

**Template Articles of Incorporation**  
**Prepared by The Cooperative Network\***  
**Dated March \_\_, 2012**

*[\*NOTE: The information contained in these Articles is based on general legal principles. It is not to be construed as legal advice. Interested persons should consult with legal counsel before taking any action based on these principles to ensure appropriate application of the principles to specific situations. ]*

**ARTICLES OF INCORPORATION**  
**FOR**  
**COOPERATIVE\* CO-OP**

*[0][\*NOTE: The Wisconsin Cooperative Association Act, Chapter 185 of the Wisconsin Statutes, provides for creation of private, nonprofit, member corporations. This annotation will refer to sections of the Wisconsin Act with the preface Wis. Stats. Persons interested in forming a cooperative under another state law should review that state law, which may require more or different provisions than provided here. The Cooperative Network [cooperative and insurance law survey] describes various state cooperative and insurance laws.]*

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These Articles of Incorporation (“Articles”) of Cooperative CO-OP (“Cooperative”) are adopted pursuant to the authority and provisions of Section 185.05 of the Wisconsin Statutes\*:

*[\*NOTE: (1) Section 1322(c)(1) of the Patient Protection and Affordable Care Act (“ACA”) and 45 CFR 165.510 (Regulations implementing the requirements for CO-OPs were adopted by the Department of Health and Human Services on Dec. 13, 2011 as 45 CFR Part 156) require that a consumer-governed nonprofit health insurance issuer (“CO-OP”) be organized as a private, nonprofit, member corporation. (2) State law will determine whether a cooperative can be formed to provide health care. Cooperative associations for health care are authorized by Wis. Stats. 185.981(1). In states where health care cooperatives are not authorized, state insurance law may authorize formation of a non-profit insurance corporation. See [cooperative and insurance law survey].*

**ARTICLE I. NAME**

The name of this Cooperative shall be **COOPERATIVE CO-OP**.

**ARTICLE II. EXISTENCE**

The period of the Cooperative’s existence is perpetual.

**ARTICLE III. PURPOSES**

The purposes for which this Cooperative is organized are to establish, maintain, and operate a voluntary nonprofit health, dental, or vision care plan or plans for the benefit of its members and their dependents\* and to issue such plans in the individual and small group markets in each state in which it is licensed and to otherwise operate a qualified nonprofit health insurance issuer under the United States Patient Protection and Affordable Care Act.\* In pursuance of such purposes, the Cooperative is authorized:\*

*[\*NOTE: Primary purposes of cooperative associations for health care described in Wis. Stats. 185.981(2)]*

*[\*NOTE: Purpose of qualified nonprofit health insurance issuer ("QNHII") defined in Section 1322(c)(1) of the ACA.]*

*[\*NOTE: (1) A CO-OP can be tax exempt under IRC 501(c)(29) during the period it is a qualified nonprofit health insurance issuer ("QNHII") as defined in the ACA and has received a loan and grant under the CO-OP program. A CO-OP can apply for the 501(c)(29) exemption by a letter application as provided in Rev. Procs. 2012-9 and 2012-11. (2) This template includes provisions consistent with the requirements for the 501(c)(29) exemption.]*

- (a) To promote the health of the residents of this state through the establishment, maintenance and operation of a voluntary nonprofit health, dental, or vision care plan or plans, which plans shall be available to all such residents without regard to race, color, religion, or financial status; and
- (b) To engage in and carry on all activities incidental or reasonably necessary to any of the foregoing purposes, and as provided by the laws of the State of Wisconsin;

Provided, however, that in all events and under all circumstances, the following provisions shall apply:

1. No substantial part of the activities of this Cooperative shall consist of carrying on propaganda, or otherwise attempting, to influence legislation; nor shall it in any manner or to any extent participate in, or intervene in (including the publishing or distributing of statements), any political campaign on behalf of any candidate for public office; nor shall it engage in any activities that are unlawful under the laws of the United States of America, or the State of Wisconsin, or any other jurisdiction where such activities are carried on; nor shall it engage in any transaction defined at the time as "prohibited" under Section 503 of the Internal Revenue Code of 1986.
2. No compensation or payment shall ever be paid or made to any officer, director, trustee, creator, organizer, or individual member of this Cooperative except as a reasonable allowance for actual expenditures or services actually made or rendered to or for this Cooperative; and, except for any use to lower premiums, improve benefits, or for other programs intended to improve the quality of health care to its members, neither the whole nor any part or portion of the assets or net earnings, current or accumulated, of this Cooperative shall ever be distributed to or divided among any such persons.\*

*[\*NOTE: These provisions 1 and 2 are required for organizations exempt from tax under IRC Code Section 501(c)(29).]*

3. The Cooperative shall operate only on a cooperative nonprofit basis. It shall not have or exercise any power or authority either expressly, by interpretation, or by operation of law, nor shall it directly or indirectly engage in any activity, that would prevent it from qualifying and continuing to qualify as a cooperative association described in Sections 185.981 to 185.985 of the Wisconsin Statutes.

**ARTICLE IV. CAPITALIZATION AND MEMBER CLASSES**

This Cooperative is organized without capital stock. The Cooperative shall have three classes of members designated as: Founding Members\* and Class A Members.\* The designation, qualifications, requirements, method of acceptance, and incidents of membership of each class of members shall be set forth in the bylaws.\*

*[\*NOTE: Founding members have been used by some newly formed health care cooperatives for marketing purposes to help create widespread community support for the cooperative.]*

*[\*NOTE: A cooperative CO-OP could later add other classes of members.]*

*[\*NOTE: Most states require that Articles of Incorporation be filed with the Secretary of State or similar official and must be amended through further filings. Bylaws generally do not need to be filed and are therefore more flexible.]*

*[\*NOTE: The attributes of member classes are set forth in the bylaws. Wis.Stats. 185.11(2).]*

**ARTICLE V. PRINCIPAL OFFICE**

The location and address of the principal office\* of the Cooperative is

\_\_\_\_\_.

*[\*NOTE: A newly formed cooperative may instead provide the address of its initial agent for service of process. Wis.Stats. 185.05(1)(k)]*

**ARTICLE VI. DIRECTORS**

The business and affairs of the Cooperative shall be managed by a board of directors. The number and qualifications for directors shall be specified in the bylaws, but the number of directors on the board shall not be less than five.\*

*[\*NOTE: The number of directors must be at least 5 unless there are fewer than 50 members. Wis.Stats. 185.31(2). The number of directors can be set in articles or, if the articles so provide, in the bylaws. Wis.Stats. 185.31(2). The bylaws will provide the specific number and types of directors.]*

**ARTICLE VII. DISTRIBUTION OF ASSETS IN THE EVENT OF DISSOLUTION**

In the event of termination, dissolution or winding up of the affairs of the Cooperative, after paying or making provision for the payment of all of the liabilities of the Cooperative, the Board of Directors shall dispose of all of the assets of the Cooperative exclusively for one or more exempt purposes described in Section 501(c)\* of the Internal Revenue Code of 1986, or the corresponding provisions of any future United States Internal Revenue law, as the Board of Directors shall determine. Any of such assets not so disposed of shall be disposed of by the Circuit Court of the county in which the principal office of the Cooperative is then located to such organization or organizations as such Court shall determine will best accomplish the general purposes for which the Cooperative was organized.

*[\*NOTE: This provision is not specifically required for exemption under 501(c)(29) but helps confirm the requirement set forth in Paragraph 2 of Article III. A taxable cooperative may also distribute remaining assets to a cooperative with similar limitations on distributions. Wis. Stats. 185.17(3)]*

**ARTICLE VIII. AMENDMENT**

These Articles may be amended or restated by the members in the manner authorized by law at the time of the amendment or restatement.\*

*[\*NOTE: Members may amend articles at any meeting with notice of the nature of the amendment. Wis. Stats. 185.51(1)]*

**ARTICLE IX. INCORPORATORS**

The following persons shall be the incorporators \*of Cooperative and shall act as the temporary board of Cooperative:

*[\*NOTE: There must be at least 5 incorporators. Wis.Stats. 185.05(1)(m).]*

[Name]*	[Name]
[Address]	[Address]
[Name]	[Name]
[Address]	[Address]
[Name]	
[Address]	

*[\*NOTE: he articles must include the names and addresses of the incorporators. Wis.Stats. 185.05(1)(L)]*

Dated this \_\_\_\_\_ day of \_\_\_\_\_, 2012

\_\_\_\_\_  
[signature of incorporator]

\_\_\_\_\_  
[signature of incorporator]

\_\_\_\_\_  
[signature of incorporator]

\_\_\_\_\_  
[signature of incorporator]

\_\_\_\_\_  
[signature of incorporator]

State of \_\_\_\_\_

SS.

County of \_\_\_\_\_

Before\* me, a notary public, within and for said county and State, on this \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, personally appeared \_\_\_\_\_, known to me to be one of the identical persons who executed the within and foregoing instrument, and acknowledged to me that he/she had executed the same as a free and voluntary act and deed for the uses and purposes therein set forth.

Witness my hand and official seal the day and year set forth.

Notary Public \_\_\_\_\_

In and for the County of \_\_\_\_\_, State of \_\_\_\_\_.

My Commission expires \_\_\_\_\_

*[\*NOTE: Cooperative documents need to be notarized and recorded with a county register of deeds in addition to filing with the Secretary of State or similar state official. Wis.Stats. 185.05(3).]*

This document was drafted by  
and should be returned to:

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