors, proportionate amounts may be withheld from his future compensation payments until the amount owed to the corporation has been removed.

Section 9.11 Amendment of Bylaws. These Bylaws may be amended or repealed, and new bylaws may be adopted, by the Board of Directors, regardless of whether the shareholders have previously adopted or approved the bylaw being amended or repealed, except where the power to amend a bylaw on any subject is expressly committed to the shareholders by the Pennsylvania Business Corporation Law of 1988, as it may be amended, and subject always to the power of the shareholders to change any action taken by the Board of Directors. Any change in the Bylaws shall take effect when adopted unless otherwise provided in the resolution effecting the change.

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