

## HOW AND WHY ROTARY CLUBS INCORPORATE

1. Rotary Clubs incorporate to provide a protective legal shield against liability for members just because they are members.
2. **But** if the shield is not set up properly  
  
or  
  
If the shield is not properly kept in place.
3. The protection is reduced and can disappear altogether.
4. To set up the shield of incorporation properly the Club must have proper Rules.
5. RI provides Rules through its Club Constitution and recommended Bylaws. A Club cannot remain in Rotary if its Rules don't include the Club Constitution.
6. **But** the Law is not satisfied with RI's Rules and will not incorporate a Club which uses only RI's Rules.
7. To obtain incorporation a compromise is required between RI's Rules and rules the Law demands.
8. Satisfying the Law is easy but RI's requirements are more complex. RI **must approve** the Rules of every incorporated Rotary Club.
9. The problems increase after incorporation. The Law alters fairly frequently and an alteration may impose new obligations on the Club that contradict RI's requirements.
10. RI changes its Rules every 3 years and the changes may be unacceptable to the Law and must be notified to, and approved by, the State Registry to have legal effect anyway
11. Clubs themselves may want to change those of their Rules that RI permits.
12. So it is quite a business to set up the protective shield of incorporation **properly**  
  
and  
  
It can be even more difficult to **keep it in place**.
13. **But if these things aren't done properly the protection is reduced and may disappear.**
14. In addition the Law can impose financial and personal penalties on some members if there is a failure to carry out the legal requirements.
15. Our Australiawide Rules are acceptable to all States/Territories and, more important, are accepted by RI.
16. Our Australiawide Rules are structured to meet all changes the Law, RI and individual Clubs require.