



**NOTICE OF A MEETING OF THE BOARD OF DIRECTORS OF THE
HAWAII CAPTIVE INSURANCE COUNCIL CORPORATION**

**Wednesday, May 22, 2013
10am (Hawaii Standard Time)
1pm (Pacific Standard Time)**

**At the Offices of AON Insurance Managers
201 Merchant Street, 24th Floor
Honolulu, Hawaii 96813**

**Call in Number: 1 (805) 309-0027
Access Code/ Meeting ID: 928-856-213**

TO THE BOARD OF DIRECTORS:

A meeting of the Board of Directors of HCIC will be held on the date and at the time and location noted above.

The primary purpose of the Meeting will be to discuss the approval minutes, Executive Committee reports, and address such other matters as are properly brought before the Board of Directors.

DATED: Honolulu, Hawaii; May 16, 2013.

HAWAII CAPTIVE INSURANCE COUNCIL CORPORATION

**By /s/Mark Hironaga
Mark Hironaga
Its Ass't Secretary**



P.O. Box 2815
Honolulu, Hawaii 96803

Minutes

Hawaii Captive Insurance Council Corporation
Meeting of the Executive Committee
May 8, 2013
Honolulu, HI

Offices of AON Insurance Managers
201 Merchant Street, 24th Floor
Honolulu, Hawaii 96813

Attendees:

Fay Okamoto, Chairman
Chris Mertes, President - Teleconference
Christina Kamaka, Vice President
Paul Wagner, Treasurer - Teleconference
Jamie Asato, Assistant Treasurer
Jerelyn Brown, Secretary
Mark Hironaga, Assistant Secretary

Excused:

Ward Ching , Vice President
Danel Licari, Membership
Colin Teraoka, Japan Marketing

Invited Guests:

Ed Haik, Membership
Jill Miura, Education/Forum Committee
Paul Shimomoto, Director – Teleconference
Scot Sterenberg, Marketing
Matt Takamine, Legislative
Gerald Yoshida, Legislative - Teleconference
Kari Nettel, Project Coordinator

	Agenda Item	Comments/Follow Up
A.	Call to order	Meeting was called to order by Fay Okamoto at 10:07 am.

	<p>Minutes of the May 8, 2013 EC Meeting</p>	
B.	<p>March 20, 2013 Executive Committee Meeting Minutes and Committee Reports</p>	<p>Approved as amended.</p>
C.	<p>Hawaii Insurance Division Contract Exams</p>	<p>Jerry Yoshida and Paul Shimomoto presented their research findings regarding options under the law. In summary, in Article 2 there is a provision in the Examination section that the Commissioner may contract out exams. Thus the charges shall be charged to the company. However, in Article 19 there is a provision regarding the administrative fund which may allow the Commissioner to pay for exams from the fund. In preparation, the EC will speak with Chief Examiner Sanford Saito and Holly Osumi to obtain information regarding the State of Hawaii's schedule to complete all pure captive exams by June 30, 2014. Thereafter, a meeting will be scheduled with Commissioner Ito to address the HCIC's concerns regarding the contract exam process and the additional costs that may be passed on to the owner.</p>
D.	<p>Committee Reports</p>	<p>Membership Committee Ed Haik reported total revenues of \$37,650 to date. Two more service providers signed up since March, and all contracts have been renewed except for the Kahala Hotel.</p> <p>Marketing Committee Scott Sterenberg reported that a newsletter will be distributed in July promoting the upcoming HCIC Forum in November. Based upon costs versus benefits the Marketing Committee plans to attend domicile neutral conferences including RIMS, CICA, and the World Captive Forum. Neither HCIC or the State of Hawaii plan to exhibit at VCIA.</p> <p>Education Committee Jill Miura reported that the Investment Webinar with Bank of Hawaii and First Hawaiian is scheduled for May 28, 2013. Sponsorships for Forum 2013 is up to \$73,500, which is close to the goal of \$75,000. They added a new Supporter category for a \$500 and received 5 such sponsorships thus far. Sessions are completed and Key Note speaker Bethany Hamilton is confirmed.</p>

	<p>Minutes of the May 8, 2013 EC Meeting</p>	<p>WRIN TV Jerelyn Brown reported that WRIN TV did 12 interviews on April 22, 2013 at the State of Hawaii booth at RIMs in Los Angeles. Speakers included the State of Hawaii, HCIC Chair, captive owners, service providers, and guests. The speakers did a great job and spoke on various topics showcasing the Hawaii domicile.</p> <p>Fay reminded that the HCIC Strategic Planning Meeting is set for June 17, 2013. An agenda will be forthcoming shortly.</p> <p>Legislative Committee Gerry Yoshida reported that the two captive bills with no changes were submitted to the governor for signature. The bill proposing formation of a captive for EUTF did not pass. We are waiting to hear from the Hawaii Insurance Division as to when a draft of amended Hawaii Administrative Rules will be made available.</p> <p>Fay Okamoto reported that we'll discuss the Bylaws and D&O policy changes at the BOD meeting on May 22, 2013.</p> <p>Finance Committee Paul Wagner reviewed financial performance as of the third quarter March 31, 2013. Total Income exceeded budget, while expenses fell below budget for a favorable variance to 2012-13 budget of \$72,000.</p> <p>He next presented the draft 2013 – 2014 Budgeted Income Statement. Revenues appear in line and the \$250,000 budget for income appears reasonable.</p> <p>Matt Takamine asked Kari Nettel to step out of the meeting to discuss the HCIC Coordinator contract. He asked if the board would like to build in a 5% salary increase as part of the budget. EC approved that change with final decision to be made after a full board discussion.</p> <p>The WRIN TV budget item needs to be further discussed at the Strategic Planning session before the final budget. Expense should remain in the Marketing budget.</p> <p>Fay Okamoto noted that we should discuss budget for the</p>
<p>E.</p>	<p>Adjournment</p>	

		<p>Economic Impact study, as past efforts to find an economist willing to perform the study have not been successful. Scot Sterenberg and Ed Haik suggested a multiplier be applied against direct captive industry revenue in lieu of a full study, and will work with a prominent economist to evaluate. There is a new travel expense item of \$5,000 for Industry Liaison travel to VCIA, RIMS, CICA, and NRRRA. We will also add \$1,500 for networking events.</p> <p>An updated draft of the budget will be reviewed at the May Board meeting, with certain items discussed and finalized after the June Strategic Planning meeting.</p> <p>The meeting was adjourned at 11:30 a.m.</p>
--	--	---



P.O. Box 2815
Honolulu, Hawaii 96803

Minutes

Hawaii Captive Insurance Council Corporation
Meeting of the Board of Directors
March 27, 2013
Honolulu, HI

Offices of AON Insurance Managers
201 Merchant Street, 24th Floor
Honolulu, Hawaii 96813

Attendees:

Fay Okamoto, Chairman
JP Schmidt, Vice Chairman
Chris Mertes, President - Teleconference
Christina Kamaka, Vice President
Paul Wagner, Treasurer - Teleconference
Jamie Asato, Assistant Treasurer
Jerelyn Brown, Secretary
Mark Hironaga, Assistant Secretary
Jill Miura, Education/Forum Committee
David Bell, Director
Paul Shimomoto, Director
Craig Watanabe, Director

Excused:

Ward Ching , Vice President
Jason Palmer, Director
Helen Chang, Director

Invited Guests:

Matt Takamine, Legislative

	Agenda Item	Comments/Follow Up
A.	Call to order	Meeting was called to order by Fay Okamoto at 10:00 am.
B.	ICCIE Representative	Chris Mertes will discuss with the ICCIE representative, HCIC's future participation with the ICCIE.

C.	<p>Congratulations, Gerald Yoshida</p>	<p>The Board acknowledged and congratulated Gerald Yoshida for receiving the CICA 2013 Distinguished Service Award. The Board also thanked him for his continued support of the Hawaii captive insurance industry.</p>
D.	<p>Minutes of the January 30, 2013 Meeting</p>	<p>Approved as submitted.</p>
E.	<p>March 20, 2013 Executive Committee Meeting Minutes and Committee Reports</p>	<p>Fay Okamoto presented a draft of the March 20, 2013 Executive committee meeting minutes and Committee reports for the Boards Review.</p>
F.	<p>Other Business:</p> <p>CICA report</p> <p>Industry Liaison</p> <p>HID contract exam RFP status</p> <p>HID meeting request – Surety captive</p>	<p>Chris Mertes gave his report on the CICA convention. Attendees at the Domicile Roundtable would like to form a group that meets every 6 months to address issues affecting the industry and that would be able to react as a coalition to head off potential problems. He recommended that we have a representative at those meetings. Chris Mertes and Gerald Yoshida can represent the HCIC at those meetings.</p> <p>Paul Wagner reported on his attendance at CICA. The cell captive session was well attended and was the buzz at the conference. Stop loss medical was also a hot topic.</p> <p>Fay Okamoto presented the Industry Liaison(s) Summary provided by Paul Shimomoto. The Executive committee recommended that Paul Shimomoto be the liaison to represent the HCIC. The Board approved having Paul Shimomoto as the Industry Liaison and approved the splitting of travel expenses.</p> <p>Fay Okamoto reported the Hawaii Insurance Division had circulated a solicitation for contract examiners and actuaries. So far, HID has received two submissions. The Board discussed the negative impact contracting out examinations would have including the increased cost and time spent educating examiners not familiar with the captive. The Board approved having Fay Okamoto and one other person meet with the Insurance Commissioner to determine what HID’s intentions are and to convey the HCIC’s concerns.</p> <p>The Board discussed George Sumner’s call for a meeting on April 3 regarding the implementation of a 10 to 1 capital ratio for all surety captives. The Board was concerned</p>

G.	<p>RIMS</p> <p>WRINTV</p> <p>JP Schmidt resignation</p> <p>Adjournment</p>	<p>about the HID retroactively changing previously approved business plans</p> <p>JP Schmidt mentioned that it could create legal problems making such changes by policy versus by rule. Paul Shimomoto agrees and will discuss this with Gerald Yoshida.</p> <p>The Board discussed a suggestion to develop relationships in the Governor’s office, the legislature, DCCA, DBED and the AG’s office. Jerelyn Brown will check with her colleagues at FHB regarding contacts in the DBED, Jill Miura will check if anyone at KMH knows Richard Lim, Paul Shimomoto will look into contacts at the AG’s office, and Fay Okamoto will contact a lobbyist. Captive managers should query their local owners for possible helpful contacts in the government. Influential friends in the private sector should also be contacted. Kari Nettel can circulate the flyers from the legislative breakfast to the Board to determine what to include in a possible press kit.</p> <p>Those attending RIMS that did not make reservations through the HID should let Colleen know. Paul Shimomoto, Gerald Yoshida, Fay Okamoto, Joanne Arizumi, Jerelyn Brown, Ward Ching and Paul Wagner will be attending RIMS.</p> <p>JP Schmidt presented the possibility of sponsoring WRINTV at RIMS. The HCIC would get as many as 15 interviews. In addition, a banner ad on their website for a month would be thrown in for free. The Board approved being a WRINTV sponsor at RIMS for \$10,000. It was suggested that next year, the HCIC could explore seeking specific sponsors to subsidize continued WRIN TV participation.</p> <p>JP Schmidt announced his resignation from the Board. He will be taking a position with a firm not related to the captive industry. The Board thanked JP for his support of the captive industry while he was the Insurance Commissioner and his continued support as a board member and officer of the HCIC. The Board will fill the vacancy at a future meeting.</p> <p>The meeting was adjourned at 11:32 a.m.</p>



**NOTICE OF A MEETING OF THE BOARD OF DIRECTORS OF THE
HAWAII CAPTIVE INSURANCE COUNCIL CORPORATION**

**Wednesday, May 22, 2013
10am (Hawaii Standard Time)
1pm (Pacific Standard Time)**

**At the Offices of AON Insurance Managers
201 Merchant Street, 24th Floor
Honolulu, Hawaii 96813**

**Call in Number: 1 (805) 309-0027
Access Code/ Meeting ID: 928-856-213**

TO THE BOARD OF DIRECTORS:

A meeting of the Board of Directors of HCIC will be held on the date and at the time and location noted above.

The primary purpose of the Meeting will be to discuss the approval minutes, Executive Committee reports, and address such other matters as are properly brought before the Board of Directors.

DATED: Honolulu, Hawaii; May 16, 2013.

HAWAII CAPTIVE INSURANCE COUNCIL CORPORATION

**By /s/Mark Hironaga
Mark Hironaga
Its Ass't Secretary**



A G E N D A

Meeting of the Board of Directors

Wednesday, May 22, 2013

10:00 am (Hawaii Standard Time)

1:00 pm (Pacific Standard Time)

Offices of AON Insurance Managers

201 Merchant Street, 24th floor

Honolulu, HI 96813

Call in Number: 1 (805) 309-0027

Access Code/Meeting ID: 928-856-213

- A. Call to Order/Determination of Quorum**
- B. Approval of the March 27, 2013 Board minutes**
- C. Review of the May 8, 2013 Executive Committee Meeting minutes and Committee Reports**
- D. Other Business**
 - **Director vacancy**
 - **ICCIE participation**
 - **WRIN TV debrief**
 - **Contract Examinations**
 - **Government Relations**
 - **2013 Strategic Planning meeting (June 17, 2013 pm, and recurring at each annual Forum)**
 - **2013-2014 Budget**
 - **By-laws and D&O policy update**
- E. Adjournment**



P.O. Box 2815
Honolulu, Hawaii 96803

Minutes

Hawaii Captive Insurance Council Corporation
Meeting of the Board of Directors
March 27, 2013
Honolulu, HI

Offices of AON Insurance Managers
201 Merchant Street, 24th Floor
Honolulu, Hawaii 96813

Attendees:

Fay Okamoto, Chairman
JP Schmidt, Vice Chairman
Chris Mertes, President - Teleconference
Christina Kamaka, Vice President
Paul Wagner, Treasurer - Teleconference
Jamie Asato, Assistant Treasurer
Jerelyn Brown, Secretary
Mark Hironaga, Assistant Secretary
Jill Miura, Education/Forum Committee
David Bell, Director
Paul Shimomoto, Director
Craig Watanabe, Director

Excused:

Ward Ching , Vice President
Jason Palmer, Director
Helen Chang, Director

Invited Guests:

Matt Takamine, Legislative

	Agenda Item	Comments/Follow Up
A.	Call to order	Meeting was called to order by Fay Okamoto at 10:00 am.
B.	ICCIE Representative	Chris Mertes will discuss with the ICCIE representative, HCIC's future participation with the ICCIE.

		<p>capital ratio for all surety captives. The Board was concerned about the HID retroactively changing previously approved business plans</p> <p>JP Schmidt mentioned that it could create legal problems making such changes by policy versus by rule. Paul Shimomoto agrees and will discuss this with Gerald Yoshida.</p> <p>The Board discussed a suggestion to develop relationships in the Governor's office, the legislature, DCCA, DBED and the AG's office. Jerelyn Brown will check with her colleagues at FHB regarding contacts in the DBED, Jill Miura will check if anyone at KMH knows Richard Lim, Paul Shimomoto will look into contacts at the AG's office, and Fay Okamoto will contact a lobbyist. Captive managers should query their local owners for possible helpful contacts in the government. Influential friends in the private sector should also be contacted. Kari Nettel can circulate the flyers from the legislative breakfast to the Board to determine what to include in a possible press kit.</p> <p>Those attending RIMS that did not make reservations through the HID should let Colleen know. Paul Shimomoto, Gerald Yoshida, Fay Okamoto, Joanne Arizumi, Jerelyn Brown, Ward Ching and Paul Wagner will be attending RIMS.</p> <p>JP Schmidt presented the possibility of sponsoring WRINTV at RIMS. The HCIC would get as many as 15 interviews. In addition, a banner ad on their website for a month would be thrown in for free. The Board approved being a WRINTV sponsor at RIMS for \$10,000. It was suggested that next year, the HCIC could explore seeking specific sponsors to subsidize continued WRIN TV participation.</p> <p>JP Schmidt announced his resignation from the Board. He will be taking a position with a firm not related to the captive industry. The Board thanked JP for his support of the captive industry while he was the Insurance Commissioner and his continued support as a board member and officer of the HCIC. The Board will fill the vacancy at a future meeting.</p>
G.	Adjournment	The meeting was adjourned at 11:32 a.m.



P.O. Box 2815
Honolulu, Hawaii 96803

Membership Committee Report to Executive Committee

Date: 05/08/13

Submitted by: Danel Licari/Ed Haik (Co-Chairs)

List Committee Members: Danel Licari, Ed Haik, David Kahalelio

- A. 2013 Membership Renewals
 - 1) Total of 72 members signed up to date.
 - 42 captive owners (42 X \$325 = \$13,650)
 - 30 service providers (30 X \$800 = \$24,000)
 - Total revenues from service provider and owner members to date = \$37,650.
 - 2) Two more service providers signed up since March.

- B. 2013 Hotel Benefit Renewals
 - 1) All hotel contracts have been renewed except for the Kahala resort. Membership committee working with hotel to finalize contract.
 - 3) Website to be updated as appropriate.

- C. Budget
 - 1) The membership committee's budget for 2013/14 has been submitted.



P.O. Box 2815
Honolulu, Hawaii 96803

Finance Committee Report

Date: May 8, 2013

Submitted by: Paul Wagner

Committee Members:

Paul Wagner, Treasurer

Jaime Asato, Assistant Treasurer

Christina Kamaka, Vice President

A. **Financial Reporting**

See attached third quarter balance sheet and income statement.

B. Attached 6/2013-14 budget.

Hawaii Captive Insurance Council
Balance Sheet
As of March 31, 2013 and June 30, 2011

	<u>March 31, 2013</u>	<u>March 31, 2012</u>	<u>June 30, 2012</u>
ASSETS			
BOH Checking	79,529	202,919	215,677
BOH Money Market	150,007	-	-
Time Certificate of Deposit	200,000	200,000	200,000
	<u>429,536</u>	<u>402,919</u>	<u>415,677</u>
Accounts Receivable	4,346	2,608	560
Deposits - Forum	5,000	-	3,500
Prepaid expense - Forum	81	-	6,166
Prepaid expense - Other	1,556	1,469	980
TOTAL ASSETS	<u><u>440,519</u></u>	<u><u>406,996</u></u>	<u><u>426,883</u></u>
LIABILITIES & EQUITY			
Accounts Payable	123	92	5,085
Accrued Expenses	2,630	3,230	3,849
Dues Recd in Adv - Owners	10,594	12,188	8,450
Dues Recd in Adv - Service Prov	16,800	17,400	12,400
Forum Early Bird Member Received	795	-	600
Forum Sponsorships Received	11,500	4,000	30,000
Total Liabilities	<u>42,442</u>	<u>36,910</u>	<u>60,384</u>
Equity			
Opening Bal Equity	7,519	7,519	7,519
Retained Earnings	358,980	294,195	294,195
Net Income	31,578	68,372	64,785
Total Equity	<u>398,077</u>	<u>370,086</u>	<u>366,499</u>
TOTAL LIABILITIES & EQUITY	<u><u>440,519</u></u>	<u><u>406,996</u></u>	<u><u>426,883</u></u>

**Hawaii Captive Insurance Council
Income Statement
For the Nine Months Ended March 31, 2013**

	<u>Nine Months Ended March 31, 2013</u>	<u>Annual Budget FY 2013</u>	<u>Over/ (Under) Budget</u>	<u>Nine Months Ended March 31, 2012</u>
Income				
Forum				
Sponsors	42,000	35,000	7,000	82,500
Registration	116,657	98,750	17,907	139,050
Dues	33,506	42,088	(8,582)	33,925
Japan Seminar Sponsorships	-	-	-	-
Interest	81	200	(119)	147
Total Income	<u>192,244</u>	<u>176,038</u>	<u>16,206</u>	<u>255,622</u>
Expenses				
Forum	81,751	98,750	(16,999)	123,652
HCIC Coordinator Services	43,313	57,750	(14,437)	41,708
Japan Seminar	-	-	-	-
Accounting Services	2,630	5,000	(2,370)	3,230
Tax Services	-	-	-	-
Charitable Contribution	-	-	-	-
Insurance	1,498	2,000	(502)	1,450
Conference Line for EC & BOD M	-	2,000	(2,000)	-
Trade Shows & Advertising	5,792	7,750	(1,958)	5,619
Miscellaneous	201	50	151	142
Storage Fees	641	650	(9)	641
PO Box	180	250	(70)	217
Membership	1,401	1,594	(193)	1,394
Utilities	334	450	(116)	311
Promotions (newsletter & pubs)	364	4,000	(3,636)	314
WRIN	15,000	7,500	7,500	7,500
Website	4,374	7,000	(2,626)	230
Meetings	1,275	400	875	254
Banking Fees	104	100	4	72
Postage	9	100	(91)	30
Legislative Expenses	1,799	19,500	(17,701)	486
Seminars	-	1,700	(1,700)	-
Total Expenses	<u>160,666</u>	<u>216,544</u>	<u>(55,878)</u>	<u>187,250</u>
Net Income (Loss)	<u>31,578</u>	<u>(40,506)</u>	<u>72,084</u>	<u>68,372</u>

**Hawaii Captive Insurance Council
2012 - 2013 Budgeted Income Statement**

	Actual 2007	Actual 2008	Actual 2009	Actual 2010 (6 mos) Jan - June 2010	Actual FY June 2011	Actual YTD 3/31/12	Budget 2012-2013	Actual YTD 3/31/13	Budget 2013 - 2014
Income									
Forum									
Sponsorship	67,000	29,500	64,500	-	27,000	82,500	35,000	42000	75000
Golf	16,515	1,638	7,995	-	-	12,975	-	-	-
Registration	159,170	78,313	91,500	-	92,775	126,075	98,750	116657	137900
Dues	57,900	45,500	47,850	22,725	47,638	33,925	42,088	33506	37650
Other	-	750	-	-	7,200	-	-	-	-
Interest	12,231	5,666	1,161	263	367	147	200	81	100
RIMS-State Funds	9,728	-	-	-	-	-	-	-	-
Total Income	323,294	160,617	213,006	22,988	174,980	255,622	176,038	192244	250650
Expenses									
Forum	155,250	84,897	172,974	-	86,344	123,652	98,750	81751	129590
Forum Attrition Reversal	-	-	-	-	(21,357)	-	-	-	-
HCIC Coordinator Services	47,605	34,693	55,000	27,500	55,000	41,708	57,750	43313	60637
Accounting Services	6,052	5,457	4,561	2,632	4,171	3,230	5,000	2630	5000
Insurance	1,923	3,346	500	962	1,921	1,450	2,000	1498	2000
Conference line for EC & BOD mtgs	-	-	-	-	-	-	2,000	2000	2000
Miscellaneous	1,157	1,928	37	-	5	25	50	201	100
Storage fees	-	-	612	619	641	641	650	641	650
PO Box	-	-	116	-	116	333	250	180	250
Tax Services	891	1,178	1,178	-	3,037	-	-	-	0
Meetings	1,043	613	1,010	95	190	254	400	1275	500
Banking Fees	671	823	358	52	98	-	-	33	50
Utilities	433	431	430	213	427	311	450	334	450
Postage	42	44	148	-	70	30	100	9	100
Long Range Planning	-	6,738	-	-	-	-	-	-	0
Charitable Contribution	-	-	-	-	2,000	-	-	-	0
Credit Card Fees	-	595	325	40	230	72	100	71	600
Membership	907	954	771	313	811	1,394	1,594	1401	925
Seminars/Webinar	937	52	115	-	-	-	1,700	-	2250
Promotions (newsletter & pubs)	10,452	4,984	2,500	-	330	314	4,000	364	4000
WRIN	-	-	-	-	-	7,500	7,500	15	10000
Japan Seminar	1,901	8,908	9,190	-	9,207	-	-	-	0
Trade Shows & Advertising	9,916	11,275	2,365	-	1,907	5,619	7,750	5792	5250
RIMS Dinner	2,839	1,172	206	65	-	-	-	-	2500
Booth	3,709	1,885	-	-	-	-	-	-	0
Website	1,279	2,110	333	409	272	230	7,000	4374	1500
Legislative expenses	938	1,199	-	-	-	486	19,500	1799	10500
CFCI Donation	-	15,000	-	-	-	-	-	-	0
Paul S. Travel	-	-	-	-	-	-	-	-	5000
Networking	-	-	-	-	-	-	-	-	1500
Total Expenses	247,945	188,282	252,729	32,900	145,420	187,249	216,544	160666	245352
Net Income (Loss)	75,349	(27,665)	(39,723)	(9,912)	29,560	68,373	(40,506)	31578	5298
	(1)	-	1	(1)	-	-	(68,750)		

HCIC - General Overhead
Proposed Budget
2012-2013

	Actual 2003	Actual 2004	Actual 2005	Actual 2006	Actual 2007	Actual 2008	Actual 2009	Actual 2010 (6 mos) Jan - June	Actual FY June 2011	Actual YTD 3/31/12	Proposed Budget 2012-2013
Income											
Interest income	723	277	3,091	-	12,231	5,666	1,161	263	367	147	200
Expenses											
HCIC Coordinator	16,450	40,186	41,211	-	47,605	34,693	55,000	27,500	55,000	41,708	57,750
Bookkeeping fees	-	-	6,600	-	6,052	5,457	4,561	2,632	4,171	3,230	5,000
Insurance	1,979	1,917	1,917	-	1,923	3,346	500	962	1,921	1,450	2,000
Miscellaneous	1,314	881	815	-	1,157	1,928					
Storage fee							612	619	641	641	650
PO Box							116	-	116	333	250
Licenses/fees/Other							37	-	5	25	50
Tax compliance fees	800	802	802	-	891	1,178	1,178	-	3,037	-	-
Meetings	94	-	1,675	-	1,043	613	1,010	95	190	254	400
Conference calls											2,000
Banking fees	5,230	1,624	-	-	671	823	358	52	98	-	-
Utilities	413	413	455	-	433	431	430	213	427	311	450
Postage	64	-	315	-	42	44	148	-	70	30	100
Long Range Planning	-	-	-	-	-	6,738	-	-	-	-	-
CARFM	2,250	-	-	-	-	-	-	-	-	-	-
Legal fees	432	245	-	-	-	-	-	-	-	-	-
Credit card - other	-	-	-	-	-	595	325	-	230	72	100
Charitable Contribution	-	-	-	-	-	-	-	-	2,000	-	-
Total expenses	\$ 29,026	\$ 46,068	\$ 53,790	\$ -	\$ 59,816	\$ 55,846	\$ 64,275	\$ 32,073	\$ 67,906	\$ 48,054	

**HCIC - Membership
Proposed Budget
2012-2013**

	Actual 2007	Actual 2008	Actual 2009	Actual 2010 (6 mos) Jan - June	Actual FY June 2011	Actual YTD 3/31/12	BUDGET		Proposed Budget 2012-2013
							6 Month Actual FY June 2011	6 Month Estimated FY June 2012	
Income									
Membership Dues									
Associate	\$ 1,000	\$ 500	\$ -	\$ -	\$ 250	\$ -	\$ -	\$ -	\$ -
Captive owner	\$ 18,900	\$ 16,500	\$ 17,100	\$ 8,850	\$ 18,413	\$ 12,925	\$ 7,963	\$ 8,125	\$ 16,088
Service provider	\$ 38,250	\$ 28,500	\$ 30,750	\$ 13,875	\$ 28,975	\$ 21,000	\$ 14,000	\$ 12,000	\$ 26,000
	<u>\$ 58,150</u>	<u>\$ 45,500</u>	<u>\$ 47,850</u>	<u>\$ 22,725</u>	<u>\$ 47,638</u>	<u>\$ 33,925</u>	<u>\$ 21,963</u>	<u>\$ 20,125</u>	<u>\$ 42,088</u>
Expenses									
Credit card fees	\$ 882	\$ 264	\$ 575	\$ 346	\$ 650	\$ 550	\$ 386	\$ 283	\$ 668
Application flyers	\$ -	\$ 126	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Reg Online 2)	\$ 25	\$ 351	\$ 24	\$ 7	\$ 25	\$ 20	\$ 13	\$ 10	\$ 23
Promotional expense	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 655	\$ -	\$ 750	\$ 750
Miscellaneous	\$ -	\$ 213	\$ 172	\$ -	\$ 136	\$ 170	\$ 68	\$ 85	\$ 153
	<u>\$ 907</u>	<u>\$ 954</u>	<u>\$ 771</u>	<u>\$ 353</u>	<u>\$ 811</u>	<u>\$ 1,395</u>	<u>\$ 466</u>	<u>\$ 1,128</u>	<u>\$ 1,594</u>
Membership Statistics 1)									
Associate	3	2	-	-	1	-	-	-	-
Captive owner	63	55	57	59	49	50	49	50	50
Service provider	51	38	41	37	35	29	35	30	30
	<u>117</u>	<u>95</u>	<u>98</u>	<u>96</u>	<u>85</u>	<u>79</u>	<u>84</u>	<u>80</u>	<u>80</u>
Rates									
Associate	\$ 250	\$ 250	\$ 250	\$ 250	\$ 250	\$ 250	\$ 250	\$ 250	\$ 250
Captive owner	\$ 300	\$ 300	\$ 300	\$ 300	\$ 325	\$ 325	\$ 325	\$ 325	\$ 325
Service provider	\$ 750	\$ 750	\$ 750	\$ 750	\$ 800	\$ 800	\$ 800	\$ 800	\$ 800

Comments

- 1) Projected membership numbers based on 2012 renewals to May 2012. Slight decline in service provider members from prior year.
- 2) Reg Online fee is based on actuals FY June 2011 & estimated FY June 2012.
- 3) Credit card fees based on actuals FY June 2011 & estimated FY June 2012
- 4) Rate increase effective 1/1/11.
- 5) Proposed budget based on 6 month pro-rata amounts for prior and current membership years (calendar basis)

**HCIC - Education
Proposed Budget
2012-2013**

	<u>Actual 2007</u>	<u>Actual 2008</u>	<u>Actual 2009</u>	<u>Actual 2010 (6 mos) Jan - June</u>	<u>Actual FY June 2011</u>	<u>Actual YTD 3/31/12</u>	<u>Proposed Budget 2012-2013</u>
Expenses							
Webinars	\$ 937	\$ 52	\$ 115	\$ -	\$ -	\$ -	\$ 1,200
Other							\$ 500
	<u>\$ 937</u>	<u>\$ 52</u>	<u>\$ 115</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,700</u>

Comments

Webinars - estimated costs were based on the prior webinars (one hosted; one not)

Other educational events - estimated miscellaneous costs (pastries, copies, etc ...) for 2 other events

**HCIC - Marketing
Proposed Budget
2012-2013**

	Actual 2007	Actual 2008	Actual 2009	Actual 2010 (6 mos) Jan - June	Actual FY June 2011	Actual YTD 3/31/12	Proposed Budget 2012-2013
Income							
Japan Seminar	\$ -	\$ -	\$ -	\$ -	\$ 7,200	\$ -	\$ -
RIMS	\$ 9,728	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sponsorships	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
CICA	\$ 500	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	<u>\$ 10,228</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,200</u>	<u>\$ -</u>	<u>\$ -</u>
Expenses							
Newsletter	\$ 4,756	\$ 2,314	\$ 1,387	\$ -	\$ 330	\$ 314	\$ 1,000
Promotions expense (electronic or printed programs)	\$ 5,696	\$ 2,670	\$ 1,113	\$ -	\$ -	\$ -	\$ 3,000
WRIN						\$ 7,500	\$ 7,500
Seminars - Booth and Incidentals							
CICA	\$ 7,743	\$ 3,822	\$ 1,040	\$ -	\$ -	\$ 3,386	\$ 3,500
RIMS	\$ 2,839	\$ 1,172	\$ 206	\$ 65	\$ 1,341	\$ -	\$ 1,250
PIAA	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
VCIA	\$ 2,173	\$ 3,671	\$ 1,110	\$ -	\$ 566	\$ 2,233	\$ -
Japan Seminar-State contract*	\$ 1,901	\$ 8,908	\$ 9,190	\$ -	\$ 9,207	\$ -	\$ -
World	\$ -	\$ 3,782	\$ -	\$ -	\$ -	\$ -	\$ -
Advertising	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,000
Trade Shows & Advertising - Other			\$ 215	\$ -	\$ -	\$ -	\$ -
Booth (one time expense)	\$ 3,709	\$ 1,885	\$ -	\$ -	\$ -	\$ -	\$ -
	<u>\$ 28,817</u>	<u>\$ 28,224</u>	<u>\$ 14,261</u>	<u>\$ 65</u>	<u>\$ 11,444</u>	<u>\$ 13,433</u>	<u>\$ 19,250</u>
	<u>\$ (18,589)</u>	<u>\$ (28,224)</u>	<u>\$ (14,261)</u>	<u>\$ (65)</u>	<u>\$ (4,244)</u>	<u>\$ (13,433)</u>	<u>\$ (19,250)</u>

Comments

**HCIC - Website
Proposed Budget
2012-2013**

	Actual 2007	Actual 2008	Actual 2009	Actual 2010 (6 mos) Jan - June	Actual FY June 2011	Actual YTD 3/31/12	Proposed Budget 2012-2013
Expenses							
Redesign			123	29			\$ -
Enhancements						230.00	\$ 5,000
Maintenance	1,279	2,110	211	379	272		\$ 2,000
Processing fee							\$ -
Retro RegOnline membership fee							
	<u>\$ 1,279</u>	<u>\$ 2,110</u>	<u>\$ 334</u>	<u>\$ 408</u>	<u>\$ 272</u>	<u>\$ 230</u>	<u>\$ 7,000</u>

Comments

RegOnline Fees related to membership & specific events are NOT budgeted for here. These costs are budgeted for by the specific event or other committee, but the general cost parameters are notated below for informational purposes (last 2 sections of the notes below).

Enhancements - upcoming changes include formatted calendar, and minor changes to layouts only.

Web design consultant	\$ 10,000	At \$85/hour; estimated 20 hours per year (rounded)
Rounding	\$ -	
	<u>\$ 10,000</u>	

Maintenance - covering RegOnline & website hosting costs:

RegOnline annual fees	None	None; most fees are event-specific
RegOnline emailing fees	\$ -	First 5,000 emails per month are free; don't anticipate exceeding this.
Odenex Hosting charges		Moved site to Odenex 4Q08
Fixed charge	\$ 2,000	Actual billed in Aug11 \$230, but we might have to upgrade for more disk space
includes upgraded disk space		
includes upgraded bandwidth		
Rounding	\$ -	
	<u>\$ 2,000</u>	

Processing Fees: fixed annual fees (budgeted for within HCIC general budget)

Credit Card fixed charges	\$ -	None; effective 12/30/08 100% RegOnline fees budgeted in respective committees
---------------------------	------	--

Processing Fees: varies by each specific "event"; budgeted for by other HCIC committees by each event:

Updated 8/2011, verified RegOnline charges with Kari Nettel & RegOnline invoices

Reg On-line Event (reg form) set-up fee:	\$ 150	Flat rate per event
Reg On-line per registration fee	\$ 3.50	per registrant
Reg On-line per credit card trx fee	Varies	3.95% MC/VISA, 4.95% Discover/Amex
Verisign fees	None	None; paid via fixed annual fee above

Processing Fees: for membership management system; budgeted by HCIC membership committee:

Outlined below are the charges which could be expected to be incurred to maintain membership database:

Reg On-line Event per member per year maintenance fee	\$ 1	per member per year
Reg On-line member Event set-up fee	\$ 500	Activation flat rate
Reg On-line per credit card trx fee	Varies	3.95% MC/VISA, 4.95% Discover/Amex

**HCIC - Legislative
Proposed Budget
2012-2013**

	Actual 2007	Actual 2008	Actual 2009	Actual 2010 (6 mos) Jan - June	Actual FY June 2011	Actual YTD 3/31/12	Proposed Budget 2012-2013
Expenses							
Legislative event							\$ 1,500
Economic Impact Study							\$ 10,000
Lobbying							\$ 7,500
CFCI Donation		\$ 15,000	\$ -	\$ -	\$ -		\$ -
Multi-party conference calls	\$ 938	\$ 1,199	\$ -	\$ -	\$ -	\$ 454	\$ 500
Copying & printing						\$ 32	\$ -
	<u>\$ 938</u>	<u>\$ 16,199</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 486</u>	<u>\$ 19,500</u>

Comments

Possible briefing for state legislators.

HCIC Forum
Proposed Budget
2012-2013

	Fairmont Oct07	HHV Oct08	G Hyatt Oct09	Ihilani Oct 2010	Ritz Oct 2011	Budget			10	11	
						HHV Oct 2012					
						FYE 6/12	FYE 6/12	FYE 6/12			
Budget	Actual 2007	Actual 2008	Actual 2009	FY 2011	FYE 6/12	Rate	Number	Amount	Amount	Amount	
Revenue											
Registration											
Member fee - early	91,580	51,713	58,900	47,775	83,345	600	100	60,000	91	101	
Member fee - late	18,480	5,000	2,700	18,125	5,940	700	15	10,500	29	6	
Non-member fee - early	10,450	5,062	11,400	12,150	4,800	750	5	3,750	18	4	
Non-member fee - late	5,500	3,100	7,700	3,875	-	850	-	-	5	0	
Government					1,875	-	-	-	-	3	
1st time owner					5,000	500	5	2,500	8		
Network - member					3,120	500	15	7,500	6		
Network - non-member					2,025	-	-	-	-	3	
Education only						500	8	4,000			
One-day pass	15,010	5,038	2,400	2,600	4,160	-	-	-	8	8	
Speaker Fee	8,400	3,450	3,600	3,300	11,005	350	30	10,500	22	35	
Social pass	9,750	4,950	4,800	4,950	4,805	-	-	-	-	3	
Registration total	159,170	78,313	91,500	92,775	126,075			178	98,750		
Golf											
Golf tournament	16,515	1,638	7,995		12,975	0	0	-			
Sponsorship & Other											
Sponsor - platinum	8,000	-	15,000	-	8,000			0	-		
Sponsor - gold	33,000	17,500	25,000	15,000	16,500	3,000	3	9,000			
Sponsor - silver	14,000	12,000	10,500	12,000	45,500	2,000	13	26,000			
Sponsor - exhibitor	12,000		14,000	-	12,500			0	-		
Sponsorship Total	67,000	29,500	64,500	27,000	82,500				35,000		
Total Revenue	242,685	109,451	163,995	119,775	221,550				133,750		
Expenses											
Total Food and Beverage	92,338	58,444	72,463	57,897	67,524				60,000		
AV	7,618		10,360	4,818	6,883				7,000		
Total Entertainment	1,442	2,592	6,374	1,911	8,611				2,000		
Room Rental Fees											
Total Gifts	4,646	2,316	1,896	1,780	3,339				4,050		
Total Advertising/Printing	15,160.00	12,970.00	8,562.00	9,166.00	11,280.00				11,550.00		
Golf	22,028	-	8,383	-	14,272				-		
Total Labor	-	-	680	3,000	3,154				5,350		
Total Other	12,018	8,575	15,571	7,772	8,588				8,800		
Attrition			48,685								
Total exp	155,250	84,897	172,974	86,344	123,651				98,750		
Profit	87,435	24,554	(8,979)	33,431	97,899				35,000		
NOTES											
Attrition reversed in 2011			21,357								
Profit w/h/b			12,378								
Profit over sponsorship (net attriti	20,435	(4,946)	(52,122)	6,431	15,399						



P.O. Box 2815
Honolulu, Hawaii 96803

Marketing Committee Report to Executive Committee

May 8, 2013

Offices of AON
201 Merchant, Suite 2400
Honolulu, HI 96813

Committee Members:
Scot Sterenberg, Chair
Jerelyn Brown
Ward Ching
Kevin Higa
Chris Mertes
Paul Shimomoto
Alice West

- A. WRINtv – RIMS related videos (I counted 9) were uploaded to WRIN.tv website and an HCIC banner ad (one of two ads) has been on the site since prior to RIMS up to today. We requested page view and unique visitor data for the website for the month of April.
- B. Summer HCIC newsletter planned for distribution in July – primary focus will be promoting November Forum.
- C. VCIA conference - No current plans to exhibit - evaluating other conference opportunities



P.O. Box 2815
Honolulu, Hawaii 96803

Education/Forum Committee Report to the Executive Committee

Date: May 8, 2013

Submitted by: Jill Miura

Education Committee Members: Christina Kamaka, Craig Watanabe, Jamie Asato, Mark Hironaga, Jill Miura

Forum Committee Members: Christina Kamaka, Jamie Asato, Fay Okamoto, Wanda Jong, Jill Miura, Lynn Saito

- A. Education Committee
 - Webinars
 - Investment webinar
 - Originally scheduled for April was postponed due to RIMS
 - Date set for Tuesday, May 28th; mark your calendar
 - FHB and BOH representatives will be presenting
 - Budget – submitted proposed budget for education

- B. Forum 2013 Update – November 5 8, 2013 at The Hapuna Beach Prince Hotel, Kohala Coast, Hawaii
 - Sponsorships – Total of \$73,500 – 2 platinum; 2 gold, 15 silver; 5 supporters; still accepting sponsorships!
 - Sessions have been finalized; May 31st date to provide descriptions and speakers
 - Planning on schedule

- C. Forum 2014 – Oahu
 - Have received one proposal (Sheraton); waiting for responses from Ihilani and HHV
 - Soliciting volunteer for potential chair

AMENDED AND RESTATED
BY-LAWS
OF
HAWAII CAPTIVE INSURANCE COUNCIL CORPORATION
July 3, 2006

INDEX TO BY-LAWS OF
HAWAII CAPTIVE INSURANCE COUNCIL CORPORATION

ARTICLE I	DEFINITIONS.....	1
ARTICLE II	MEMBERSHIP	2
	SECTION 2.01. MEMBERSHIP.....	2
	SECTION 2.02. ANNUAL MEMBERSHIP MEETING.....	2
	SECTION 2.03. SPECIAL MEETINGS.....	2
	SECTION 2.04. PLACE OF MEETINGS.....	332
	SECTION 2.05. NOTICE OF MEMBERSHIP MEETINGS.....	3
	SECTION 2.06. RECORD DATE.....	3
	SECTION 2.07. CONSENT TO MEMBERSHIP MEETINGS OR MEMBERSHIP ACTION.....	3
	SECTION 2.09. VOTING RIGHTS.....	4
ARTICLE III	DIRECTORS.....	4
	SECTION 3.01. NUMBER AND QUALIFICATIONS OF DIRECTORS.....	4
	SECTION 3.02. POWERS OF DIRECTORS.....	4
	SECTION 3.03. ELECTION AND TENURE OF OFFICE.....	5
	SECTION 3.04. VACANCIES.....	5
	SECTION 3.05. REMOVAL OF DIRECTORS.....	6
	SECTION 3.06. ANNUAL BOARD OF DIRECTORS' MEETINGS.....	6
	SECTION 3.07. SPECIAL MEETINGS.....	6
	SECTION 3.08. PLACE OF MEETINGS.....	6
	SECTION 3.09. NOTICE OF MEETINGS.....	6
	SECTION 3.10. CONSENT TO DIRECTORS' MEETINGS OR DIRECTORS' ACTIONS.....	7
	SECTION 3.11. MEETING BY CONFERENCE TELEPHONE.....	7
	SECTION 3.12. QUORUM AND VOTE.....	7
	SECTION 3.13. COMPENSATION OF DIRECTORS AND COMMITTEE MEMBERS.....	887
ARTICLE IV	OFFICERS.....	8
	SECTION 4.01. DESIGNATION AND QUALIFICATIONS.....	8
	SECTION 4.02. ELECTION.....	8
	SECTION 4.03. COMPENSATION.....	8
	SECTION 4.04. REMOVAL AND RESIGNATION.....	8
	SECTION 4.05. VACANCIES.....	998
	SECTION 4.06. CHAIR AND VICE CHAIR OF THE BOARD.....	9

SECTION 4.07. PRESIDENT	9
SECTION 4.08. VICE-PRESIDENT.	9
SECTION 4.09. SECRETARY.	9
SECTION 4.10. TREASURER.	10 <u>9</u>
SECTION 4.11. ASSISTANTS.....	10
SECTION 4.12. SUBORDINATE OFFICERS.....	10
ARTICLE V BOARD AND ADVISORY COMMITTEES	10
SECTION 5.01. BOARD COMMITTEES.....	10
SECTION 5.02. ADVISORY COMMITTEES.....	11 <u>10</u>
ARTICLE VI CORPORATE RECORDS AND REPORTS	11 <u>10</u>
SECTION 6.01. RECORDS.....	11 <u>10</u>
SECTION 6.02. INSPECTION OF BOOKS AND RECORDS.	11
SECTION 6.03. SIGNING OF CHECKS.	12 <u>11</u>
SECTION 6.04. EXECUTION OF CONTRACTS.....	12 <u>11</u>
SECTION 6.05. ANNUAL REPORTS.	12
ARTICLE VII INDEMNIFICATION OF DIRECTORS AND OFFICERS.....	12
ARTICLE VIII AMENDMENTS TO BY-LAWS.....	12

BY-LAWS
OF
HAWAII CAPTIVE INSURANCE COUNCIL CORPORATION

ARTICLE I DEFINITIONS

For the purposes of these By-Laws the following definitions shall apply:

“Captive Insurance Entity” or “Entity” shall mean any entity or organization currently authorized to carry out business in the State of Hawaii pursuant to the provisions of the laws of the State of Hawaii governing captive insurance.

“Captive Insurance Service Provider” or “Provider” shall mean any provider of services to captive insurance entities including but not limited to insurance, accounting, legal, and management services. A Provider may become a member regardless of whether they are actually currently providing services or insurance to Captive Insurance Entities at the time of application for membership.

“Corporation” shall mean the Hawaii Captive Insurance Council Corporation.

“Member” shall mean any person who meets the requirements of membership in the Hawaii Captive Insurance Council Corporation as set forth in Article II herein.

ARTICLE II MEMBERSHIP

SECTION 2.01. MEMBERSHIP.

In order to be eligible for membership, a prospective member shall be either: (1) a Captive Insurance Entity; (2) a Captive Insurance Service Provider, or (3) such other class of membership pursuant to the guidelines or instructions promulgated by the Membership Committee and approved by the Board of Directors.

Membership in the Corporation shall be subject to approval of the Membership Committee pursuant to guidelines or instructions, which shall be promulgated from time to time by the Board of Directors of the Corporation.

Subject to the approval of the Board of Directors, the Membership Committee shall be authorized to prepare a tiered system of membership classifications, which addresses issues of voting rights, membership fees schedules, or both.

Each member of the corporation shall designate a representative (“designated representative”) who shall be the individual authorized to act on behalf of the member in all matters requiring membership action. Each member may also designate a separate primary contact to whom communications from the Corporation may be sent to the member. If no separate primary contact is designated, the designated representative shall, for purposes of communication with the member, be the primary contact. Any change in either the designated representative or primary contact of a member shall be communicated in writing to the Secretary of the Corporation.

SECTION 2.02. ANNUAL MEMBERSHIP MEETING.

The annual meeting of the membership, upon notice as hereinafter provided, shall be held at a date and time determined by the Board of Directors. At the meeting, the President and Treasurer shall report the activities and financial condition of the Corporation, and the membership shall elect by plurality vote a Board of Directors, consider reports of the affairs of the Corporation, and transact such other business as may properly be brought before the meeting.

SECTION 2.03. SPECIAL MEETINGS.

Special meetings of the membership shall be held: (1) on call of the Corporation’s Board of Directors, or some other person or persons as may be authorized to do so by the Corporation’s Articles of Incorporation or By-Laws, or (2) if at least five percent (5%) of the voting members

of the Corporation sign, date, and deliver to any corporate officer one or more written demands for the special meeting describing the purpose or purposes for which said meeting is to be held.

SECTION 2.04. PLACE OF MEETINGS.

Meetings of the membership shall be held at the principal office of the Corporation in the State of Hawaii, or elsewhere within or without the State of Hawaii as may be designated for membership meetings from time to time by the Board of Directors, in which case such meetings may be held, upon notice thereof as hereinafter provided, at such other place or places as the Board of Directors shall have determined, and as shall be stated in such notice.

SECTION 2.05. NOTICE OF MEMBERSHIP MEETINGS.

(a) Written notice of the place, date, and time of each meeting of the membership, whether annual or special, shall be given in writing to members entitled to vote by the Secretary or the Assistant Secretary, if any, or, if there be no such officer, or in case of his neglect or refusal, by any director or officer. Such notices shall be mailed to the member's address appearing on the books of the Corporation not fewer than ten (10) days nor more than sixty (60) days before such meeting. The Secretary or Assistant Secretary, in the absence of the Secretary, shall, based upon information provided by the Membership Committee, determine which Members are entitled to notice of such meeting. Any notice of a membership meeting sent by mail shall be deemed to be delivered when deposited in the United States mail, first class, with postage thereon prepaid, addressed to the member as aforesaid. Notice of membership meetings shall specify the place, the day, and the hour of meeting and, in case of a special meeting, the purpose or purposes for which the meeting is called. When a meeting is adjourned for any reason, notice of the adjourned meeting shall be given as in case of an original meeting.

(b) Notice by electronic means. Notice as provided in subsection (a) may, in lieu of United States mail, be given via electronic means where the notice is addressed properly to an address or phone number, which has been designated by the intended recipient as for the purposes of receiving such notice, and is in a form capable of being retrieved by the recipient. Such notice is received when it is capable of being processed by the recipient's electronic system and enters that system outside the control of the Corporation or of a person who sent the electronic notice on behalf of the Corporation.

SECTION 2.06. RECORD DATE.

The record date shall be forty-five (45) days prior to a meeting of the membership.

SECTION 2.07. CONSENT TO MEMBERSHIP MEETINGS OR MEMBERSHIP ACTION.

The transaction of any business of the Corporation at a membership meeting shall be valid and binding upon a member as though conducted at a meeting duly held after regular call and notice, provided that: (1) each member is present either by its designated representative or by proxy, and (2) either before or after the intended effective date of the action, the designated representative or other proxy of the member signs a written waiver of notice, consent to the holding of such meeting, or approval of the minutes thereof. All such waivers, consents, or approvals shall be filed with the corporate records or made a part of the minutes of the meeting. Any action, which may be taken at a meeting of the membership, may be taken without a meeting if authorized by a written consent signed by at least eighty percent (80%) of the voting members of the Corporation. The written consent shall be filed with the corporate records of the Corporation.

SECTION 2.08. QUORUM.

The presence of not less than one-third of the members eligible to vote at a meeting of the membership shall constitute a quorum at all meetings of the membership for the transaction of business.

SECTION 2.09. VOTING RIGHTS.

Only voting members in good standing as of the record date shall be entitled to vote at meetings of the membership. Each such member shall have one vote on each issue to come before the membership. If a quorum is present when a vote is taken, the affirmative vote of a majority of the members present shall be required for the transaction of business. Presence and voting of a member may be in person, by proxy, by electronic means, or by conference call.

ARTICLE III DIRECTORS

SECTION 3.01. NUMBER AND QUALIFICATIONS OF DIRECTORS.

The authorized number of corporate directors shall be as stated in the Articles of Incorporation, the actual number of directors for any given calendar year being determined by the Board of Directors prior to the start of that calendar year for which that number shall take effect. At least one director shall be a resident of the State of Hawaii. Each director shall be a designated representative of a current member of the Corporation in good standing.

SECTION 3.02. POWERS OF DIRECTORS.

(a) General Powers. Subject to the limitation of law, the Articles of Incorporation, subsection (b) of this Section, or other provisions of the By-Laws as to action to be authorized or

approved by the membership, all corporate powers shall be exercised by or be under the authority of a Board of Directors, including control of the business and affairs of this Corporation.

(b) Membership Review Of Major Activities. The membership shall have the opportunity to review those activities of the Corporation, which the membership determines to be major activities. As used in this section, "major activities" shall mean those matters that a majority of the membership has declared major, by written notice to the Corporation, delivered personally, or deposited by registered or certified mail, return receipt requested. Such notice shall specifically identify the matter or matters requiring approval of the membership and shall refer to this By-Law provision granting such approval rights. Notices received pursuant to this subsection shall be recorded and filed in and with the minutes of the Corporation.

SECTION 3.03. ELECTION AND TENURE OF OFFICE.

The directors shall be elected by voice or written vote (including by electronic means or written proxy) at each annual meeting of the membership and until their successors are duly elected or appointed and qualified. The directors' term of office shall begin immediately after election and shall continue ~~for a period of two years until the next annual meeting of the membership~~; subject, however, to removal by the membership as set forth in Section 3.05, and further subject to policy guidelines adopted by the Board of Directors not inconsistent with these By-Laws.

Each director shall not serve more than ~~three (3) six (6)~~ consecutive ~~two one~~-year terms. After serving ~~three (3) six (6)~~ consecutive ~~two one~~-year terms, an individual may be elected as a director after an absence of at least one ~~one~~-year term.

SECTION 3.04. VACANCIES.

Vacancies in the Board of Directors may be filled by a majority of the remaining directors, although less than a quorum, or by a sole remaining director. Each director so elected shall hold office until his or her successor is elected at a regular meeting of the membership or at a special meeting called for that purpose. The membership may at any time elect a director to fill any vacancy not filled by the directors, and may elect the additional directors at the meeting at which an amendment of the By-Laws is voted authorizing an increase in the number of directors. A vacancy or vacancies shall be deemed to exist in case of the death, resignation, or removal of any director, or if the membership shall increase the authorized number of directors but shall fail at the meeting at which such increase is authorized, or at any adjournment thereof, to elect the additional director so provided for, or in case the membership fails at any time to elect the full number of authorized directors. If the Board of Directors accepts the resignation of a director

tendered to take effect at a future time, the board, or the membership, shall have power to elect a successor to take office when the resignation shall become effective.

No reduction of the number of directors shall have the effect of removing any director prior to the expiration of his term of office.

SECTION 3.05. REMOVAL OF DIRECTORS.

The entire Board of Directors or any individual director may be removed from office by the membership with or without cause. Any removal of one or more director(s) shall be taken at a meeting called for that purpose and the meeting notice shall state that the purpose, or one of the purposes, of the meeting is removal of the director(s).

SECTION 3.06. ANNUAL BOARD OF DIRECTORS' MEETINGS.

The annual meeting of the Board of Directors shall be held as soon as practicable following the annual membership meeting.

SECTION 3.07. SPECIAL MEETINGS.

Special meetings of the Board of Directors for any purpose or purposes may be called at any time by the Chair of the Board, President, Vice-President, or by any director.

SECTION 3.08. PLACE OF MEETINGS.

Meetings of the Board of Directors shall be held at the principal office of the Corporation in Honolulu, Hawaii, or such other place as designated for meetings of the Board of Directors from time to time by resolution of the Board or written consent of all of the members of the Board, except that at least one Board meeting a year shall be held in the State of Hawaii.

SECTION 3.09. NOTICE OF MEETINGS.

Each director shall be given at least seven (7) but no more than sixty (60) days written notice, including but not limited to notice given by electronic means, of all regular and annual meetings of the Board of Directors. Special meetings of the Board of Directors and of any committee designated thereby may be held upon verbal or written notice including but not limited to notice given by electronic means given to each director at least forty-eight (48) hours prior to such meeting. When a meeting is adjourned for any reason, notice of the adjourned meeting shall be given as in the case of an original meeting. Attendance by a director at a meeting shall be deemed 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 at the meeting because the meeting is not lawfully called or convened.

SECTION 3.10. CONSENT TO DIRECTORS' MEETINGS OR DIRECTORS' ACTIONS.

The transactions of any meeting of the directors, however called and noticed and wherever held, shall be valid as though conducted at a meeting duly held after regular call, notice, and with quorum present, provided that either before or after the intended effective date of the action, all of the directors not present sign a written waiver of notice, consent to the holding of such meeting, or approval of the minutes thereof. All such waivers, consents, or approvals shall be filed with the corporate records or made a part of the minutes of the meeting. Any action, which may be taken at a meeting of the directors, may be taken without a meeting if authorized by a writing signed by all of the directors and filed with the Secretary of the Corporation

SECTION 3.11. MEETING BY CONFERENCE TELEPHONE.

Members of the Board of Directors of the Corporation, or any committee designated by such Board, may participate in a meeting of such Board or committee by means of conference telephone or similar communications equipment whereby all persons participating in the meeting can simultaneously hear each other, and participation in a meeting in such manner shall constitute presence in person at such meeting.

SECTION 3.12. QUORUM AND VOTE.

A majority of the directors currently in office shall be necessary to constitute a quorum for the transaction of business, and the action of a majority of the directors present at any meeting at which there is a quorum, when duly assembled, is valid as a corporate act, provided that a minority of the directors, in absence of a quorum, may adjourn from time to time, but may not transact any business.

SECTION 3.13. COMPENSATION OF DIRECTORS AND COMMITTEE MEMBERS.

Directors and members of all committees shall not receive any stated salary or other compensation for their services as such.

ARTICLE IV OFFICERS

SECTION 4.01. DESIGNATION AND QUALIFICATIONS.

The officers shall be a Chair of the Board, a Vice-Chair of the Board, a President, one or more Vice-Presidents, a Secretary and a Treasurer, and such other officers as may be designated under Section 4.11 and Section 4.12 below. Any nominee for an office stated in this Section shall be a designated representative of a current member in good standing of the Corporation.

SECTION 4.02. ELECTION.

The officers shall be elected by the Board of Directors at their annual meeting, and at such other times as the directors may from time to time determine. The officers' terms of office shall begin immediately after election and shall continue for a period of two years, subject to removal by the Board of Directors as set forth in Section 4.04.~~until the next annual meeting of the Board of Directors.~~

SECTION 4.03. COMPENSATION.

The officers of the Corporation shall not receive any compensation for their service as officers of the Corporation, provided that nothing herein contained shall be construed to preclude any director or committee member from serving the Corporation in any other capacity and receiving compensation therefor.

SECTION 4.04. REMOVAL AND RESIGNATION.

Any officer may be removed, either with or without cause, by a majority of the directors at any regular or special meeting of the Board, or, except in case of any office chosen by the Board of Directors, by any officer upon whom such power of removal may be conferred by the Board of Directors. Any officer may resign at any time by giving written notice to the Board of Directors, to the President, or to the Secretary of the Corporation. A resignation is effective when the notice is delivered unless the notice specifies a future effective date. Unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

SECTION 4.05. VACANCIES.

A vacancy in any office because of death, resignation, removal, disqualification, or other cause shall be filled in the manner prescribed in the By-Laws for regular appointments to such office.

SECTION 4.06. CHAIR AND VICE CHAIR OF THE BOARD.

The Chair of the Board shall preside at all meetings of the members and Board of Directors at which the Chair of the Board is present, and shall perform such other duties and have such other powers as may be prescribed by the Board of Directors. In the absence of the Chair of the Board, the Vice-Chair of the Board shall assume the duties of the Chair of the Board.

SECTION 4.07. PRESIDENT.

In the absence of the Chair and Vice-Chair of the Board, the President shall preside at all meetings of the membership and Board of Directors. The President shall have the general powers and duties of management usually vested in the office of the President of a corporation, and shall have such other powers and duties as may be prescribed by the Board of Directors or the By-Laws.

SECTION 4.08. VICE-PRESIDENT.

The Vice-President shall, at the discretion of the Board of Directors, in the absence, disability, or by delegation of the President, perform the duties and exercise the powers of the President. The Vice-President shall have the general powers and duties of management necessary to coordinate the day to day operations of the Corporation, and shall have such other powers and duties as may be prescribed by the Board of Directors or the By-Laws. There may be more than one Vice-President, as determined by resolution of the Board.

SECTION 4.09. SECRETARY.

The Secretary shall keep, or cause to be kept, a book of minutes, at the principal office or such other place as the Board of Directors may order, of all meetings of the directors and membership, with the time and place of holding, whether regular or special, and if special, how authorized, the notice thereof given, the names of those present at directors' meetings, how the members are represented at membership meetings, and the proceedings thereof. The Secretary shall give, or cause to be given, notice of all the meetings of the membership and of the Board of Directors required by the By-Laws or by law to be given; the Secretary shall have such other

powers and perform such other duties as may be prescribed by the Board of Directors or by the By-Laws.

SECTION 4.10. TREASURER.

The Treasurer shall receive and keep all the funds of the Corporation and shall pay them out only on the check of the Corporation, signed in the manner authorized by the Board of Directors.

SECTION 4.11. ASSISTANTS.

Any Assistant Secretary or Assistant Treasurer, respectively, if any, may exercise any of the powers of Secretary or Treasurer as directed by the Board of Directors and shall perform such other duties as the Board of Directors may direct.

SECTION 4.12. SUBORDINATE OFFICERS.

The Board of Directors may from time to time appoint such subordinate officers, employees, or agents as the business of the Corporation may require, fix their tenure of office, and allow them suitable compensation.

ARTICLE V BOARD AND ADVISORY COMMITTEES

SECTION 5.01. BOARD COMMITTEES.

As may be necessary from time to time, the Board of Directors, by resolution adopted by a majority of all the directors, may create one or more Board Committees and appoint members of the Board of Directors to serve on them. Each Board Committee shall consist of at least two (2) directors, who shall serve at the pleasure of the Board of Directors. Board Committees shall have such powers as designated by the Board of Directors, consistent with law, the Articles of Incorporation, and the By-Laws of the Corporation.

SECTION 5.02. ADVISORY COMMITTEES.

As may be necessary from time to time, the Board of Directors may create one or more Advisory Committees, the size, composition, and powers of which shall be determined by the Board of Directors, consistent with law, the Articles of Incorporation, and the By-Laws of the Corporation.

ARTICLE VI CORPORATE RECORDS AND REPORTS

SECTION 6.01. RECORDS.

The Corporation shall maintain adequate and correct accounts, books, and records of its business and properties and minutes of the proceedings of the membership and Board of Directors. All of such books, records, and accounts shall be kept at its principal place of business in the State of Hawaii, or at such other place fixed by the Board of Directors from time to time.

SECTION 6.02. INSPECTION OF BOOKS AND RECORDS.

Except as provided by law and subject to any reasonable charges covering the costs of labor and materials for copies of documents provided to any member, the cost of which shall be borne entirely by the member requesting such copies, a member shall be entitled to inspect and copy, at a reasonable time and location specified by the Corporation: (1) articles or restated articles of incorporation and all amendments to them currently in effect, (2) By-Laws or restated By-Laws and all amendments to them currently in effect, (3) resolutions adopted by the Board of Directors relating to the characteristics, qualifications, rights, limitations, and obligations of members or any class or category of members, (4) minutes of all meetings of members and records of all actions approved by the members for the past three years, (5) all written financial statements furnished for the past three years pursuant to Hawaii Revised Statutes (“HRS”) § 414D-306 as amended from time to time, (6) a list of the names and businesses or current mailing addresses of its current officers and directors, and (7) the most recent annual report delivered to the Director of Commerce and Consumer Affairs, State of Hawaii, under HRS § 414D-308, as amended from time to time.

Subject to any reasonable copying or production charges that may be imposed by the Corporation, a member may inspect and copy at a reasonable time and reasonable location specified by the Corporation, any of the following records provided: (1) the member’s request to inspect and/or copy is made in good faith and for a proper purpose, (2) the member describes with reasonable particularity the purpose and the records the member desired to inspect and/or copy, and (3) the records are directly connected with this purpose.

Nothing herein shall be construed to affect the rights of a member to inspect records of the Corporation as may otherwise be provided by law.

SECTION 6.03. SIGNING OF CHECKS.

All checks, drafts, or other orders for payment of money, notes, or other evidences of indebtedness, issued in the name of or payable to the Corporation, shall be signed or endorsed by such person or persons and in such manner as shall be determined from time to time by resolution of the Board of Directors.

SECTION 6.04. EXECUTION OF CONTRACTS.

The Board of Directors, except as otherwise provided in the By-Laws, may authorize any officer or officers, agent or agents, to enter into any contract or execute any instrument in the name of and on behalf of the Corporation. Such authority may be general or confined to specific instances. Unless so authorized by the Board of Directors, no officer, agent, or employee shall have any power or authority to bind the Corporation in any contract or engagement, to pledge its credit, or to render it liable for any purpose or to any amount.

SECTION 6.05. ANNUAL REPORTS.

The Board of Directors shall cause such annual reports, statements of financial condition, or other reports to be prepared and delivered to the appropriate governmental authorities for filing as may be provided by law.

ARTICLE VII INDEMNIFICATION OF DIRECTORS AND OFFICERS

Indemnification of the officers and directors of the Corporation shall be as provided in the Articles of Incorporation, the provisions of which are incorporated herewith by reference. In addition, the Corporation may indemnify a former or current officer or director, only upon determination by the Board of Directors that the director or officer has met the standard of conduct set forth in HRS § 414D-160, as from time to time amended.

ARTICLE VIII AMENDMENTS TO BY-LAWS

The By-Laws of the Corporation may from time to time be repealed, amended or altered, or new By-Laws may be adopted, subject to a majority vote of all of the directors currently in office, provided that any repeal, amendment, or adoption of By-Laws, which has been approved by a majority vote of the Board of Directors and impacts any express rights or obligations of

membership, or creates new rights or obligations, shall also be subject to a vote of the membership present in person, by proxy, by electronic means, or by conference call, at a membership meeting prior to adoption.

HAWAII CAPTIVE INSURANCE COUNCIL DIRECTOR & OFFICER TERMS, TERM LIMITS,
 QUALIFICATIONS, AND NOMINATION PROCEDURES
 (ADOPTED BY HCIC BOARD: ~~MAY 24, 2006~~)

I. Director terms, term limits, and qualifications:

- A. Each director must be an authorized representative of a dues-paying member in good standing.
- B. Pursuant to Hawaii law, Directors are required to be elected annually. Directors therefore serve ~~one~~two-year terms (or the period between each annual membership meeting).
- C. Directors may serve up to ~~six~~three consecutive ~~one~~two-year terms. Directors who have exhausted this term limit must take a one-year hiatus before being eligible for election as a Director.

~~D. In the first year this procedure is implemented, the then current Directors will be segregated into five groups (either through volunteers or through random drawing):~~

Group 1	Will serve out the remainder of their current term, and will be ineligible for re-election at the next annual membership meeting (for at least a one-year hiatus).
Group 2	Will serve out the remainder of their current term, and, if re-elected, may serve up to one more annual term. Thereafter, this group is ineligible for re-election (for at least a one-year hiatus).
Group 3	Will serve out the remainder of their current term, and, if re-elected, may serve up to two more consecutive annual terms. Thereafter, this group is ineligible for re-election (for at least a one-year hiatus).
Group 4	Will serve out the remainder of their current term, and, if re-elected, may serve up to three more consecutive annual terms. Thereafter, this group is ineligible for re-election (for at least a one-year hiatus).
Group 5	Will serve out the remainder of their current term, and, if re-elected, may serve up to four more consecutive annual terms. Thereafter, this group is ineligible for re-election (for at least a one-year hiatus).

II. Officer terms, term limits, and qualifications:

- A. Each officer must be an authorized representative of a dues-paying member in good standing. Officers are elected by the Board of Directors. Certain Officers are also required to be Directors.
- B. Officers serve ~~one~~two-year terms (or the period between each annual Board of Directors' meeting).
- C. Officers of the Board (must also be Directors) are the Chairman of the Board and the Vice Chair.

- D. Executive Officers (must also be Directors) are the President, Vice President, Treasurer, and Secretary.
- E. Assistant Officers are not required to be Directors.
- F. Officer term limits are not deemed necessary, as the Director ~~six-year~~ term limit will eventually result in rotation amongst the Officers of the Board and the Executive Officers.
- G. The Executive Committee, through the Chairman or Vice-Chairman of the Board or the then most senior Executive Officer remaining, will coordinate the officer nomination process and propose a slate of officer nominees. Among other criteria, the Board will consider each nominee's past service to the HCIC in order to select the most appropriate individuals for nomination.
- H. The Chairman of the Board nominee shall have served previously as an HCIC director.
- I. The President nominee shall have served as at least one other Executive Officer position (Chairman, Vice-Chairman, Vice President, Treasurer or Secretary).

III. Nomination Process Timeline:

- A. Although the by-laws allow for HCIC membership meeting to take place at the discretion of the Board, this procedure suggests conducting membership meeting consistently before or around October 31 of each year, with the directors duly elected at such meeting to take office immediately.
- B. Similarly, this procedure suggest that officers for the next fiscal year be elected by the newly-elected Board of Directors before November 30, with the officers duly elected to take office immediately.
- C. Executive Committee coordinates the overall nomination process and solicits nominees. Among other criteria, the Executive Committee will consider each nominee's past service to the HCIC in order to select the most appropriate individuals for nomination.

By July 31	Executive Committee to solicit open nominations of Directors and/or Officers from HCIC membership.
By August 31	All nominees submit their applications for nomination to Executive Committee
By September 30	Executive Committee to review nominees and propose slate of Directors for consideration by the membership. Proposed slate and nominee information is provided to the membership in conjunction with the annual membership meeting notice.
Near October 31	Membership meeting held to elect Directors
As soon as possible following Membership Meeting, but prior to November 30	Newly-elected Directors elect Officers (certain officers must also be Directors; see Officers-section).

This nomination process applies only to annual elections; any unscheduled director vacancies are not required to follow this nomination process and may be filled pursuant to Section 3.04 of the By-laws.

IV. Nomination Procedure:

- A. Each nominee will provide an Application for Nomination to the Executive Committee by the designated deadline.
- B. No more than one representative from a dues-paying member in good standing may be eligible for nomination as a Director.
- C. There is no restriction on the number of total nominees.
- D. If there are insufficient numbers of nominees to meet the required number of directorship positions, the Executive Committee may then nominate representatives of dues-paying members not already nominated to meet or exceed the required number of directors. Such Executive Committee initiated nominations are still subject to submission by the nominee(s) of the appropriate Application for Nomination by a deadline specified by the Executive Committee.

V. Nomination Application Required Information:

- A. Nominees must be an authorized representative of a current dues-paying member in good standing.
- B. ~~Application for Nomination must be signed by the Nominee, attesting that~~ Nominees must attest that the information contained in the Application is true to the best of their knowledge and belief.
- C. To demonstrate due diligence in the selection of Director and Officer nominees, HCIC will request each nominee to disclose any felony convictions, relevant misdemeanors or other violations of the law, or bankruptcy / insolvency proceedings.
- D. Because HCIC is a volunteer organization, a nominee's past service to the HCIC and more importantly their on-going commitment to HCIC activities after election will be key criteria in the nomination process.