



VESTA
INSURANCE COMPANIES

August 14, 2001

P13970

VIA UPS EXPRESS AIR MAIL

Amendment Section
Division of Corporations
409 East Gaines Street
Tallahassee, Florida 32399

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*****54.50 *****54.50

59.50 x 2 = 119.00 59.50 fw

RE: CHANGE OF JURISDICTION -- FOREIGN PROFIT CORPORATIONS

The Shelby Insurance Company ("Shelby")

Affirmative Insurance Company ("Affirmative")

Insura Property and Casualty Insurance Company ("Insura")

Dear Sir/Madam:

Enclosed and listed below are the documents/information required by the Florida Department of State as a result of the redomestication of Shelby, Affirmative and Insura (collectively the "Companies") to the State of Illinois from the State of Ohio effective July 16, 2001:

1. Completed Applications by Foreign Profit Corporations to File Amendment to Applications for Authorization to Transact Business in Florida on behalf of the Companies.

Enclosed are the Companies' completed Applications to File Amendment to Applications for Authorization to Transact Business in Florida. Please certify and return a copy for the Companies' submission to the Florida Department of Insurance.

2. An original certificate from the state of incorporation evidencing the amendment.

Enclosed are copies of the Companies' Articles of Reorganization, originally certified by the Illinois Department of Insurance. Please certify and return a copy for the Companies' submission to the Florida Department of Insurance.

3. Filing Fees.

Enclosed are the Companies' checks representing payment of fees as follows:

Shelby -- \$59.50:

\$35.00 -- Filing Fee

\$15.75 -- Certification of 15 pages (Application and Articles of Reorganization)

\$8.75 -- Certificate of Status

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SECRETARY OF STATE
TALLAHASSEE, FLORIDA

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Amendment Section, Division of Corporations
August 21, 2001
Page 2

Affirmative - \$54.50:

\$35.00 – Filing Fee

\$10.75 – Certification of 10 pages (Application and Articles of Reorganization)

\$8.75 – Certificate of Status

Insura - \$54.50:

\$35.00 – Filing Fee

\$10.75 – Certification of 10 pages (Application and Articles of Reorganization)

\$8.75 – Certificate of Status

Submission of these documents/information should complete the submission requirements for the Companies to have their applications to transact business in the State of Florida amended due to their redomestication to the State of Illinois.

Please forward the certified copies of the Companies' applications and articles of reorganization to my attention at 3760 River Run Drive, Birmingham, Alabama 35243. Enclosed for your convenience is a self-addressed UPS Express Air Mailer.

Feel free to call me at 1-800-444-2955 ext. 7126 if you need any additional information. Thank you for your assistance in this matter.

Sincerely,



Teresa Battles
Paralegal

Enc.

PROFIT CORPORATION
APPLICATION BY FOREIGN PROFIT CORPORATION TO FILE AMENDMENT TO
APPLICATION FOR AUTHORIZATION TO TRANSACT BUSINESS IN FLORIDA
(Pursuant to s. 607.1504, F.S.)

SECTION I
(1-3 MUST BE COMPLETED)

1. THE SHELBY INSURANCE COMPANY
Name of corporation as it appears on the records of the Department of State.
2. Ohio
Incorporated under laws of
3. 4-8-87
Date authorized to do business in Florida

SECTION II
(4-7 COMPLETE ONLY THE APPLICABLE CHANGES)

4. If the amendment changes the name of the corporation, when was the change effected under the laws of its jurisdiction of incorporation?

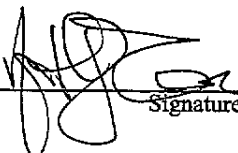
5. N/A
Name of corporation after the amendment, adding suffix "corporation" "company" or "incorporated," or appropriate abbreviation, if not contained in new name of the corporation.

6. If the amendment changes the period of duration, indicate new period of duration.

N/A
New Duration

7. If the amendment changes the jurisdiction of incorporation, indicate new jurisdiction.

ILLINOIS
New Jurisdiction


Signature

ARTHUR J. GONZALES
Typed or printed name

08-21-01
Date

VICE PRESIDENT,
GENERAL COUNSEL & SECRETARY
Title

FILED
01 AUG 22 PM 2:28
SECRETARY OF STATE
TALLAHASSEE, FLORIDA



STATE OF ILLINOIS
DEPARTMENT OF INSURANCE
320 WEST WASHINGTON STREET
SPRINGFIELD, ILLINOIS 62767



I, the undersigned, Director of Insurance of the State of Illinois, hereby certify that the document to which this Certification is attached is a true and correct copy of the original now on file in and forming a part of the records of the Department of Insurance.

In witness whereof, I hereto set my hand and cause to be affixed the Seal of my office in Springfield, Illinois.

Date: AUG 06 2001

Nat Shapo
Director of Insurance

ARTICLES OF REORGANIZATION

of

THE SHELBY INSURANCE COMPANY

Article 1. The name of the corporation shall be THE SHELBY INSURANCE COMPANY.

Article 2. The corporation was originally incorporated on July 13, 1986, under the laws of the State of Ohio to become successor to a mutual insurance company, the Shelby Mutual Insurance Company of Shelby, Ohio. The conversion to a stock company was effected on November 17, 1986, and pursuant to the provisions of the First Amended Articles of the Corporation, all issued and outstanding Class A preferred shares were redeemed.

Article 3. The principal office of the corporation will be located in the City of Chicago, County of Cook in the State of Illinois.

The corporation may also have, maintain and operate such other offices, either within or without the State of Illinois, as shall be proper and advisable in the discretion of the officers or board of directors of the corporation.

Article 4. The purposes of the corporation are:

1. To engage in the business of and to transact any or all of the following kinds of insurance and reinsurance as defined in Class 2 and Class 3 of Section 4 of the Illinois Insurance Code, to wit:

Class 2

- (a) Accident and health. Insurance against bodily injury, disablement or death by accident and against disablement resulting from sickness or old age and every insurance appertaining thereto, including stop-loss insurance. Stop-loss insurance is insurance against the risk of economic loss issued to a single employer self-funded employee disability benefit plan or an employee welfare benefit plan as described in 29 U.S.C. 1001 et seq.
- (b) Vehicle. Insurance against any loss or liability resulting from or incident to the ownership, maintenance or use of any vehicle (motor or otherwise) draft animal or aircraft. Any policy insuring against any loss or liability on account of the bodily injury or death of any person may contain a provision for payment of disability benefits to injured persons and death benefits to dependents, beneficiaries or personal representatives of persons who are killed, including the named insured, irrespective of legal liability of the insured, if the injury or death for which benefits are provided is caused by accident and sustained while in or upon or while entering into or alighting from or through being struck by a vehicle (motor or

otherwise), draft animal or aircraft, and such provision shall not be deemed to be accident insurance.

- (c) **Liability.** Insurance against the liability of the insured for the death, injury or disability of an employee or other person, and insurance against the liability of the insured for damage to or destruction of another person's property.
- (d) **Workers' compensation.** Insurance of the obligations accepted by or imposed upon employers under laws for workers' compensation.
- (e) **Burglary and forgery.** Insurance against loss or damage by burglary, theft, larceny, robbery, forgery, fraud or otherwise; including all householders' personal property floater risks.
- (f) **Glass.** Insurance against loss or damage to glass including lettering, ornamentation and fittings from any cause.
- (g) **Fidelity and surety.** Become surety or guarantor for any person, copartnership or corporation in any position or place of trust or as custodian of money or property, public or private; or, becoming a surety or guarantor for the performance of any person, copartnership or corporation of any lawful obligation, undertaking, agreement or contract of any kind, except contracts or policies of insurance; and underwriting blanket bonds. Such obligations shall be known and treated as suretyship obligations and such business shall be known as surety business.
- (h) **Miscellaneous.** Insurance against loss or damage to property and any liability of the insured caused by accidents to boilers, pipes, pressure containers, machinery and apparatus of any kind and any apparatus connected thereto, or used for creating, transmitting or applying power, light, heat, steam or refrigeration, making inspection of and issuing certificates of inspection upon elevators, boilers, machinery and apparatus of any kind and all mechanical apparatus and appliances appertaining thereto: insurance against loss or damage by water entering through leaks or openings in buildings, or from the breakage or leakage of a sprinkler, pumps, water pipes, plumbing and all tanks, apparatus, conduits and containers designed to bring water into buildings or for its storage or utilization therein, or caused by the falling of a tank, tank platform or supports, or against loss or damage from any cause (other than causes specifically enumerated under Class 3 of Section 4 of the Illinois Insurance Code) to such sprinkler, pumps, water pipes, plumbing, tanks, apparatus, conduits or containers: insurance against loss or damage which may result from the failure of debtors to pay their obligations to the insured: and insurance of the payment of money for personal services under contracts of hiring.
- (i) **Other casualty risks.** Insurance against any other casualty risk not otherwise specified under Classes 1 or 3 of Section 4 of the Illinois Insurance Code, which may lawfully be the subject of insurance and may properly be classified under Class 2 of Section 4 of the Illinois Insurance Code.
- (j) **Contingent losses.** Contingent, consequential and indirect coverages wherein the proximate cause of the loss is attributable to any one of the causes enumerated under Class 2 of Section 4 of the Illinois Insurance Code. Such coverages shall, for the purpose of

classification be included in the specific grouping of the kinds of insurance wherein such cause is specified.

- (k) Livestock and domestic animals. Insurance against mortality, accident and health of livestock and domestic animals.
- (l) Legal expense insurance. Insurance against risk resulting from the cost of legal services as defined under Class 1(c) of Section 4 of the Illinois Insurance Code.

Class 3

- (a) Fire. Insurance against loss or damage by fire, smoke and smudge, lightning or other electrical disturbances.
- (b) Elements. Insurance against loss or damage by earthquake, windstorms, cyclone, tornado, tempests, hail, frost, snow, ice, sleet, flood, rain, drought or other weather or climatic conditions including excess or deficiency of moisture, rising of the waters of the ocean or its tributaries.
- (c) War, riot and explosion. Insurance against loss or damage by bombardment, invasion, insurrection, riot, strikes, civil war or commotion, military or usurped power, or explosion (other than explosion of steam boilers and the breaking of fly wheels on premises owned, controlled, managed, or maintained by the insured.)
- (d) Marine and transportation. Insurance against loss or damage to vessels, craft, aircraft, vehicles of every kind, (excluding vehicles operating under their own power or while in storage not incidental to transportation) as well as all goods, freights, cargoes, merchandise, effects, disbursements, profits, moneys, bullion, precious stones, securities, choses in action, evidences of debt, valuable papers, bottomry and respondentia interests and all other kinds of property and interests therein, in respect to, appertaining to or in connection with any or all risks or perils of navigation, transit, or transportation, including war risks, on or under any seas or other waters, on land or in the air, or while being assembled, packed, crated, baled, compressed or similarly prepared for shipment or while awaiting the same or during any delays, storage, transshipment, or reshipment incident thereto, including marine builder's risks and all personal property floater risks; and for loss or damage to persons or property in connection with or appertaining to marine, inland marine, transit or transportation insurance, including liability for loss of or damage to either arising out of or in connection with the construction, repair, operation, maintenance, or use of the subject matter of such insurance, (but not including life insurance or surety bonds); but, except as herein specified, shall not mean insurances against loss by reason of bodily injury to the person; and insurance against loss or damage to precious stones, jewels, jewelry, gold, silver and other precious metals whether used in business or trade or otherwise and whether the same be in course of transportation or otherwise, which shall include jewelers' block insurance; and insurance against loss or damage to bridges, tunnels and other instrumentalities of transportation and communication (excluding buildings, their furniture and furnishings, fixed contents and supplies held in storage) unless fire, tornado, sprinkler leakage, hail, explosion, earthquake, riot and civil commotion are the only hazards to be covered; and to piers, wharves, docks and slips, excluding the risks of fire,

tornado, sprinkler leakage, hail, explosion, earthquake, riot and civil commotion; and to other aids to navigation and transportation, including dry docks and marine railways, against all risk.

- (e) **Vehicle.** Insurance against loss or liability resulting from or incident to the ownership, maintenance or use of any vehicle (motor or otherwise), draft animal or aircraft, excluding the liability of the insured for the death, injury or disability of another person.
- (f) **Property damage, sprinkler leakage and crop.** Insurance against the liability of the insured for loss or damage to another person's property or property interests from any cause enumerated in this class; insurance against loss or damage by water entering through leaks or openings in buildings, or from the breakage or leakage of a sprinkler, pumps, water pipes, plumbing and all tanks, apparatus, conduits and containers designed to bring water into buildings or for its storage or utilization therein, or caused by the falling of a tank, tank platform or supports or against loss or damage from any cause to such sprinklers, pumps, water pipes, plumbing, tanks, apparatus, conduits or containers; insurance against loss or damage from insects, diseases or other causes to trees, crops or other products of the soil.
- (g) **Other fire and marine risks.** Insurance against any other property risk not otherwise specified under Classes 1 or 2 of Section 4 of the Illinois Insurance Code, which may lawfully be the subject of insurance and may properly be classified under Class 3 of Section 4 of the Illinois Insurance Code.
- (h) **Contingent losses.** Contingent, consequential and indirect coverages wherein the proximate cause of the loss is attributable to any of the causes enumerated under Class 3 of Section 4 of the Illinois Insurance Code. Such coverages shall, for the purpose of classification, be included in the specific grouping of the kinds of insurance wherein such cause is specified.
- (i) **Legal expense insurance.** Insurance against risk resulting from the cost of legal services as defined under Class 1(c) of Section 4 of the Illinois Insurance Code.

2. to engage directly in any of the following businesses:

- (a) rendering investment advice;
- (b) rendering services related to the functions involved in the operation of its insurance business including, but not limited to, actuarial, loss prevention, safety engineering, data processing, accounting, claims, appraisal and collection services;
- (c) acting as administrative agent for a governmental instrumentality which is performing an insurance function for a health or welfare program;
- (d) reinsuring the business of title insurance companies, provided that the Company shall have capital and surplus of not less than the amount required by law;

- (e) any other business activity reasonably complementary or supplementary to its insurance business, either to the extent necessarily or properly incidental to the insurance business the Company is authorized to do or to the extent approved by the Director of Insurance of the State of Illinois if such approval is required by law at the time; and

3. to engage in any other lawful business or activity.

Article 5. The total authorized capital of the corporation shall be Twelve Million Three Hundred Thirty Eight Thousand Six Hundred Sixty Seven Dollars (\$12,338,667) divided into and represented by: (a) Eight Million (8,000,000) shares of the common capital stock at a par value of One Dollar (\$1) per share; (b) Three Million Fifty Eight Thousand Six Hundred Sixty Seven (3,058,667) shares of Class A preferred stock at a par value of One Dollar (\$1) per share; and (c) One Million Two Hundred Eighty Thousand (1,280,000) shares of Class B non-voting preferred stock at a par value of One Dollar (\$1) per share. The corporation shall have a paid-up capital of not less than One Million Dollars (\$1,000,000). As of the effective date of the Articles of Reorganization, the paid-up capital of the corporation is Eight Million Dollars (\$8,000,000) represented by Eight Million (8,000,000) shares of common capital stock being then issued and outstanding. The corporation may use any part of its earned capital and surplus to redeem preferred stock, in addition to capital represented by the preferred share or shares redeemed.

A. Common Capital Stock

(1) *Dividends.* Subject to the provisions of the law of the State of Illinois and the express terms of the Class A and Class B preferred shares, the holders of the common shares shall be entitled to receive, out of any assets of the Corporation at the time legally available therefor, dividends in such amount and at such time as the Board of Directors may determine.

(2) *Voting Rights.* The holders of common shares shall have the exclusive right to one vote for each share on each matter submitted to a vote of the shareholders.

(3) *Liquidation Rights.* In the event of a voluntary liquidation, dissolution or winding up of the Corporation, the holders of the common shares shall be entitled, after satisfaction of claims of policyholders, claimants under or by virtue of insurance policies or bonds issued by the Corporation, and other creditors, and after the full payment to the holders of any preferred shares as provided in these Articles of Reorganization, to share ratably in the remaining assets of the Corporation available for distribution to the shareholders. A consolidation or merger of the Corporation with any other company, the reinsurance of all or any part of the outstanding risks of the Corporation with any other company, a sale or lease of all or substantially all of the assets or property of the Corporation, or a re-incorporation or re-domiciling of the Corporation, shall not be deemed a liquidation, dissolution or winding up within the meaning of this paragraph (3).

(4) *No Pre-emptive Rights.* No holder of common shares shall have, as a matter of right, the pre-emptive right to purchase or subscribe for shares of any class, now or hereafter authorized, or to purchase or subscribe for securities or other obligations convertible into or exchangeable for such shares or which by warrants or otherwise entitle the holders thereof to subscribe for or purchase any such shares.

B. Class A Preferred Stock

(5) *Dividends.* (a) The holders of the Class A preferred shares shall be entitled to receive, when and as declared by the Board of Directors, out of any assets of the Corporation at the time legally available therefor, cumulative dividends at a per annum rate of \$0.625 per share. Such declared dividends shall be payable upon the Class A preferred shares annually on November 17 (the "Dividend Payment Date") commencing on the next succeeding Dividend Payment Date following effectiveness of these Articles of Reorganization (the annual period ending on a Dividend Payment Date being hereinafter referred to as the "Dividend Period"). Dividends shall be payable to holders of record of Class A preferred shares on a record date fixed by the Board of Directors, which date shall be a date not earlier than the date on which the Directors act to fix the record date and not more than sixty days preceding the Dividend Payment Date. Dividends on Class A preferred shares shall accrue and be cumulative from and after the Dividend Payment Date next preceding the respective dates of issue thereof; provided, however, that as to Class A preferred shares issued after a record date fixed by the Board of Directors for the payment of dividends on Class A preferred shares and on or prior to the next succeeding Dividend Payment Date, dividends shall accrue and be cumulative from and after such succeeding Dividend Payment Date. Accumulation of dividends shall not bear interest.

(b) No dividend shall be paid or declared and set apart for payment on any Class A preferred shares for any Dividend Period unless a dividend (pro-rated if appropriate) for the same Dividend Period and all past Dividend Periods, if any, shall be or have been paid or declared and set apart for payment on all preferred shares then outstanding and entitled to receive a parity with the Class A preferred shares, dividends (pro-rated if appropriate) for such Dividend Period or for any past Dividend Period.

(c) So long as any Class A preferred shares are outstanding, the Corporation shall not declare and pay or set apart for payment any dividends or make any other distribution on Class B preferred shares or any other shares which are junior to the Class A preferred shares other than a dividend payable in junior shares, and shall not redeem, retire, purchase or otherwise acquire, or permit any subsidiary to purchase or otherwise acquire, and Class A preferred shares, or Class B preferred shares or any other junior shares, unless at the time of making such declaration, payment, distribution, redemption, retirement, purchase or acquisition dividends on all outstanding Class A preferred shares for all past Dividend Periods shall have been paid or declared and sufficient funds set apart for the payment thereof. The foregoing restriction on acquisition of Class A preferred shares, and Class B preferred shares and any other junior shares shall be inapplicable to any payments in lieu of issuance of fractional shares thereof whether upon any merger, conversion, stock dividend or otherwise.

(d) The amounts of any dividends "accrued" on any Class A preferred shares at any Dividend Payment Date shall be deemed to be the amount of any unpaid dividends accumulated thereon to and including such Dividend Payment Date, whether or not earned or declared, and the amounts of dividends "accrued" on any Class A preferred shares at any date other than a Dividend Payment Date shall be calculated as the amount of any unpaid dividends accumulated thereon to and including the last preceding Dividend Payment Date, whether or not earned or declared, plus an amount calculated on the basis of the Class A preferred shares Dividend Rate (adjusted to give effect to any stock splits of, or stock dividends on, the Class A preferred shares) for the period after such last preceding Dividend Payment Date to and including the date as of which the calculation is made, based on a 365-day year.

(6) *Non-Voting.* The holders of Class A preferred shares shall not have the right to vote.

(7) *Optional Redemption.* Subject to assets of the Corporation being legally available therefor, the Corporation may, at the option of the Board of Directors, redeem outstanding Class A preferred shares, at any time or from time to time, either in whole or in part, at \$5.00 per share (adjusted to give effect for any stock splits of or stock dividends on, the Class A preferred shares) plus all dividends accrued and unpaid thereon to the date of redemption (any such date being hereinafter called a "Redemption Date").

(8) In the event that less than all outstanding Class A preferred shares are to be redeemed, the number of shares to be redeemed shall be determined by the Board of Directors of the Corporation and the shares to be redeemed shall be determined by lot or pro rata as may be determined by the Board of Directors of the Corporation or by such other method as may be approved by the Board of Directors of the Corporation to conform to any applicable law, and the Corporation may redeem in order of priority, first from the holders of single shares, then from the holders of two shares, and so on, if the Board of Directors so elects.

(9) Notice of any redemption of Class A preferred shares, specifying the time and place of redemption, shall be mailed by first-class mail, postage prepaid to each holder of record of the shares to be redeemed, at his or her address of record, at least thirty days prior to the Redemption Date; if less than all the shares owned by such holders are then to be redeemed, the notice shall also specify the number of shares thereof which are to be redeemed and the numbers of the certificates representing such shares.

(10) Unless default be made in the payment in full of the redemption price, dividends on the shares called for redemption shall cease to accrue on the Redemption Date, and all rights of the holders of such shares as shareholders of the Corporation by reason of the ownership of such shares shall cease on the Redemption Date, except the right to receive the amount payable upon redemption of such shares, on presentation and surrender of the respective certificates representing such shares, and such shares shall not after the Redemption Date be deemed to be outstanding for any purpose whatsoever (notwithstanding that any certificates for shares called for redemption have not been surrendered for cancellation). In case less than all the shares represented by any such certificate are redeemed, a new certificate shall be issued representing the unredeemed shares, without cost to the holder thereof.

(11) At its option, the Corporation may, on or within thirty days prior to the Redemption Date, deposit the aggregate amount payable upon redemption of the shares to be redeemed with a bank or trust company having its principal office in Illinois and having a combined capital and surplus (as shown by its latest published statement) of at least \$50,000,000 (hereinafter referred to as the "Depository") designated by the Board of Directors of the Corporation, to be held in trust by the Depository for payment to the holders of the shares then to be redeemed, in which case a notice to such holders, which shall be mailed by first-class mail, postage prepaid to each such holder at his or her address of record within thirty days of such deposit, shall state the date of such deposit, shall specify the office of the Depository as the place of payment of the redemption price, and shall call upon such holders to surrender the certificates representing such shares at such place on or after the Redemption Date against payment at the redemption price. From and after the making of such deposit, the Class A preferred shares so designated for redemption shall not be deemed to be outstanding for any purpose whatsoever (notwithstanding that any certificates for shares called for

redemption have not been surrendered for cancellation) and the rights of the holders of such shares shall be limited to the right to receive the redemption price of such shares, without interest, upon presentation and surrender of the certificates representing the same to the Corporation at said office of the Depository.

(12) Any such funds remaining unclaimed at the end of four years from and after the Redemption Date in respect of which such funds were deposited, shall be returned to the Corporation forthwith; thereafter the holders of the Class A preferred shares redeemed on such Redemption Date shall look only to the Corporation for the payment of the redemption price thereof (including any dividends thereon accrued but unpaid prior to the Redemption Date). Any interest accrued on any funds deposited with the Depository shall belong to the Corporation and shall be paid to it from time to time.

(13) *Liquidation Rights.* In the event of a voluntary liquidation, dissolution or winding up of the Corporation, the holders of the Class A preferred shares shall be entitled to receive out of the assets of the Corporation available for distribution to shareholders, after satisfaction of claims of policyholders, claimants under or by virtue of insurance policies or bonds issued by the Corporation, and other creditors, an amount equal to \$5.00 per share (adjusted to give effect to any stock splits of, or stock dividends on, the Class A preferred shares) plus accrued dividends, without interest. If, upon liquidation, dissolution or winding up of the Corporation, the assets of the Corporation shall be insufficient after satisfaction of the claims of such policyholders, claimants and other creditors to permit the full payment plus accrued dividends, without interest, to the holders of the Class A preferred shares as provided herein, then the entire remaining assets of the Corporation shall be distributed ratably among the holders of the Class A preferred shares. A consolidation or merger of the Corporation with any other company, the reinsurance of all or any part of the outstanding risks of the Corporation with any other company, a sale or lease of all or substantially of the assets or property of the Corporation, or re-incorporation or re-domiciling of the Corporation, shall not be deemed a liquidation, dissolution or winding up within the meaning of this paragraph (13).

(14) *Pre-Emptive Rights.* Holders of the Class A preferred shares shall be entitled to purchase ratably according to their respective holdings Class A preferred shares or any other preferred shares of the Corporation ranking on a parity with or senior to the Class A preferred shares issued or sold for cash, and any stock purchase warrants or other rights to purchase such preferred shares for cash, but in any such case only at such prices and during such period or periods and upon such terms as may be determined from time to time by the Board of Directors. Except as provided in this paragraph (14), no holder of Class A preferred shares shall have, as a matter of right, the pre-emptive right to purchase or subscribe for shares of any class, now or hereafter authorized, or to purchase or subscribe for securities or other obligations convertible into or exchangeable for such shares or which by warrants or otherwise entitle the holders thereof to subscribe for or purchase any such shares.

C. Class B Preferred Stock

(15) *Dividends.* (a) The holders of the Class B preferred shares shall be entitled to receive, when and as declared by the Board of Directors, out of any assets of the Corporation at the time legally available therefor, cumulative dividends at a per annum rate of \$3.375 per share. Such declared dividends shall be payable upon the Class B preferred shares annually on November 17 (the "Dividend Payment Date") commencing on the next succeeding Dividend Payment Date

following effectiveness of these Articles of Reorganization (the annual period ending on a Dividend Payment Date being hereinafter referred to as the "Dividend Period"). Dividends shall be payable to holders of record of Class B preferred shares on a record date fixed by the Board of Directors, which date shall be a date not earlier than the date on which the Directors act to fix the record date and not more than sixty days preceding the Dividend Payment Date. Dividends on Class B preferred shares shall accrue and be cumulative from and after the Dividend Payment Date next preceding the respective dates of issue thereof; provided, however, that as to Class B preferred shares issued after a record date fixed by the Board of Directors for the payment of dividends on Class B preferred shares and on or prior to the next succeeding Dividend Payment Date, dividends shall accrue and be cumulative from and after such succeeding Dividend Payment Date. Accumulation of dividends shall not bear interest.

(b) No dividend shall be paid or declared and set apart for payment on any Class B preferred shares for any Dividend Period unless a dividend (pro-rated if appropriate) for the same Dividend Period and all past Dividend Periods, if any, shall be or have been paid or declared and set apart for payment on all preferred shares then outstanding and entitled to receive a parity with the Class B preferred shares, dividends (pro-rated if appropriate) for such Dividend Period or for any past Dividend Period.

(c) So long as any Class B preferred shares are outstanding, the Corporation shall not declare and pay or set apart for payment any dividends or make any other distribution on Class B preferred shares or any other shares which are junior to the Class B preferred shares other than a dividend payable in junior shares, and shall not redeem, retire, purchase or otherwise acquire, or permit any subsidiary to purchase or otherwise acquire, and Class B preferred shares or any junior shares, unless at the time of making such declaration, payment, distribution, redemption, retirement, purchase or acquisition dividends on all outstanding Class B preferred shares for all past Dividend Periods shall have been paid or declared and sufficient funds set apart for the payment thereof. The foregoing restriction on acquisition of Class B preferred shares and any junior shares shall be inapplicable to any payments in lieu of issuance of fractional shares thereof whether upon any merger, conversion, stock dividend or otherwise.

(d) The amounts of any dividends "accrued" on any Class B preferred shares at any Dividend Payment Date shall be deemed to be the amount of any unpaid dividends accumulated thereon to and including such Dividend Payment Date, whether or not earned or declared, and the amounts of dividends "accrued" on any Class B preferred shares at any date other than a Dividend Payment Date shall be calculated as the amount of any unpaid dividends accumulated thereon to and including the last preceding Dividend Payment Date, whether or not earned or declared, plus an amount calculated on the basis of the Class B preferred shares Dividend Rate (adjusted to give effect to any stock splits of, or stock dividends on, the Class B preferred shares) for the period after such last preceding Dividend Payment Date to and including the date as of which the calculation is made, based on a 365-day year.

(16) *Non-Voting.* The holders of Class B preferred shares shall not have the right to vote.

(17) *Liquidation Rights.* In the event of a voluntary liquidation, dissolution or winding up of the Corporation, the holders of the Class B preferred shares shall be entitled to receive out of the assets of the Corporation available for distribution to shareholders, after satisfaction of claims of policyholders, claimants under or by virtue of insurance policies or bonds issued by the Corporation, and other creditors, and after the full payment to the holders of the Class A preferred

shares as provided in the Corporation's Articles of Reorganization, an amount equal to \$5.00 per share (adjusted to give effect to any stock splits of, or stock dividends on, the Class B preferred shares) plus accrued dividends, without interest. If, upon liquidation, dissolution or winding up of the Corporation, the assets of the Corporation shall be insufficient after satisfaction of the claims of such policyholders, claimants and other creditors, and after the full payment to the holders of the Class A preferred shares as provided in the Corporation's Articles of Reorganization, to permit the full payment plus accrued dividends, without interest, to the holders of the Class B preferred shares as provided herein, then the entire remaining assets of the Corporation shall be distributed ratably among the holders of the Class B preferred shares. A consolidation or merger of the Corporation with any other company, the reinsurance of all or any part of the outstanding risks of the Corporation with any other company, a sale or lease of all or substantially of the assets or property of the Corporation, or re-incorporation or re-domiciling of the Corporation, shall not be deemed a liquidation, dissolution or winding up within the meaning of this paragraph (17).

(18) *No Pre-Emptive Rights.* No holders of Class B preferred shares shall have, as a matter of right, the pre-emptive right to purchase or subscribe for shares of any class, now or hereafter authorized, or to purchase or subscribe for securities or other obligations convertible into or exchangeable for such shares or which by warrants or otherwise entitle the holders thereof to subscribe for or purchase any such shares.

D. Miscellaneous Provisions Relating To All Shares

(19) *Amendments in Respect of Unissued or Treasury Shares.* The Directors of the Corporation are authorized to adopt amendments to the Articles of Reorganization in respect of any unissued or treasury shares of any class and thereby to fix or change, to the full extent now or hereafter permitted by Illinois law, the division of such shares into series and the designation and authorized number of shares of each series' dividend rate; the dates of payment of dividends and the dates from which they are cumulative; liquidation price; redemption rights and price; sinking fund requirements; conversion rights; restrictions on the issuance of shares of any class or series; and such other rights, preferences and limitations as shall not be inconsistent with this Article 5.

Article 6. The corporate powers shall be exercised by a board of directors composed of not less than three (3) nor more than twenty-one (21) natural persons who are at least eighteen (18) years of age and at least three of whom are residents and citizens of the State of Illinois, and, unless the corporation is a wholly-owned subsidiary, who are shareholders. The board of directors shall be elected by the shareholders of the common shares of the corporation at the first meeting held following incorporation and thereafter to be elected by the shareholders of the common shares of the corporation at the annual meeting. The number of directors to be elected within the minimum and maximum limits set forth herein, shall be as provided in the by-laws, and the number of directors may be increased or decreased from time to time by amendment to the by-laws. In all elections for directors each common stock shareholder shall have the right to vote in person or by proxy the number of shares owned by him for as many persons as there are directors to be elected or to cumulate such shares and give one candidate as many votes as the number of directors multiplied by the number of shares of stock shall equal, or to distribute them on the same principle among as many candidates as he may desire. A director shall serve for a term of one year and until his successor is duly elected and qualified except that directors elected by the common stock shareholders at the first meeting following incorporation shall serve until the first annual meeting of shareholders. The common stock shareholders at any regular or special meeting may fill any

vacancy in the board of directors for the unexpired term.

Article 7. In furtherance and not in limitation of the powers conferred by statute, the board of directors is expressly authorized:

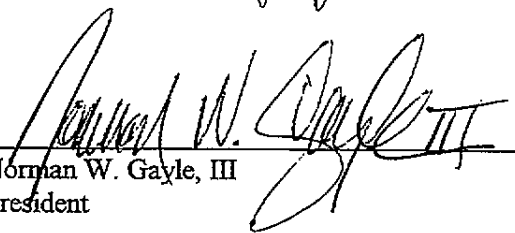
1. To make, alter or repeal the by-laws of the corporation.
2. To authorize and cause to be executed mortgages and liens upon the real and personal property of the corporation.
3. To set apart out of any of the funds of the corporation available for dividends a reserve or reserves for any proper purpose and to abolish any such reserve in the manner in which it was created.
4. By a majority of the whole board, to designate one or more committees, each committee to consist of three or more of the directors. The board may designate one or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of the committee. The Executive Committee, to the extent provided in the resolution or by-laws of the corporation, and subject to the Illinois Insurance Code, shall have and may exercise the powers of the board of directors in the management of business and affairs of the corporation and may authorize the seal of the corporation to be affixed to all papers which may require it; provided, however, that the by-laws may provide that in the absence or disqualification of any member of such committee or committees, the member or members thereof present at any meeting and not disqualified from voting, whether or not he or they constitute a quorum, may unanimously appoint another member of the board of directors to act at the meeting in the place of any such absent or disqualified member.
5. When and as authorized by the affirmative vote of the holders of two-thirds of the stock issued and outstanding having voting power given at a shareholders meeting duly called upon such notice as required by statute, or when authorized by the written consent of the holders of two-thirds of the voting stock issued and outstanding, to sell, lease or exchange all or substantially all of the property and assets of the corporation, including its goodwill and its corporate franchises, upon such terms and conditions and for such consideration, which may consist in whole or in part of money or property including shares of stock in, and/or other securities of, any other corporation or corporations, as its board of directors shall deem expedient and for the best interests of the corporation.

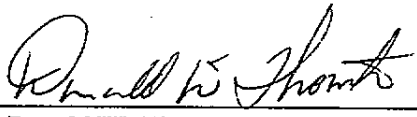
Article 8. The fiscal year shall commence January first and terminate December thirty-first of each year.

Article 9. The duration of the corporation shall be perpetual.

Article 10. The corporation shall be subject to and comply with all terms and provisions of the Illinois Insurance Code as are, or may become applicable to similar domestic stock insurance companies organized and incorporated thereunder.

IN WITNESS WHEREOF, the undersigned President and Secretary of the corporation have executed these Articles of Reorganization as of the 10th day of July, 2001.


Norman W. Gayle, III
President


Donald W. Thornton
Secretary

Approved	<u>7/16/01</u>
State of Illinois	
Department of Insurance	
by:	<u>Nat Shiga</u>
Director of Insurance	

OATH & ACKNOWLEDGMENT

I, TERESA L. BATTLES, a Notary Public, do hereby certify that on the 10th day of July, 2001, Norman W. Gayle, III and Donald W. Thornton personally appeared before me and being first duly sworn by me acknowledged that they signed the foregoing document in the capacity herein set forth and declared that the statements therein contained are true.

IN WITNESS WHEREOF, I have hereunto set my hand and seal the day and year above written.

NOTARY
SEAL

Teresa L. Battles
Notary Public

My commission expires: 02-19-03