

BYE – LAWS

OF

AIICO INSURANCE STAFF

CO-OPERATIVE

MULTIPURPOSE SOCIETY

LIMITED

BYE – LAWS OF AIICO INSURANCE STAFF CO-OPERATIVE MULTIPURPOSE SOCIETY LIMITED

1.0 INTERPRETATIONS

All words and expression used in these bye-laws have the meaning respectively assigned to them under section 2 of the Co-operative Societies Law, chapter C15 of the Laws of Lagos State of Nigeria, 2003. In particular, the following words or expression shall have the meaning respectively assigned to them below:

- 1.1 “Financial Year” means the period of twelve months, beginning on 1st January and ending on 31st December of the same year.
- 1.2 “The Laws” means the Co-operative Societies Law Chapter C15 of the Laws of Lagos State of Nigeria (2003).
- 1.3 “Bye – Laws” means the registered bye-laws made by a society in exercise of any power conferred by this law and it includes a registered amendment of the bye-laws.
- 1.4 “Officers” includes a President, Secretary, Treasurer, and members of Committee or other persons empowered under the regulations or bye-laws to give directions with regards to the business of a registered society.
- 1.5 “Persons” include any company or association or body of person corporate or incorporate.
- 1.6 “Regulations” means regulations made under this Law as amended from time to time.
- 1.7 “The Director” means the Director of Co-operative Services, Lagos State.
- 1.8 “Committee” means the governing body of a registered society to whom the general management of its affairs is entrusted.
- 1.9 “Functional Committee” means an elected body of persons within the society to whom specific duties are delegated by the society.
- 1.10 “AIICO Co-operative” means AIICO Insurance Plc and its subsidiaries.
- 1.11 If there shall arise any doubt regarding the meaning or intention of these bye-laws, the matter shall be referred to the Director for his ruling.

2.0 NAME, ADDRESS AND AREA OF OPERATION

- 2.1 This Society shall be called AIICO INSURANCE STAFF CO-OPERATIVE MULTIPURPOSE SOCIETY LIMITED.
- 2.2 Its address shall be: c/o AIICO Plaza, PC12 Church gate Street Victoria Island, Lagos.
- 2.3 The area of operation of the Society shall be within Nigeria.

3.0 OBJECTIVES OF THE SOCIETY

The objectives of the society are to promote the economic interests of its members and especially:

- 3.1 To encourage regular savings amongst members so that each member may cultivate the habit of making savings at least once in every month, with a view to build up funds for higher future use.
- 3.2 To stock consumers and producers goods for distribution to members.
- 3.3 To operate warehouse and cold room facilities for the storage of these consumers and producers goods and let out these facilities to interested parties.
- 3.4 To acquire acres of land for sale or development for housing or industrial purposes for the benefit of members.
- 3.5 To encourage fixed deposits from members out of which a fund may be established for giving short-term loans to members.
- 3.6 To raise capital and do such other things as are necessary for the attainment of these objectives.
- 3.7 To set up small-scale industries to produce items that are economical and viable.
- 3.8 To engage in any other economic or social activity as may be approved by the general meeting of members.
- 3.9 To manage financial portfolios carefully by entering the stock market to invest in the stock and features market guided by the decision of members. In this way, the society shall become part owners in businesses that produce goods and services that members buy.
- 3.10 To seek loans for industrial/housing development from banks, the cooperative circle and other financial institutions.
- 3.11 To undertake Real Estate operations for the benefit of members and the society.

- 3.12 To take other measures designed to encourage the spirit and practice of cooperative and self-help among members.

4.0 MEMBERSHIP AND LIABILITY

4.1 MEMBERSHIP: The membership of the society shall consist of:

- a. Any employee of Aiico Insurance Plc and its subsidiaries
- b. Any retired employee of Aiico Insurance Plc and its subsidiaries
- c. Any former employee of Aiico Insurance Plc and its subsidiaries

4.2 QUALIFICATION: Every member of the society must be:

- a. Ordinary resident within Nigeria. A member who in the course of his job was posted to any branch of Aiico Insurance Plc or its subsidiaries may however retain his membership therein.
- b. Of good character.
- c. Of not less than 18 years of age except in the case of an heir of a deceased member, and where the Director grants exemption from this qualification.
- d. Must be a serving member of staff of Aiico Insurance Plc or its subsidiaries at the point of entry.
- e. Must be a retired employee of Aiico Insurance Plc or its subsidiary who was a member of the society before retirement.

4.3 ADMISSION:

- a. Application for membership shall be made in writing to the Management Committee who shall have the discretion to grant or refuse same. Every member shall on admission be required to sign the Membership Register.
- b. A member of this society shall not seek membership of another society whose primary objectives are the same.
- c. No member shall deal directly as an individual or as a group or business company with any of the society's sources of supplies.

4.4 LIABILITY OF MEMBERS AND PAST MEMBERS:

4.4.1 The liability of members for debts incurred by the society shall be determined by the appointed Liquidator by the Director under section 56 of the law.

4.4.2 A past member shall be liable for the debts of the society, as they existed on the date when he ceased to be a member for a period of two years from the date on which he ceased to be a member.

4.4.3 The estate of a deceased member shall be liable for the debts due by the society as they existed as at the date of his deceased for a period of two years after his death.

4.5 NOMINEES:

Every member shall, in writing, nominate one person to whom his shares or interest shall be transferred to, in the event of such member dying or becoming permanently insane. The member may, at any point in time, change his nominee. The name and address of the nominee will be entered in the Register of members and the member shall sign any alteration. If not admitted to membership the nominee shall, in case of death or permanent insanity of the member, be paid the value of the share or interest, less any sum due to the society.

4.6 TERMINATION OF MEMBERSHIP:

4.6.1 Membership shall be terminated by:-

- a. Death
- b. Permanent insanity
- c. Ceasing to reside in the area of operation as defined in Bye-Laws 4.2
- d. Ceasing to hold one full share
- e. Leaving the employment of Aiico Insurance Plc or its subsidiaries
- f. Withdrawal after 3 months Notice conveyed in writing to the Management Committee provided that the withdrawing member is neither in debt to the society nor surety for an unpaid debt.
- g. Expulsion under Bye-Law 4.7

4.6.2 A flat administrative charge of N2, 000.00 (subject to review) shall be paid by a withdrawing member to the society.

4.6.3 The investment and other entitlement of a deceased or an insane member shall be passed to his or her next-of-kin.

4.7 EXPULSION

A member may be expelled for:-

- a. Repeated failure to make thrift savings as laid down in the Bye-Law 8.7
- b. Repeated failure to make the share installments or debts due from him to the society
- c. Conviction on a criminal offence involving dishonesty
- d. Misconduct or other acts contrary to the stated objectives of the society or to the interest of the Co-operative Movement.

4.8 DUES TO MEMBERS:

Any money due on any account from this society to a member or past member, shall be set off in payment of any sum which he owns for which he stands surety, if there is any balance (in case of a past member), such shall be paid by his dependent or heir.

4.9 MEMBERSHIP REGISTER:

Every member, on admission and on payment of the appropriate entrance fees shall sign or thumbprint the membership and attendance register as an evidence of membership. By this he acquires the right of full participation in the affairs of the society and assumes all obligations relating thereto.

5.0 CONSTITUTION AND DUTIES OF GENERAL MEETING

5.1 POWERS OF THE GENERAL MEETING:

The ultimate authority under the law in all the affairs of this society shall be the General body of members who shall from time to time meet to review and direct the work of the society.

5.2 QUORUM:

The presence of at least one-fourth of the members shall be necessary for the disposal of any business at the general meeting. If no quorum is formed at a meeting, an adjournment may be made for a period not less than 7 days not more than 15 days. Thereafter, the number of members present at any such adjournment shall form a quorum.

5.3 THE ANNUAL GENERAL MEETING:

The Annual General Meeting (AGM) shall be held within the first and second quarters of the succeeding year after the Annual Statements of Account have been prepared.

5.3.1 Duties of the Annual General Meeting (AGM):

These shall include:-

- Receiving a report on the preceding year's working of the society with the Statement of Accounts from the Management Committee;
- Dealing with any communication received from the Director;
- Election of the Management Committee for the ensuing year;
- Other matters as presented by the Management Committee.

5.4 THE DUTIES OF THE ORDINARY GENERAL MEETING:

When necessary a General Meeting shall:

- Suspend or remove from office, any Officer or Member of the Committee in accordance with these Bye-Laws;
- Confirm the admission or expulsion of members;
- Amend or repeal any existing Bye-Laws or enact a new Bye-Law in accordance with Bye-Law 14.5;
- Dispose of any other business duly brought before it.

5.5 MEETINGS:

- a. The notice required for all types of General Meetings from the commencement of these Bye-Laws shall be twenty-one days from the date on which the Notice was sent out.
- b. A resolution shall be an Ordinary resolution when it has been passed by a simple majority of votes cast by such members of the Society as being entitled to do so, at a General Meeting of which seven (7) days Notice, specifying the intention of passing the resolution as an Ordinary Resolution has been duly given.
- c. A resolution shall be a Special Resolution when it has been passed by not less than three-fourth of the votes cast by such members of the Society as being entitled to do so, who shall vote in person (or by proxy) at a General Meeting of which 21 days Notice, specifying the intention of passing the resolution as a Special Resolution has been duly given.
- d. All resolutions for the purpose of:
 - i. Removing a Management Committee Member;
 - ii. Amending the provisions of this Bye-Laws; or
 - iii. As the Management Committee shall from time to time decide shall be by special resolution.

5.6 EXTRA-ORDINARY GENERAL MEETING:

- a. An Extraordinary General Meeting may be called at any time by a majority of the Management Committee or on a request from the Director or from not less than one-fourth of the members of the Society.
- b. Only the advertised object of such proposed meeting shall be transacted or discussed at such meeting.
- c. Where the Director convenes such meeting he may direct what matters shall be discussed at the meeting and may not need to give 21 days' notice as in Bye-Laws 5.6 (a) above.

5.7 VOTING:

Voting at General Meeting shall be by show of hand or by ballot as the Management Committee may decide. All questions shall be decided by a majority of votes of the members present and voting. Each member shall have one vote only. At all meetings, the Chairman shall have a casting vote, if votes are equal or he may call for a second voting.

6.0 THE MANAGEMENT COMMITTEE:

6.1 COMPOSITION AND POWERS OF THE MANAGEMENT COMMITTEE

- 6.1.1 Subject to the Law, the Regulations and these Bye-Laws, the day-to-day administration of this Society shall be vested in the Management Committee. It also shall have power to create sub-committees/functional committees to which it may delegate parts of its functions provided that a member of the Management Committee shall head such functional committees.
- 6.1.2 It shall consist of active members over the age of 18 years and shall be elected by the General Meeting or the Annual General Meeting.
- 6.1.3 The Management Committee shall consist of at least seven (7) members including the President, Secretary, Treasurer, Financial Secretary, Vice President, Assistant Secretary and Ex-Officio who shall be the immediate past President of the Society.
- 6.1.4 The Management Committee shall have power to lay down administrative rules and procedure for the smooth running of the Society provided such rules and procedures do not violate or contravene the spirit and letters of the Law, Regulations and these Bye-Laws.
- 6.1.5 It shall have the power to appoint new Management Committee member to fill any casual vacancy arising out of death, resignation, retirement or removal of a member of the Committee.

- 6.1.6 Where the Committee fills a casual vacancy, the person may be approved by the General Meeting or at the next Annual General Meeting and if not so approved, he shall forthwith cease to be a Management Committee member.
- 6.1.7 The Annual General Meeting shall have the power to increase or reduce the number of Management Committee members generally and may determine in what rotation the Management Committee members, shall retire provided that such reduction shall not bring the number below five.
- 6.1.8 The tenure of office for a Management Committee member shall be a period of two years and shall resign at the AGM of the second year in office but shall be eligible for re-election, for the same position, subject to Regulation 10 of the Law. No Management Committee member shall occupy a particular position for more than two terms.
- 6.1.9 No person other than a Management Committee member retiring at the meeting shall, unless otherwise recommended by the General Meeting or an Electoral Committee, be eligible for election to the office of a Management Committee, unless not less than three (3) days or more than twenty-one (21) days before the date appointed for the meeting there shall have been left at the Society's office notice in writing, signed by a member for which such notice is given, of his/her intention to propose such 'person for election' of his/her willingness to be elected.
- 6.1.10 No person other than bona fide members of the Society, as defined by Bye-Laws 4.1, 4.2 and 4.3 are eligible to be, or nominate members to the Management Committee.

6.2 REMOVAL OF MANAGEMENT COMMITTEE MEMBERS:

- 6.2.1 The Society may by Special Resolution passed at the Annual General Meeting remove Management Committee member(s) before the expiration of their tenure in office.
- 6.2.2 Where notice is given of an intended resolution to remove a member of the Management Committee under this section and such member makes written representations to the Society requesting notification of the said intended resolution of removal to members of the Society, the Society shall, unless the representations are received by it less than 7 days to the meeting, send a copy of the representations to every member of the Society to whom, Notice of Meeting is ordinarily given.
- 6.2.3 Where such representations are unable to be sent out as required in this section as a result of its being received too late or due to the Society's default, the aggrieved Management Committee may (without prejudice to his right to be heard orally) require that the representations be read out at the meeting. The foregoing provisions need not be complied with if it is found and proved that the rights conferred by the section are being or about to be abused. Upon proof of such abuse, application shall be made to the Director for endorsement of such non-compliance with the above provisions by the Society.

6.2.4 A vacancy created by the removal of a member of the Management Committee under this section shall be filled at the meeting at which he is removed or subsequently as a casual vacancy.

6.3 PROCEEDING OF THE MANAGEMENT COMMITTEE:

6.3.1 The Management Committee members may meet for the dispatch of business and generally regulate their meetings as they think fit.

6.3.2 Any question arising at any meeting shall be decided by a majority of votes, and in the event of an equality of votes, the Chairman shall have a second or casting vote.

6.3.3 A member of the Management Committee may, at any time summon a meeting of the Committee so long as such request is supported by a simple majority of members of the Committee.

6.3.4 A resolution in writing, signed by all the members of the Committee shall be as valid and effectual as if it had been passed at a meeting of the Management Committee duly convened and held.

6.3.5 Each member of the Committee shall be entitled to a vote each at the Management Committee Meetings.

6.3.6 The quorum necessary for the transaction of the business of the Management Committee shall be four (4). The Committee members present at a particular meeting if there is a quorum may elect a Chairman for the Meeting in the absence of the President of the Society.

6.3.7 Where the Management Committee is unable to act because a quorum cannot be formed, the General Meeting may act in place of the Committee.

6.4 HONORARIUM AND OTHER PAYMENTS:

6.4.1 The honorarium of the Management Committee members shall from time to time be determined by the Society at its general meeting and such honorarium shall, for the time being, not be more than 7.5% of the net surplus (before charging the honorarium) of the Society for any particular year. The amount will be shared by all the Management Committee members in proportions agreed within them.

6.4.2 The Management Committee members may also be paid all travelling, hotel and other expenses properly incurred by them in attending and returning from meetings of the Management Committee or any Functional Committee of the Management Committee or the general meeting of the Society or in connection with the business of the Society.

6.4.3 The honorarium payment to Management Committee members shall be part of the appropriation from its surplus.

6.4.4 The Management Committee shall have the power to authorize reasonable honorarium for any member of the Society who carried out any special assignment on behalf of the Society. These honoraria would however be subject to ratification and/or amendment by the General Meeting.

6.5.0 **DUTIES OF MANAGEMENT COMMITTEE MEMBERS:**

The members of the Management Committee of the Society stand as fiduciary or Trustees of the Society and shall observe with utmost good faith towards the Society in any transaction with it or on its behalf.

6.5.1 The Management Committee member shall at all times act in the best interest of the Society so as to preserve its assets, further its business, and to promote the purposes for which it was formed and in such a manner as a reasonable and ordinarily skillful Committee member would act in the circumstances.

6.5.2 Members of Management Committee shall elect members of Functional Committees for the business of the Society. These committees include;

- * Functional Committee on Credit Administration, under the leadership of the Treasurer;
- * Functional Committee on Sales and Marketing of the products of the Society, under the leadership of the Vice-President;
- * Functional Committee on Finance and Investment under the leadership of the Financial Secretary; and
- * Functional Committee on Landed Property acquisition and Development or Building Committee under the leadership of the President.

6.5.3 A Management Committee member shall exercise his powers as specified in these bye-laws and such exercise shall not constitute a breach of duty, if it affects a member of the Society adversely.

6.5.4 A Management Committee member shall not delegate the powers vested upon him under any provisions of these bye-laws in such a way and manner as to constitute an abdication of duty.

6.5.5 No provision, whether contained in these bye-laws or in any contract, shall relieve any Management Committee member from the duty to act in accordance with this section or relieve him from any liability incurred as a result of any breach of the duties conferred upon him under this section.

6.5.6 Members of the Management Committee shall, conduct the affairs of the Society in line with Law, Regulations, and these Bye-Laws.

6.5.7 The Management Committee shall have the responsibility of ensuring the maintenance of true and accurate accounts of all monies received and expended and all the assets and liabilities of the Society.

- 6.5.8 The Committee shall lay before the Annual General Meeting Income and Expenditure Account and the Audited Balance Sheet.
- 6.5.9 The Committee shall examine the accounts, sanction the contingent expenditure and ensure the maintenance of the prescribed registers.
- 6.5.10 The Management Committee shall consider the Inspection Report of the Government Cooperative Staff and take corrective actions.
- 6.5.11 The Management Committee shall summon General Meetings.
- 6.5.12 The Committee shall assist in the inspection of the books by any person authorized to do so.
- 6.5.13 The Management Committee shall be in sole charge of legal proceedings by or against the Society or Committee or its officers or employees in matters concerning the affairs of the Society.
- 6.5.14 Engagement of Paid Officers; The Management Committee may engage the services of paid Officers to assist it carry out its duties.
- 6.5.15 Where paid Officers are engaged, the Management Committee shall determine the salary and condition of service of such officer(s).
- 6.6 CONFLICTS OF DUTIES AND INTERESTS
- 6.6.1 A Management Committee member shall not allow his personal interests conflict with his duties as a Committee Member under these Bye-Laws
- 6.6.2 A Management Committee member shall not, either in the course of the management of the affairs of the society or in the utilization of the society's property, make any secret profit or other unexplained benefits.
- 6.6.3 A Management Committee shall be accountable to the Society for any secret profit made by him or any unnecessary benefit derived by him contrary to the provisions of Sub section 6.6.2 above.
- 6.6.4 Any Management Committee member or an Officer having resigned from the Society shall be accountable and can be lawfully restrained from misusing corporate information about the Society, which he was privy to by virtue of his prior position.
- 6.6.5 Where, prior to the transaction a Management Committee member discloses his interests to the General Meeting before the transaction and before the profits are made, he may escape liability; but he shall not escape liability if he discloses only after the profits are made. In this case, he shall account for the profits.

6.7 LEGAL POSITION OF MANAGEMENT COMMITTEE MEMBERS

Management Committee members are jointly and severally responsible for the Society's moneys and properties in their care and as such must account for the moneys over which they exercise control and shall refund any moneys improperly paid away, and shall exercise their powers honestly in the interest of the Society and all the members and not in their own or sectional interests.

Trustees: The President, Secretary, and the Treasurer, shall be the Trustees of the Society. It shall be their duty to sign on behalf of the Society all cheques and legal documents including those concerned with the transfer of funds, acquisition and disposal of properties provided that any two of the signatories could be considered.

6.8 ELECTION OF OFFICERS OF THE SOCIETY

There shall be an election to elect the Officers of the Society into the following positions:

- (a) President
- (b) Vice-President
- (c) General Secretary
- (d) Treasurer
- (e) Assistant Secretary
- (f) Financial Secretary

The immediate past President of the Society shall become the 7th member and would be referred to as an Ex-Officio Member.

6.8.1 ELIGIBILITY FOR CONTESTING AN ELECTION INTO THE MANAGEMENT COMMITTEE

Only permanent members of staff, who are members of the Cooperative Society, shall be eligible to vote and be voted for.

6.8.2 RETIREES AND CONTRACT STAFF

A retiree or contract staff can only vote but cannot be voted for. Such a member cannot head the Society, but could play advisory role.

6.8.3 DUTIES OF OFFICERS OF THE SOCIETY

As otherwise stated or directed by the General Meeting, the following officers of the Society have the following duties assigned to their offices:

- (a) President: The President shall preside at all General and Management Committee meetings of the society and shall have power to convene such meetings.
- (b) Vice-President: In the absence of the President the Vice-President shall be the Chairman of the meeting and at such meetings, he shall have all powers of the President. He shall also undertake any other duties as assigned by the President.
- (c) General Secretary: The Society shall elect a General Secretary who, can read and write to take charge of the secretariat and secretarial activities of the Society. The Secretary shall keep and maintain correctly an up-to-date the prescribed, books and registers. He shall procure from borrowers the due execution of bonds with security. The General Secretary shall prepare documents required by the regulations or Bye-Laws or required at the management committee meetings. He shall sign on behalf of the society and conduct all its correspondence. He shall summon and attend all meetings, record the proceedings of such meeting and have them duly signed. He shall prepare and submit to the Management Committee the Secretary's report.
- (d) Treasurer: The Treasurer shall take charge of all monies received by the society and shall make disbursements in accordance with the directives of the Management Committee/President. He shall sign the cash-book monthly in token of its correctness. He shall issue all receipts, vouchers and produce the cash-balance whenever called upon to do so by the Management Committee, or the Director, or the fixed by the Management Committee as cash-in-hand into any Bank approved for this purpose by the general meeting. The Treasurer or his nominee(s) shall sign all members' passbooks. He shall prepare and submit to the Management Committee; the Annual Statement of Accounts of the society and certified copies of entries in the statutory books in accordance with the provision of section 18 of the Regulations.
- (e) Assistant Secretary: The Society shall elect an Assistant Secretary who can read and write to assist the Secretary in discharging his responsibilities as and when required, and shall act for the Secretary in his absence.
- (f) Financial Secretary: The Society shall elect a Financial Secretary who can read and write to keep the records of all the financial transactions of the society and reconciles his records periodically with the Treasurer's to ensure that both records agree. He shall collect all contributions and all other monies on behalf of the society and remit same to the Treasurer. He shall keep the members Ledgers and other books of the Society.

6.9 BONDING OF OFFICERS AND EMPLOYEES:

Every officer or employee of the society who receives or pays out money on behalf of the society shall before assuming his duties furnish the bond with sureties and in an amount to be determined by the Management Committee. In addition, the society may also take Fidelity Insurance for its paid employees who handle cash or stock on behalf of the society.

6.10 REMOVAL OF MEMBER OF THE MANAGEMENT COMMITTEE

A member of the Management Committee shall cease to hold office if he:

- 6.10.1 Cease to be a member of the Society;
- 6.10.2 Resign from the employment of Aiico Insurance Plc
- 6.10.3 Become of unsound mind;
- 6.10.4 Become a paid-Servant of the society;
- 6.10.5 Is convicted on major criminal offence; and
- 6.10.6 Acts in a manner prejudicial to the interest of the Society and he is removed by a majority vote of 2/3 of members present and voting at a special general meeting. The society may fill any vacancy arising from death, resignation and any incapacity or any removal.

6.11 PROPERTY TRANSACTION BY MANAGEMENT COMMITTEE MEMBERS

6.11.1 The Society shall not enter into an arrangement:

- I) Whereby a Committee member of the society, or a person connected with such member, acquires or is to acquire one or more non-cash assets of the requisite value from the Society, or
- II) Whereby the Society acquires or is to acquire one or more non-cash assets of the requisite value from such a member or person so connected; unless the arrangement is first approved by a resolution of the Society and such connection expressly disclosed.

6.11.2 For the purpose of sub-section (a) of this section, a non-cash asset is of the requisite value if at the time the arrangement in question is entered into, its value is not less than N100,000.00 or 10% of the Society's total assets value. The total assets Value shall be based on accounts prepared and laid in respect of the last preceding year of the Society's operations.

6.12.0 LIABILITIES ARISING FROM CONTRAVENTION OF SUBSECTION

6.12.1 An arrangement entered into by the Society in contravention of Section 6.11 of this bye law and any transaction entered into in pursuance of the arrangement (whether by the society or any other person), shall be avoidable at the instance of the society unless one or more of the conditions specified in subsection 6.12.2 here under are satisfied.

6.12.2 The conditions shall include the following:-

- a) Where restitution of any of the moneys or other assets which are the subject-matter of the arrangement or transaction is no longer possible or where the Society has been indemnified in pursuance of this section by any other person for the loss or damage suffered by it; or
- b) Any rights acquired bona fide for value and without actual notice of the contravention by any person who is a party to the arrangement or transaction would be affected by its avoidance; or
- c) The arrangement is, within a reasonable period, affirmed by the society in a General Meeting.

6.12.3 Where a member of the Management Committee or any person connected with him enters into an arrangement with the society in contravention of Section 6.11 of these bye-laws, that Management Committee member and the person so connected, and any other Management Committee member who authorizes the arrangement or any transaction entered into in pursuance of such an arrangement, shall be guilty of an offence and liable:-

- a) To account to the Society for any gain which he has made directly or indirectly by the arrangement or transaction; and
- b) Jointly and severally with any other person liable under this subsection to indemnify the Society for any loss or damage resulting from the arrangement or transaction.

6.12.4 Subsection 6.12.3 shall not be without prejudice to any liability imposed otherwise than by the subsection, and is subject to the following two subsections; and the liability under subsection 6.12.3 arises whether or not the arrangement or transaction entered into has been avoided in pursuance of subsection 6.12.1.

6.12.5 If an arrangement is entered into by the Society and a person connected with a member of the Management Committee in contravention of Subsection 6.11 of this bye-law, that member shall not be liable under subsection 6.12.3 if he shows that he took all reasonable steps to secure the Society's interest.

- 6.12.6 This section shall have effect with regard to references in sections 6.11 of this bye-law to a person being “connected” with a Management Committee member, and to a Management Committee Member being “associated with” or “controlling” a Body Corporate.
- 6.12.7 A person is connected with a Management Committee member if he (not being himself a Management Committee member) is-
- a) That Management Committee member’s spouse, child or stepchild,
 - b) Except where the context otherwise requires, a body corporate with which the Management Committee member is associated, or
 - c) A person acting as a trustee of any trust, the beneficiaries of which include:-
 - (1) The Management Committee member, his spouse, any children or step-children; or
 - (2) A body corporate with which he is associated; or of a trust whose terms confer powers on the trustees that may be exercised for the benefit of the Management Committee member, his spouse or any children or step-children of his, or any such body corporate; or
 - (3) A person acting as partner of that Management Committee member or of any person who, by virtue of paragraphs (1) (2) or (3) of this subsection, is connected with that Management Committee Member.

7.0 SUPERVISORY COMMITTEE

Supervisory Committee, which shall comprise of three members, shall be elected at the Annual General Meeting.

7.1 DUTIES OF THE SUPERVISORY COMMITTEE

- 7.1.1 The Supervisory Committee members shall meet at least once every three months to make or cause to be made an examination of the affairs of the society, which shall include an audit of its books and an inspection of the securities, cash account, loans and stock of goods.
- 7.1.2 To ascertain that all actions of the Management Committee are in conformity with the Law, Regulations, and these bye-laws.
- 7.1.3 Make a written report to the Management Committee of its findings following each examination
- 7.1.4 Make an Annual Audit and a written report and submit same to the Annual General Meeting.

7.1.5 Verify the passbook of the members with the accounts of the Treasurer annually of Management Committee and the leadership Management Committee.

7.2 CREDIT COMMITTEE

7.2.1 Constitution of Credit Committee

The credit committee shall consist of at least 5 members appointed by the Management Committee and the leadership of which shall be appointed by the Management Committee.

7.2.2 Duties of Credit Committee

- (a) To process applications for loans' against the background of the financial conditions, previous record of borrowing, purpose of loans, ability to repay fully and promptly, and the character and financial standing of the sureties and thereafter recommend for the approval of the Management Committee.
- (b) To decide on the terms of repayment of loans granted.
- (c) To call for at regular intervals, comparative statements of delinquent loans and reasons for them in order to evaluate the quality of their worth.
- (d) The Committee may at its discretion waive a member's contribution towards the ordinary savings during the currency of a loan, the repayment of which may impose more hardship on such member if he were to continue to make his normal savings along with the repayment of his loan. Alternatively, the Committee may adopt a level plan payment which enables a borrower continue a proportion of his total payments to his ordinary savings while repaying his loan.

7.3 BUILDING/PROPERTY COMMITTEE

7.3.1 Constitution of Building/Property Committee

The Committee shall consist of at least five (5) members appointed by the Management Committee and the President shall be the Chairman of the Committee.

7.3.2 Duties of Building/Property Committee

- (a) Shall be responsible for acquisition of landed properties for the benefit of members of the Society;
- (b) Shall ensure that landed properties to be bought are free of any, encumbrances;
- (c) Shall be responsible for processing all title documents of the Society's land;
- (d) Shall formulate the terms for the allocation of landed properties to members;

- (e) Shall set guidelines for the management and maintenance of all properties in the Society's Estate;
- (f) Shall render a quarterly report on the operations and finances of the Committee to the Management Committee.

7.4 CONSTITUTION OF FINANCE AND INVESTMENT COMMITTEE

7.4.1 Constitution of Finance and Investment Committee

The Committee shall consist of at least five (5) members appointed by the Management Committee and the Financial Secretary shall be the Chairman of the Committee.

7.4.2 Duties of Investment/Property Committee

- (a) Shall provide feasibility studies/reports on the viability or otherwise of proposed investment;
- (b) Shall provide cost implication for such proposed investment;
- (c) Shall determine the source of finance for these investments;
- (d) Shall render a quarterly report on the operations and finances of the Committee to the Management Committee.

8.0 CREATION OF FUNDS

8.1 SOURCES OF FUNDS:

The funds of the Society shall comprise of:-

- 8.1.1 An undetermined number of shares of the value of N2.00 each.
- 8.1.2 Entrance fees to be reviewed from time to time by the Management Committee.
- 8.1.3 Savings of members are defined in Bye Laws 8.7.
- 8.1.4 Surplus arising out of the business of the Society.
- 8.1.5 Miscellaneous sources as approved by the Director.

8.2 EMPLOYMENT OF FUNDS

The funds of the Society shall be devoted only to the promotion of the stated objects of the Society, to any other objects permitted in these Bye-Laws, and to any other purpose of approved by the General Meeting and the Director.

8.3 SHARE HOLDING

Every member shall be required to hold a minimum of 2,500 and maximum of 25,000 full shares at a nominal value of N2.00 per share, which shall not be transferrable except to a nominee in accordance with Bye-Laws 4.5.

- 8.3.1 10% of monthly contributions of each member shall be credited to shares while 5% shall be credited to Savings and 85% to loans other liabilities (if any) otherwise, the whole of the remaining 90% shall be credited to the members' savings until the required number of shares is attained.

8.4 WITHDRAWAL OF SHARES

Shares may not be withdrawn unconditionally; but if at the end of the financial year the Society's financial situation is favorable, the Management Committee may repay to any member whose membership was terminated during the year a sum not exceeding the amount paid by him on account of shares, provided that not more than five percent of the total paid share capital shall be thus paid out in any one year without the Director's permission.

8.5 LIMIT ON SHARE HOLDING

No members shall hold more than one-fifth of the number of shares actually paid up. If any member, by inheritance or otherwise, becomes possessed of more than the maximum holding permitted, the Management Committee, may sell the excess or buy them for disposal by the Society.

8.6 ENTRANCE FEES

Every member on joining the Society shall pay up an entrance fee as determined by the Management Committee.

8.7 COMPULSORY SAVINGS

- 8.7.1 Every member shall make regular thrift savings, minimum of which shall be determined by the Annual General Meeting from time to time;
- 8.7.2 Savings shall be governed by rules to be framed by the Society subject to the approval of the Director;
- 8.7.3 The rate of interest payable on regular thrift savings shall be, determined after the surplus has been ascertained and necessary reserves created;
- 8.7.4 On dire conditions, a member may be allowed to withdraw from his/her savings, provided he/she has not taken any loan upon which the limit had been worked. If the withdrawal is

allowed by the Management Committee, an administrative charge of 2 percent flat interest shall be taken by the Society, and the sum shall not be more than 20 percent of the member's savings.

9.0 USE AND CUSTODY OF FUNDS

9.1 INTERNAL FUNDS

The funds of the Society may be held in form of:-

- (a) A reserve fund
- (b) A depreciation fund
- (c) An insurance fund
- (d) Development, educational propaganda or other funds approved by the General Meeting and the Director
- (e) Current or Savings in bank accounts or cash.

9.2 USE OF FUNDS

The funds of the Society shall be applied only for the furtherance of stated objectives in accordance with the bye-laws.

9.3 INVESTMENT

Such funds of the Society as are not required for current use may be invested in any manner permitted by Law and Regulations and approved by the Director.

9.4 OPERATIONS OF BANK ACCOUNT

The Society shall operate a Trustee Bank Account. Before money is withdrawn from the Bank, the cheques or withdrawal slip shall be signed by at least two of the Trustees.

10.0 LOANS

Loans may be granted to members' subject only to availability of funds and shall be for purposes, which, in the opinion of the Management Committee are productive or necessary, and in the best interest of the borrower.

10.1 TYPES OF LOAN

The Cooperative shall operate two types of loans as shown below;

10.1.1 MAIN LOAN

This is the type of loan that will be granted to members at 10 percent flat interest rate and for a maximum period of twenty four (24) months.

10.1.2 COMPASSIONATE LOAN

This is the loan that would be granted to members who are already enjoying a regular loan but because of exigency has to seek financial back up. Such loans, however, shall not exceed 180 percent of the monthly salary of the said member provided such amount is not above N500, 000.00 and shall be granted at the rate of 10 percent flat interest repayable within a period of eighteen (18) months. Such loans shall include emergency, children education, rent advance, etc.

It is reiterated that only members who are already enjoying and servicing a main loan shall be eligible to obtain this compassionate loan.

10.2 CONDITIONS GOVERNING LOANS

No loan shall be granted to:-

- (a) Any individual other than a member of the Society
- (b) Any member whose installments of shares are in arrears
- (c) Any member who has not made thrift savings under Bye-Laws 8.0 for a period exceeding the time limit fixed by the General Meeting
- (d) If it would bring a member's total indebtedness at the time of the loan to an amount exceeding his maximum credit limit.

10.3 APPLICATION FOR LOANS

These shall be made to and disposed of by the Management Committee but processed by the credit committee.

10.4 ELIGIBILITY FOR LOANS BY MEMBERS

No loans shall be made to a member within six month of his becoming a member of the Society except in the case of transfer of an existing loan of a past member to his nominee or other successor in interest.

10.5 MAXIMUM CREDIT LOAN LIMIT

- 10.5.1 Member in Service: The maximum credit limit of each applicant for a main loan shall be determined as twice the total savings of the applicant as at the time of the application.

10.5.2 Compassionate Loans shall be 180 percent of a member's salary subject to a ceiling of Five hundred thousand naira (N500, 000.00) payable over Eighteen (18) months at 10 percent.

10.5.3 Retired Members: The maximum credit limit of each applicant for a loan shall not exceed the member's ordinary savings. In exceptional cases adequate security shall be provided for any loan above the member's ordinary savings.

10.6 INTEREST ON LOAN TO MEMBERS

10.6.1 Interest shall be charged at the rate of 10 percent flat on the Main loan.

10.6.2 Interest on Compassionate loan shall be charged at the rate of 10 percent flat.

10.7 SUPPLY OF CONSUMER GOODS

10.7.1 The Society shall purchase for supply to members such equipment or items as are necessary for the improvement of members' living condition. Where the member is not in a position to pay cash for these goods, the value of the supplies may be treated as a loan subject to Bye-Law 10.4

10.7.2 The Society shall also stock domestic and personal requirements including foodstuff for sale to members.

10.8 BONDS AND SURETIES

Every borrower shall execute a bond and shall furnish minimum of two and maximum of five sureties who must be members of the Society. No extension of the period of repayment shall be granted without the consent of the sureties.

10.9 DUTIES OF A SURETY

A surety must be a reputable member of the Society and shall personally guarantee:

10.9.1 Repayment of the loan if the borrower defaults

10.9.2 The correctness of the particulars on which the value of the borrower's securities is based.

10.9.3 That the loan is used for the purpose stated by the borrower in his application.

10.9.4 The surety shall report misuse of the loan to the Committee immediately.

10.10 APPROPRIATION OF DEBT PAYMENT

When a member from whom money is due pays any sum to the Society, it shall be appropriated in the following order;

- (a) Firstly, to share payments, penalty and other miscellaneous charges due by him.
- (b) Secondly, to interest on loan and
- (c) Thirdly, to principal loan.

11.0 DISPOSAL OF SURPLUS

11.1 APPROPRIATION:

At the close of each financial year, the excess of the Society's income over expenses including the interest payable on deposits and loans from non-members an Audit and Supervision Fee due, shall be appropriated to the following funds:

- 11.1.1 Reserve Fund: At least one-fourth shall be carried to the Reserve Fund, unless a lower rate is prescribed by the Director.
- 11.1.2 Two and half percent to the Education Fund.
- 11.1.3 Honoraria, Donations or other appropriations as may be decided by the Management Committee and approved by the Director.
- 11.1.4 Dividend on members' savings, ordinary share capital and loans, shall not be less than 50% of the net surplus.
- 11.1.5 Building up a General Reserve.

11.2 DIVIDEND

The Management Committee shall determine the dividend payable on shares, loan repaid and savings, provided that the appropriated net surplus for dividend shall not be less than 50%. No dividend shall be paid if any overdue claim to a depositor or lender remains unsatisfied.

11.3 RESERVE FUND

The reserve fund is indivisible and no member is entitled to claim a specific share in it. Except with the permission of the Director, it shall not be utilized in the business of the Society, but shall be deposited if invested in accordance with Sections 33 and 34 of the Nigerian Cooperative Societies Decree 90 of 1993 and section 25 of the law but subject to the written permission of the Director.

11.4 DIRECTOR'S APPROVAL

The appropriation of the net surplus shall be subject to approval by the Director and governed in all respects by the spirit and letter of the law and the regulations.

11.5 AUDIT AND SUPERVISION FEES

Audit and Supervision fees are the rate assessed by the Director and paid annually by the society to the Directorate of Cooperative Societies.

11.6 EDUCATIONAL FUND

Not less than 2.5% of the yearly net surplus shall be CARRIED TO AN education fund, half of which shall be paid to LASCOFED for the promotion and extension of Cooperative principles.

12.0 BOOKS OF ACCOUNTS

12.1 PRESCRIBED BOOKS OF INSPECTION

Accounts and Records shall be maintained in the forms prescribed by the Chief Registrar and shall include the following:-

12.1.1 A Membership and Attendance Register, showing the name, address and occupation of every member, the number of shares held by him, the date of his admission to membership, the Nominee appointed under bye-law 4.5, and the member's attendance at general meeting;

12.1.2 A cash book showing the receipts, expenditure and balance on each day on which business is done;

12.1.3 General Ledger;

12.1.4 Personal Ledger with accounts for each member, depositor and creditor;

12.1.5 Loan register showing installment for repayment of loans;

12.1.6 Minute book for proceedings of General and Management Committee Meeting;

12.1.7 Register of share payment;

12.1.8 Loan bond book showing particulars of and containing bonds for all loans issued;

12.1.9 Such other records as may be prescribed by the Director.

12.2 INSPECTION OF BOOKS

The books, accounts, register and papers of the Society shall be open at all reasonable times for the inspection of members and of any accredited Co-operative Official provided that no person other than an Officer or Committee member of the Society or a Co-operative Official shall be allowed to see the personal account of any member without that

member's consent. Copies of the Law, the Regulations and of these bye-laws shall be available for inspection at the Registered Address of the Society at all reasonable hours.

12.3 ANNUAL STATEMENT

12.3.1 The Society shall prepare yearly, in such form, as may be prescribed by the Director:

- * An account showing the income and expenditure for the year; and
- * A balance sheet

12.3.2 The account shall be due for submission on or before the 31st day of March or such other date as the Director may direct, and a copy of each account shall be sent to the Director for approval within time as the Director may direct.

12.4 RECEIPTS

It shall be the duty of every member:-

- (a) To insist upon obtaining a separate printed receipt from the proper receipt book, or such other form of receipt as may be approved by the Chief Registrar, for every sum of money paid to the Society.
- (b) To sign, or make his thumb print in the proper book, in token of receipt, whenever any sum of money is paid or repaid to him by the Society.

13.0 LIQUIDATION

13.1 The society shall not be liquidated except in accordance with sections 54 and 55 of the Law.

13.2 On the dissolution of the society, the Reserve Fund and other funds of the society shall be applied, first in discharging the liabilities of the society and secondly in the repayment of the share capital paid up. The remainder shall be placed by the Director of Co-operatives in the Bank until a new Co-operative Society with a similar area of operations is registered in which event the funds shall be credited to the Reserve Funds of the Society or to any other Co-operative Society he might deem fit.

14.0 MISCELLANEOUS PROVISIONS

14.1 AFFILIATION TO SECONDARY COOPERATIVE BODY

Unless there are reasons to the contrary accepted by the Director, the Society shall affiliate itself at the earliest possible moment to any secondary co-operative body formed in its area of operations.

14.2 DISPUTES

Any dispute arising in or concerning the Society and its members or past members shall be referred to the Director for settlement by arbitration under the provision of Section 44 of the Cooperative Societies Law.

14.3 SEAL

The Management Committee shall hold in safe custody the seal of the Society on behalf of the trustees. The seal shall be of pattern approved by the Director. Documents shall be sealed by at least two of the trustees.

14.4 SURCHARGE

The General Meeting of the Society may impose surcharges on members, not exceeding Five Thousand Naira (N5,000.00) to anyone, for flagrant or repeated contravention of the bye-laws.

15.0 AMENDMENT OF BYE-LAWS

Any amendment of or addition to these Bye-Laws shall be made by General Meeting of the Society in accordance with section 14 and Regulations 5 of the Law, but such amendments shall not be valid until registered by the Director.

16.0 CERTIFICATION

I hereby certify that the foregoing Bye-Laws of the AIICO Insurance Staff Co-operative Multipurpose Society Limited No: LSCS..... of has been registered under Section 8 of the Co-operative Societies Law, Cap. C15, Laws of Lagos State of Nigeria, 2003.

DIRECTOR OF CO-OPERATIVE SERVICES

LAGOS STATE OF NIGERIA