

Proxy Committees

Typically, a proxy committee is associated with the management (and/or planning) of the annual meeting of policyholders of a mutual insurance company particularly as it relates to use of policyholder proxies (in voting). A typical proxy voting provision of a mutual insurance company would be as follows:

Proxies. Any member who is entitled to attend a members' meeting, or to vote thereat, may be represented and may vote by a proxy or proxies appointed by an instrument in writing signed by such member, but such instrument shall be filed with the secretary of the Company at least forty-five (45) days before the meeting at which the person authorized thereby may exercise his rights thereunder. No proxy shall be valid after the expiration of eleven (11) months after the date of its execution, unless the member executing it shall have specified therein a determinable event upon which the proxy shall expire.

Formal proxy committee charters are rare (but, see example posted on this website). More typically the proxy committee is created and charged by resolution at the annual meeting of members/policyholders with the qualification/voting of proxies received by management or the board. In that respect the following resolution is typical and relevant:

RESOLVED, that the Proxy Committee is hereby designated and elected to act as proxies on behalf of all policyholders who elect to vote by proxy at the Company's Annual Meeting of the Policyholders.

The function of the Proxy Committee is different than that of the Inspectors of Election (see information on Inspectors posted on this site).

Inspector of Elections

Inspectors of Election are typically charged by state law, and in the corporate charter documents, with five sets of duties, and sometimes a sixth:

1. Determining the number of shares/policies that are entitled to vote on each matter before the meeting.
2. Determining whether a quorum is present, sufficient to allow the transaction of the business that is to come before the meeting.
3. Tabulating, or overseeing the tabulation of all validly executed policyholder/shareholder votes – whether cast in person or by proxy
4. Hearing and ruling on any challenges that may be made as to the validity of one or more proxies or ballots present at the meeting
5. Certifying the final results. In the U.S. the Inspectors' final report is binding, and can only be reversed in a court of law.
6. In some states, it is the Inspector, and not the Chair of the meeting who announces when the polls are open and when they are officially closed.

In addition, each Inspector of Election is required to swear and file an oath to “faithfully execute the duties of Inspector of Election with strict impartiality and to the best of my abilities.”

Another version of the above is as follows (from California Civil Code)

Inspectors of election must perform their duties impartially, in good faith, to the best of their abilities, and as expeditiously as practical. Inspectors of election must:

- Determine the number of memberships and the voting power of each.
- Determine the authenticity and effect of proxies, if proxies are used.
- Receive and hold ballots.
- Hear and determine all challenges and questions regarding voting issues (if there are three inspectors, the decision of a majority shall be effective in all respects as the decision of all).
- Count and tabulate votes.
- Determine when the polls close (if the election is conducted entirely by means of absentee ballot, the polls may close prior to the meeting date).
- Determine the result of the election (any report made by the inspectors is prima facie evidence of the facts stated in the report).
- Perform such acts as may be proper to conduct the election with fairness.
- Keep custody of the ballots until they are turned over to the company.