

**AMENDED AND RESTATED
BYLAWS
OF
PARTNERS MUTUAL INSURANCE COMPANY**

ARTICLE I

OFFICES

The principal offices of the Corporation are located in the Town of Brookfield, Waukesha County, Wisconsin, mailing 20935 Swenson Drive, Waukesha, Wisconsin, 53186. The Corporation may have other business offices within or without the State of Wisconsin as the Board of Directors may designate or as the business of the Corporation may require.

ARTICLE II

MEETINGS OF MEMBERS

SECTION 1. Annual Meeting. The annual meeting of the members shall be held on the third Thursday of February in each year at the hour of two o'clock p.m. for the transaction of the business described in Wis. Stat. § 181.0701(4) and such other business as may come before the meeting. Directors shall be elected at each annual meeting held during an odd-numbered year. If the election of directors shall not be held on the day designated herein for any annual meeting of the members, or at any adjournment thereof, the Board of Directors shall cause the election to be held at a special meeting of the members as soon thereafter as conveniently may be.

SECTION 2. Special Meetings. Special meetings of the members, for any purpose or purposes, unless otherwise provided by statute, may be called by the President, the Executive Vice President, the Board of Directors, or by members having twenty percent of the votes entitled to be cast as such meeting. The person or persons authorized to call special meetings of the members may fix the time for holding the meeting.

SECTION 3. Place of Meetings. Annual and special meetings of members shall be held at the principal office of the Corporation. Any meeting may be adjourned to any convenient place upon order of the President.

SECTION 4. Who Is Entitled to Vote. Each policyholder of the Corporation shall be a member of the Corporation during the period while such policy is in force. Each policyholder shall have one vote at all meetings of members, regardless of the number of policies in force in the name of the policyholder, the amount of insurance carried, the amount of premiums paid, or the number of insureds listed on the declarations page of any policy. Membership begins on the effective date of a policy and continues until the earlier of the expiration date, cancellation date or lapse date of the policy. In the case of a group policy, the Member shall be the holder of the master policy and the holder of any certificate or contract issued subordinate to the master policy shall not be a Member unless the policy makes specific provision for such Membership. In the event the policy names more than one insured, it shall be presumed that the first named insured is

entitled to vote on behalf of all the named insureds unless the Corporation is otherwise notified in writing.

SECTION 5. Proxies. Members may vote by proxy. No proxy shall be deemed operative unless executed in writing by the member or by the member's duly authorized attorney-in-fact and filed with the Corporation. No proxy shall be valid after eleven months from the date of its execution, unless otherwise provided in the proxy which may provide that the proxy shall remain in force until membership in the Corporation is terminated. Notwithstanding, the proxy shall not be valid at any meeting in which the member is in attendance.

SECTION 6. Vote by Member Corporation. A corporate member's vote may be cast by the President of the member corporation, or by any other officer or proxy appointed by the President of such Corporation, in the absence of express notice of the designation of some other person by the Board of Directors or Bylaws of the member corporation. A limited liability company member's vote may be cast by a manager of the member limited liability company.

SECTION 7. Quorum. Members holding one-fiftieth (1/50) of the votes entitled to be cast, present in person or represented by proxy, shall constitute a quorum at a meeting of members.

ARTICLE III

DIRECTORS

SECTION 1. Directors. The number of Directors of the Corporation shall be set from time to time by the Board of Directors but shall be not less than nine, nor more than thirteen. To the extent required by applicable law, employees and representatives of the Corporation may not constitute a majority of the Board of Directors. Persons shall be ineligible for re-election once they have attained seventy-five (75) years of age.

SECTION 2. Classification of Directors. The Directors shall be divided into three classes with no fewer than three Directors in each class. One class of Directors shall be elected at each annual meeting of the members of the Corporation held in odd-numbered years for a term of six years, except that the directors in office immediately after the amendment of this section to change the term of office to six years shall be assigned to classes that serve until the annual meetings in 2013, 2015, and 2017.

SECTION 3. Regular Meetings. A regular meeting of the Board of Directors shall be held without other notice than this bylaw immediately after and at the same place as, the annual meeting of the members. The Board of Directors may provide, by resolution, the time and place for the holding of additional regular quarterly meetings without other notice than such resolution.

SECTION 4. Special Meetings. Special meetings of the Board of Directors may be called only by or at the request of the President, the Executive Vice President, or any five Directors. The person or persons authorized to call special meetings of the Board of Directors may fix the time and place for holding the special meeting.

SECTION 5. Notice. Notice of any special meeting of the Board of Directors shall be given at least 72 hours previous thereto and shall state the business to be transacted at or the

purpose of the meeting. Notice of any special meeting of the Board of Directors may be given in person, by overnight delivery from a nationally recognized overnight delivery service (with signature confirmation), or by facsimile with receipt confirmed. Whenever any notice whatsoever is required to be given to any Director of the Corporation under the provisions of these bylaws or under the provisions of any statute, a waiver thereof in writing, signed at any time, whether before or after the time of meeting, by the Director entitled to such notice, shall be deemed equivalent to the giving of such notice. The attendance of a Director at a meeting shall constitute a waiver of notice of such meeting, except where a Director attends a meeting and objects thereto to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the Board of Directors need be specified in a waiver of notice of such meeting.

SECTION 6. Quorum. A majority of the Directors in office immediately prior to the meeting shall constitute a quorum for the transaction of business at any meeting of the Board of Directors, but if less than such majority is present at a meeting, a majority of the Directors present may adjourn the meeting from time to time without further notice. Notwithstanding the foregoing, in no event shall a quorum exist at any meeting of the Board of Directors unless a majority of the Directors present are Penn National Director Designees or successors to Penn National Director Designees elected as provided in Section 12 of this Article III.

SECTION 7. Manner of Acting. Except as required by law, the Articles of Incorporation or Section 11 of this Article III, the act of a majority of the Directors present at a meeting at which a quorum is present shall be the act of the Board of Directors.

SECTION 8. Vacancies. Any vacancy occurring in the Board of Directors, including a vacancy created by an increase in the number of Directors, may be filled for the completion of the term by vote of the Board of Directors.

SECTION 9. Compensation. The Board of Directors, by the affirmative vote of a majority of the Directors then in office, and irrespective of any personal interest of any of its members, may establish reasonable compensation of all Directors for services to the Corporation as Directors, Officers or otherwise, or may delegate such authority to an appropriate committee.

SECTION 10. Presumption of Assent. A Director of the Corporation who is present at a meeting of the Board of Directors or a committee thereof at which action on any corporate matter is taken shall be presumed to have assented to the action taken unless his dissent shall be entered in the minutes of the meeting or unless he shall file his written dissent to such action with the person acting as the secretary of the meeting before the adjournment thereof or shall forward such dissent by registered mail to the Secretary of the Corporation immediately after the adjournment of the meeting. Such right to dissent shall not apply to a Director who voted in favor of such action.

SECTION 11. Special Approval Requirements. Approval of any of the following actions by the Board of Directors shall require the affirmative vote of two-thirds or more of the Directors present at a meeting at which a quorum is present: (i) an amendment of the Articles of Incorporation to eliminate the words "Partners Mutual" from the name of the Corporation; (ii) a merger of the Corporation with Pennsylvania National Mutual Casualty Insurance Company or any of its affiliates in which the Corporation is not the surviving entity; (iii) a change in the

location from which the Corporation's principal operations are conducted; or (iv) an amendment or repeal of Section 11 or Section 12 of this Article III.

SECTION 12. Qualifications. A director elected as a "Partners Mutual Director Designee" (as defined in the Affiliation Agreement between Pennsylvania National Mutual Casualty Insurance Company and Partners Mutual Insurance Company, dated as of November 3, 2011 (the "Affiliation Agreement")), whether by the members or by the board of directors, must have been nominated prior to the individual's election by a majority of those Directors in office at the time who are Partners Mutual Director Designees or their approved successors. A director elected as a "Penn National Director Designee" (as defined in the Affiliation Agreement), whether by the members or by the board of directors, must have been nominated prior to the individual's election by a majority of those Directors in office at the time who are Penn National Director Designees or their approved successors. If the number of Directors constituting the full Board of Directors is increased at any time after the Effective Date of the Affiliation Agreement, the additional positions shall be designated as seats to be held by either Partners Mutual Director Designees or Penn National Director Designees, with the total number of Partners Mutual Director Designees equal to one less, or in the case of an even total number of directors, two less, than a majority of the full Board of Directors after the increase. In the event of an increase, the terms "Partners Mutual Director Designees" and "Penn National Director Designees" shall include the additional directors.

SECTION 13. Remote Participation. Any or all directors may participate in a regular or special meeting or in a committee meeting of the Board of Directors by, or conduct the meeting through the use of, any means of communication by which any of the following occurs: (i) all participating directors may simultaneously hear or read each other's communications during the meeting; or (ii) all communication during the meeting is immediately transmitted to each participating director, and each participating director is able to immediately send messages to all other participating directors.

ARTICLE IV

OFFICERS

SECTION 1. Identification. The Officers of the Corporation shall consist of a Chairman of the Board, a President, an Executive Vice President, one or more Vice Presidents, a Secretary and a Treasurer, each of whom shall be elected by the Board of Directors. The principal officers of the Corporation shall be the President, the Executive Vice President, the Secretary and the Treasurer, and these principal offices shall be held by at least three separate, natural persons. Any two of these offices may be held by the same person except the offices of President and Secretary and the offices of President and Vice President. In addition to the foregoing offices the Board of Directors may appoint such other officers and assistant officers as it may deem to be necessary.

SECTION 2. Election and Term of Office. The officers of the Corporation to be elected by the Board of Directors shall be annually elected at the first meeting of the Board of Directors held after the annual meeting of the members. If the election of officers shall not be held at such meeting, such election shall be held as soon thereafter as conveniently may be. Each officer shall hold office until his successor shall have been duly elected and shall have

qualified or until his death or until he shall resign or shall have been removed in the manner hereinafter provided.

SECTION 3. Removal. Any officer or agent elected or appointed by the Board of Directors may be removed by the Board of Directors whenever in its judgment the best interests of the Corporation will be served thereby, but such removal shall be without prejudice to the contract rights, if any, of the person so removed. Election or appointment shall not of itself create contract rights.

SECTION 4. Vacancies. A vacancy in any office because of death, resignation, removal, disqualification or otherwise, may be filled by the Board of Directors for the unexpired portion of the term.

SECTION 5. Chairman of the Board. The Chairman of the Board shall, when present, preside at all meetings of the members and of the Board of Directors and shall have such other powers and duties as the Board of Directors may authorize and define as resolution from time to time.

SECTION 6. President. The President shall be the chief executive officer of the Corporation, shall, in the absence of the Chairman of the Board, preside at all meetings of the members and of the Board of Directors, shall have general and active management of the business of the Corporation and shall see that all orders and policies of the Board of Directors are carried into effect. The President shall be an ex officio member of all standing committees as provided for in these bylaws if he is not specifically designated as a member of the committee.

SECTION 7. Executive Vice President. In the absence of the President or in the event of his death, inability or refusal to act, or in the event for any reason it shall be impracticable for the President to act personally, the Executive Vice President shall perform the duties of the President and, when so acting, shall have all the powers of and be subject to all the restrictions upon the President. The Executive Vice President shall perform such other duties and have such authority as from time to time may be delegated or assigned to him by the President or by the Board of Directors. The execution of any instrument of the Corporation by the Executive Vice President shall be conclusive evidence, as to third parties, of his authority to act in the stead of the President.

SECTION 8. Vice Presidents. The Vice Presidents shall act under the direction of the President and shall have such other duties and powers as the Board of Directors may from time to time prescribe.

SECTION 9. Secretary. The Secretary shall act under the direction of the President. He shall attend meetings of the members and prepare and maintain minutes of the proceedings when required. He shall perform like duties for the Board of Directors and committees when required. He shall give, or cause to be given, notice of meetings of the members and the Board of Directors, and shall perform such other duties as may be prescribed by the Board of Directors or the President. He shall have custody of the corporate seal and shall have authority to affix it to any instrument requiring it.

SECTION 10. Treasurer. The Treasurer shall act under the direction of the President. He shall have the custody of the corporate funds and securities and shall keep full and accurate

accounts of receipts and disbursements in books belonging to the Corporation and shall deposit all moneys and other valuable effects in the name and to the credit of the Corporation in such depositories as may be designated by the Board of Directors. He shall disburse the funds of the Corporation as may be ordered by the President or the Board of Directors, taking proper vouchers for such disbursement, and shall render to the President and the Board of Directors at its regular meetings, or when the Board of Directors so requires, an account of all his transactions as Treasurer and of the financial condition of the Corporation.

SECTION 11. Salaries. The salaries of the Officers shall be fixed from time to time by the Board of Directors and no Officer shall be prevented from receiving such salary by reason of the fact that he is also a Director of the Corporation.

ARTICLE V

CONTRACTS, LOANS, CHECKS AND DEPOSITS

SECTION 1. Contracts. The Board of Directors may authorize any Officer or Officers, agent or agents, to enter into any contract or execute and deliver any instrument in the name of and on behalf of the Corporation, and such authority may be general or confined to specific instances.

SECTION 2. Loans. No loans shall be contracted on behalf of the Corporation and no evidences of indebtedness shall be issued in its name unless authorized by a resolution of the Board of Directors. Such authority may be general or confined to specific instances.

SECTION 3. Checks, Drafts, etc. All checks, drafts or other orders for payment of money and all notes or other evidences of indebtedness issued in the name of the Corporation, shall be signed by such Officer or Officers, agent or agents of the Corporation and in such manner as shall from time to time be determined by resolution of the Board of Directors. The Officers and employees of the Corporation handling funds and securities of the Corporation shall give surety bonds, at the expense of the Corporation, in such sums as the Board of Directors may require.

SECTION 4. Deposits. All funds of the Corporation not otherwise employed shall be deposited or invested in such depositories or in such securities as may be authorized from time to time by the Board of Directors or appropriate committee under authorization of the Board of Directors.

ARTICLE VI

INDEMNIFICATION OF DIRECTORS AND OFFICERS

To the extent permitted by law, the Corporation shall indemnify each Director and Officer of the Corporation, and his heirs, executors and administrators against all expenses and liabilities reasonably incurred by him in connection with or arising out of any action, suit, or proceeding in which he may be involved by reason of his being or having been a Director or Officer of the Corporation, whether or not he continued to be a Director or Officer at the time of incurring such expenses and liabilities; such expenses and liabilities to include, but not limited to, judgments, court costs, attorneys' fees and the cost of settlements. The Corporation shall not, however,

indemnify such Director or Officer with respect to matters as to which he shall be finally adjudged in any such action, suit, or proceeding to have been liable because of willful misconduct in the performance of his duties as such Director or Officer. In the event a settlement or compromise is effected, indemnification may be had only if the Board of Directors shall have been furnished with an opinion of counsel for the Corporation to the effect that such settlement or compromise is in the best interest of the Corporation, and that such Director or Officer is not liable for willful misconduct in the performance of his duties with respect to such matters, and if the Board shall have adopted a resolution approving such settlement or compromise. The foregoing right of indemnification shall not be exclusive of other rights to which any Director or Officer may be entitled as a matter of law.

ARTICLE VII

COMMITTEES

The Board of Directors by resolution adopted by affirmative vote of a majority of the number of Directors may designate one or more committees, each committee to consist of three or more Directors elected by the Board of Directors, which to the extent provided in said resolution as initially adopted, and as thereafter supplemented or amended by further resolution adopted by a like vote, shall have and may exercise, when the Board of Directors is not in session, the powers of the Board of Directors in the management of the Business and affairs of the Corporation, except action in respect to:

- (a) Compensation or indemnification of any person who is a director, Principal Officer or one of the three most highly paid employees, and any benefits or payment requiring policyholder approval.
- (b) Approval of any contract or transaction in which a Director has a material interest.
- (c) Amendment of the Articles or Bylaws.
- (d) Merger, consolidation, conversion, voluntary dissolution or the transfer of business or assets of the Corporation other than in the normal and usual course of business.
- (e) Any other decision requiring policyholder approval.
- (f) Amendment or repeal of any action previously taken by the full board which by its terms is not subject to amendment or repeal by a committee.
- (g) Dividends or other distributions to policyholders, other than in the routine implementation of policy determinations of the full board.
- (h) Selection of principal officers.
- (i) Filling of vacancies on the board or any committee.

The Board of Directors may elect one or more of its members as alternate members of any such committee who may take the place of any absent member or members at any meeting of such committee, upon request by the Secretary or the Chairman of such meeting. Each such committee shall fix its own rules governing the conduct of its activities as the Board of Directors may request. The designation of such committee or committees and the delegation thereto of authority shall not operate to relieve the Board of Directors, or any members thereof, of any responsibility imposed upon it or him by law.

ARTICLE VIII

FISCAL YEAR

The fiscal year of the Corporation shall begin on the first day of January and end on the thirty-first day of December in each year.

ARTICLE IX

SEAL

The Board of Directors shall provide a corporate seal which shall be circular in form and shall have inscribed thereon the name of the Corporation and the state of incorporation and the words, "Corporate Seal".

ARTICLE X

AMENDMENTS

These bylaws have been adopted by the Board of Directors. Except as provided in Section 11 of Article III with respect to the required vote of the Board of Directors, these bylaws may be amended by the Board of Directors at any meeting of the Board. These bylaws shall be subject to amendment or repeal by the members. Any bylaw adopted by the members shall not be amended or repealed by the Directors unless the bylaw adopted by the members shall have conferred such authority upon the Directors.

The foregoing shall constitute Restated Bylaws of the Corporation which shall supersede and take the place of the heretofore existing Bylaws and amendments thereto.