

BY-LAWS
OF
LIBERTY MUTUAL HOLDING COMPANY

ARTICLE I

Principal Place of Business — Definitions

SECTION 1. *Principal Place of Business.* The principal place of business of the company shall be in the City of Boston, Massachusetts, or at such other location as may be designated.

SECTION 2. *Definitions.* As used in these by-laws:

"policy" shall mean any policy or contract of insurance, including any fidelity bond or any surety bond, or any binder or renewal certificate issued in the course of business and not terminated and issued by an insurance company whose policyholders are by law entitled to be members of this mutual holding company.

"company" shall mean this mutual holding company.

ARTICLE II

Members and Their Participation in Management

SECTION 1. *Membership.* Any person or organization appearing as the primary insured in a policy or as the principal on any policy that is a surety bond or obligation shall, while any such policy is in force, be a member of the company.

SECTION 2. *Participation in Management.* Any member of the company shall be entitled to vote, either in person or by proxy, at all meetings of the company. An organization which is a member may authorize any person to represent it at said meetings and such person shall have all the rights at said meetings of an individual member. Until written designation of an authorized representative has been received by the company, it may assume that any officer or partner of an organization which is a member is qualified to act or vote in behalf of such member.

ARTICLE III
Board of Directors

SECTION 1. *Nomination and Election.* The Board of Directors shall consist of not less than twelve nor more than twenty-four persons as determined from time to time by vote of a majority of the whole board.

At each annual meeting of the company, approximately one-third of the board shall be elected by ballot to hold office until the annual meeting of the company held in the third year thereafter shall have elected directors and such directors shall have qualified.

At least sixty days prior to the annual meeting of the company, the board shall nominate candidates for the office of director to succeed the directors whose term of office will expire on the date of such annual meeting and shall thereupon file the names of such candidates with the secretary. At least one-tenth of one per cent of the members may also nominate candidates to succeed the directors whose term of office will expire on the date of such annual meeting by filing with the secretary at least sixty days before such meeting a certificate signed and acknowledged by each of such members setting forth the full names and addresses of such members and giving the names and addresses of the candidates nominated and by filing with such certificate the written acceptance of such nominations by each nominee named in such certificate. No person shall be eligible for election as a director unless nominated in accordance with the procedures set forth above. The names of all candidates shall be made known by the secretary to any member upon written request of such member.

SECTION 2. *Qualifications.* Each person elected a director shall comply with such qualification conditions as may be required by law or by the board.

SECTION 3. *Powers.* The board shall manage and control the business and affairs of the company. The board may create and fill additional offices and may fill any vacancy in office that may occur.

Any vacancy in the board may be filled by a majority of the remaining directors, though less than a quorum, or by a sole remaining director. Any election to fill vacancies held at a time when the number of directors is less than nine shall first elect successors to the directors whose terms would have expired at the next annual meeting and after all such successors have been elected shall then elect successors to the directors whose terms would have expired at the second annual meeting follow-

ing such election, provided, however that: at any such election, not more than three directors shall be chosen by the same ballot; no further balloting shall be held until after the newly elected directors shall have qualified; and newly qualified directors shall be entitled to participate in further balloting.

SECTION 4. *Election of Officers.* After the adjournment of each annual meeting of the company, the board shall, if a quorum be then present, without further notice, hold a meeting at which by ballot it may elect a chairman and one or more vice chairmen, each of whom shall be a director, and at which it shall elect a chief executive officer who shall be a director, a president, and one or more vice presidents, a secretary, a clerk, a treasurer, a comptroller, one or more assistant secretaries and one or more assistant treasurers and may at any time remove any officer so elected. If a quorum shall not then be present, such officers shall be elected at the first meeting of the board at which a quorum is present. Any two or more offices may be held by the same person.

SECTION 5. *Creation of Committees.* The board may create and at any time change the membership of or terminate the committees specified in Article IV, and may delegate powers to such committees as provided in said Article IV.

SECTION 6. *Removal.* Any director, whether elected by the directors to fill a vacancy in the board or by the members, may be removed from office only for cause (1) by vote of a majority of the members who vote or (2) by vote of a majority of the directors then in office. As used in these by-laws, "cause" shall mean (1) conviction of a felony, (2) declaration of unsound mind by order of court, (3) gross dereliction of duty, (4) commission of an action involving moral turpitude, or (5) commission of an action which constitutes intentional misconduct or a knowing violation of law if such action in either event results in both an improper substantial personal benefit and a material injury to the company. A director may be removed for cause only after a reasonable notice and opportunity to be heard before the body proposing to remove him.

ARTICLE IV *Committees*

SECTION 1. *Executive Committee of the Board.* The board may elect or by vote authorize the chief executive officer to appoint five or more directors, one of whom shall be the chief executive officer to constitute an executive committee of the board. By vote the board may delegate to such executive committee any or all of the

powers granted to the board by law and by these by-laws and not specifically delegated to any other committee or reserved to the board by law.

SECTION 2. *Investment Committee.* The board by vote may elect three or more directors, one of whom shall be the chief executive officer to constitute an investment committee. By vote the board may delegate to such committee any or all of the powers granted to the board by law or by these by-laws with respect to the investment or reinvestment of the company's funds and the purchase and sale of stocks, bonds and other securities.

SECTION 3. *Other Committees.* The board by vote may at any time elect or authorize the chief executive officer to appoint three or more directors, one of whom shall be the chief executive officer or such person as he shall designate to represent him, to constitute a committee for any legal purpose. By vote the board may delegate to such committee limited authority to exercise in behalf of the board powers of the board with respect to the duties of such committee.

ARTICLE V

Officers of the Company

SECTION 1. *Term of Office of Elected Officers.* Each officer elected by the board shall, unless removed, hold office for one year or until his successor is elected and qualified.

SECTION 2. *Chairman.* The chairman of the board, if such officer has been elected, shall preside at all meetings of the company and of the board and shall perform such other duties as may be imposed upon him by law, by these by-laws or by the board.

In the absence or inability to act of the chairman, whoever is designated by the chairman, or if the chairman makes no such designation, then whoever is designated by the board, shall exercise such powers and discharge such duties of the chairman as may be delegated.

SECTION 3. *Chief Executive Officer.* The chief executive officer shall have general charge and oversight of the business and affairs of the company and shall perform such other duties as may be imposed upon him by law, by these by-laws, by the board, or by the chairman of the board. In the absence or inability to act of the

chairman, the chief executive officer shall preside at all meetings of the company and of the board.

In the absence or inability to act of the chief executive officer, whoever is designated by the chief executive officer, or if the chief executive officer makes no such designation, then whoever is designated by the board, shall exercise such powers and discharge such duties of the chief executive officer as may be delegated.

SECTION 4. *Vice Chairmen.* A vice chairman, if such officer has been elected, shall perform such duties as may be imposed upon him by law, by these by-laws, by the board, or by the chairman of the board.

SECTION 5. *President.* In the absence or inability to act of the chairman and the chief executive officer, the president shall preside at all meetings of the company and of the board. The president shall also perform such duties as may be imposed upon him by law, by these by-laws, by the board, by the chairman of the board, or by the chief executive officer.

In the absence or inability to act of the president, whoever is designated by the president, or if the president makes no such designation, then whoever is designated by the board, shall exercise such powers and discharge such duties of the president as may be delegated.

SECTION 6. *Vice Presidents.* A vice president shall have such powers and discharge such duties as may be from time to time conferred or imposed upon him by the board, the chairman, chief executive officer, vice chairman or president. In the absence of the chairman, the chief executive officer and the president from any meeting of the company or of the board, a vice president shall preside.

SECTION 7. *Secretary and Clerk.* The secretary shall give such notice as is required by law and by these by-laws of all meetings of the company, the board, and the executive committee. He shall keep such books and records as the board or the chief executive officer may require. He shall execute all instruments coming within the jurisdiction of his office. He shall perform such duties as are or may be required of him by law, by these by-laws, by the board, or by the chief executive officer. He shall have custody of the corporate seal and shall furnish copies thereof to such officers and attorneys-in-fact as shall be authorized to impress the same. He shall be the clerk of the company and shall perform such duties as are or may be required of the clerk by law. During the absence of the secretary or his inability to act, an

assistant secretary, authorized in writing by the chief executive officer shall exercise the powers and duties of the secretary.

SECTION 8. *Treasurer.* The treasurer shall exercise such powers and duties as may from time to time be prescribed by law, by these by-laws, by the chief executive officer or by the board. In the absence of the treasurer, his duties shall be performed by another officer designated by the chief executive officer.

SECTION 9. *Comptroller.* The comptroller shall exercise such powers and duties as may from time to time be prescribed by law, by these by-laws, by the chief executive officer or by the board. In the absence of the comptroller, his duties shall be performed by another officer designated by the chief executive officer.

SECTION 10. *Appointed Officers and Representatives.* The chairman, the chief executive officer or the president may appoint such additional officers and representatives as he may deem necessary and may at any time remove any officer or representative so appointed. The officer exercising the appointive power shall determine the duties and the powers of such additional officers and representatives.

SECTION 11. *Qualification of Officers.* The secretary, the treasurer, the comptroller, the assistant secretaries and the assistant treasurers shall furnish such bond as may be required by law or by the board. In addition each officer of the company shall comply with such other qualification conditions as may be required by law or by the board.

ARTICLE VI *Meetings of the Company*

SECTION 1. *Annual Meeting.* The annual meeting of the company shall be held at the principal place of business, or at such other location as may be designated by the chief executive officer, on the second Wednesday in April at ten o'clock in the forenoon. If the annual meeting for any year shall not be duly held, the board or the chief executive officer shall call a special meeting to be held as soon as may be thereafter in lieu of and for the same purposes; and all proceedings at such special meeting shall have the same force and effect as if taken at the annual meeting.

SECTION 2. *Special Meetings.* Special meetings of the company shall be held at such times and for such purposes, as may be specified in the notice of such meetings, and shall be called by the secretary, or in the event of his absence or

inability to act, by such person as the board or the chief executive officer shall appoint, whenever requested in writing so to do by the chief executive officer, by a majority of the board, by a majority of the executive committee, or upon the written application of at least the number of members required by the law in effect at the date of the application to join in such application. Such requests or applications shall state the times and purposes of such meetings.

SECTION 3. *Voting Powers of Members.* In all meetings of the company each member shall be entitled to one vote, regardless of the number of policies he holds. Any required member approval shall be by the affirmative vote of a majority of the members who vote on such action, or a higher percentage of the members as may be required by law or the company's articles of organization.

SECTION 4. *Proxies.* Members may vote by proxies dated and executed within three months of, and returned and recorded on the books of the company seven days or more before, the meeting at which they are to be used. No person shall, as attorney by proxy or otherwise, cast more than twenty votes.

SECTION 5. *Notice of Meetings.* Members shall be notified of the time and place of the annual or special meeting by written notice to each member at his address as it appears on the records of the company, and the company shall mail the notice by first class mail at least sixty days in advance of the annual or special meeting.

SECTION 6. *Matters to be Considered at Meetings.* At any meeting of the company, only such business shall be conducted, and only such proposals shall be acted upon, as shall have been properly brought before the meeting by or at the direction of the officer presiding at the meeting, by or at the direction of the board, or otherwise as prescribed by law. To the extent that a member may by law be entitled to bring a proposal before the meeting, written notice of the proposal executed by the member must be filed with the secretary at least sixty days before the date of the annual meeting. The member's notice shall set forth (1) a brief description of the proposal and the reasons for conducting such business at the annual meeting, (2) the name and address of the member making the proposal, (3) a representation that the member intends to continue to hold the policy giving rise to his membership, and (4) a representation that the member intends to appear in person or by proxy to present the proposal at the meeting. Such member may submit no more than one proposal for a particular meeting. At any special meeting of the company, only such business shall be conducted, and only such proposals shall be acted upon, as shall have been set forth in the notice of such special meeting.

ARTICLE VII

Meetings of the Board of Directors

Regular meetings of the board shall be held at such times and places as the board may from time to time determine. Special meetings of the board shall be called by the secretary whenever the chairman, the chief executive officer, a vice chairman, the president, or not less than a majority of directors then in office shall so request.

ARTICLE VIII

Meetings of the Executive and Investment Committees

Regular meetings of the executive committee and of the investment committee shall be held at such times and places as the respective committee may determine. Special meetings shall be called by the secretary whenever the chief executive officer or the majority of the members of the committee shall so request.

ARTICLE IX

Notices of Meetings of the Board of Directors, the Executive Committee, and the Investment Committee

No notice of regular meetings of the board, of the executive committee, or of the investment committee, shall be necessary. Reasonable notice shall be given of special meetings, but the action of a majority at any regular or special meeting shall be valid notwithstanding any defect in the notice of such meeting. A director shall be deemed to have been notified of a meeting if he shall be present at such meeting or shall in writing waive notice thereof either before or after such meeting.

ARTICLE X

Quorum

At meetings of the company twenty members present or represented in person at the meeting shall constitute a quorum for the transaction of business; but a meeting at which a quorum is not present may be adjourned to a future time by the members or representatives of members who are present. At all meetings of the board a

majority of directors then in office shall constitute a quorum for the transaction of business. At all meetings of the executive committee, the investment committee, or other committees, a majority of the committee members shall constitute a quorum for the transaction of business.

ARTICLE XI

Action Without Meeting; Telephone Conference Meetings

SECTION 1. *Action Without Meeting.* Any action required or permitted to be taken at any meeting of the directors may be taken without a meeting if all the directors consent to the action in writing and the written consents are filed with the records of the meetings of directors. Any action required or permitted to be taken at any meeting of a committee of the board may be taken without a meeting if all the committee members consent to the action in writing and the written consents are filed with the records of the meetings of the committee.

SECTION 2. *Telephone Conference Meetings.* Meetings of the board of directors or of any committee of the board may be held by conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other at the same time.

ARTICLE XII

Resignations and Vacancies

SECTION 1. *Resignations.* Any member of the board, or any officer elected by the board, may resign by giving written notice to the secretary. Any appointed officer may resign by giving written notice to the officer having the appointive power. Any member of a committee of the board may resign from the committee by giving written notice to the secretary.

SECTION 2. *Term of Office.* Each director or officer chosen to fill a vacancy shall hold office until the next annual meeting. At that meeting, if a portion of his predecessor's term remains unexpired, he or some other person shall be elected to hold office for that unexpired term.

SECTION 3. *Action During Vacancies.* In the event of vacancy in the board or in any committee, the remaining directors or members of such committee may act notwithstanding such vacancy.

SECTION 4. *Absences.* In the event of the extended temporary absence or inability to act of any member of a committee of the board, the board, or the executive committee if so authorized by the board, may appoint a member of the board to act in his stead during his absence.

SECTION 5. *Vacancy Resulting from Enlargement of the Board.* Any vacancy in the board resulting from the enlargement of the board may be filled only by a majority of the directors then in office.

ARTICLE XIII
Non-Assessment

No member shall be liable to any assessment by the company.

ARTICLE XIV
Indemnification of Officers and Directors

The company shall, to the extent legally permissible, indemnify any person serving or who has served (a) as a director or officer of the company, or (b) at the request of the company as a director, officer, employee or other agent of another organization, or (c) at the request of the company in any capacity with respect to any employee benefit plan, against all liabilities and expenses (including amounts paid in satisfaction of judgments, in compromise or settlement, or as fines and penalties, and counsel fees) reasonably incurred by him in connection with the defense or disposition of any action, suit or other proceeding, whether civil or criminal, in which he may be involved or with which he may be threatened, while serving or thereafter, by reason of his being or having been such a director, officer, employee or agent, or a person in any capacity with respect to an employee benefit plan. Such indemnification may include payment by the company of expenses incurred in defending a civil or criminal action or proceeding in advance of the final disposition of such action or proceeding, upon receipt of an undertaking by the person indemnified to repay such payment if he shall be adjudicated to be not entitled to indemnification under this article. Such undertaking may be accepted without reference to the financial ability of such person to make repayment. No indemnification shall be provided for any person with respect to any matter as to which he shall have been adjudicated in any proceeding not to have acted in good faith in the reasonable belief that his action was in the best interest of the company or to the extent that such matter relates to service

with respect to any employee benefit plan in the best interests of the participants or beneficiaries of such employee benefit plan. The right of indemnification provided in this article shall not be exclusive of or affect any other rights to which any person referred to in the first sentence of this article may be entitled. Nothing in this article shall affect any right to indemnification to which company personnel, other than those referred to in the first sentence of this article, may be entitled by contract or otherwise by law. As used in this article, any reference to a person indemnified shall include his heirs and legal representatives.

ARTICLE XV
Contributions

The board may, subject to the restrictions imposed by law and to such rules that it may adopt, make contributions of such sums of money, securities or other things of value, as it determines to be reasonable for public welfare or for charitable, scientific or educational purposes.

ARTICLE XVI
Emergencies

If, as a result of a catastrophe or other emergency conditions, a meeting, with the number required to be present under Article X of these by-laws, of the board, of the company, or of any committee of the board cannot feasibly be convened, then the number required for a quorum shall be the minimum number required by the statute in effect at the time of the meeting and this provision shall supersede the quorum requirements stated in Article X of these by-laws.

Notwithstanding any other provision of these by-laws, the board may, at any time, adopt a resolution in accordance with authority now or hereafter vested in it under which, to the extent and upon the terms stated therein, corporate powers may be exercised during the existence of emergency conditions.

ARTICLE XVII
Gender Neutral

Words contained in these by-laws implying the masculine gender shall also include the feminine gender.

ARTICLE XVIII
Amendment of By-Laws

These by-laws may be amended, altered or repealed in whole or in part, and new by-laws may be adopted at any annual or special meeting of the company by the affirmative vote of a majority of the members who vote on such action, provided that the proposed change has been approved by the board by a vote of not less than two-thirds of the directors prior to such meeting and provided that notice of the substance or character of the proposed change shall have been included in the notice of the meeting.