

**NATIONAL ASSOCIATION OF HEALTH UNDERWRITERS
POLICY & PROCEDURES**

POLICY TITLE:	Conflict of Interest
CLASSIFICATION:	Executive
POLICY NUMBER:	96-01-EX
DEPARTMENT COORDINATOR:	Executive Vice President
DATE SUBMITTED:	August 1995
MOTION:	Mel Schlesinger
SECONDED:	Russ Childers
DATE APPROVED:	January 30, 1996
AMENDED:	February 3, 2008
APPROVED BY:	Board of Trustees
SUNSET DATE:	2014

PURPOSE: To maintain the highest ethical standards between NAHU and both present and past leaders and employees.

POLICY: No person dealing with NAHU shall receive special favor or consideration because of that individual's current or former position with NAHU. No person acting on behalf of NAHU should have a material, financial stake in transactions concerning the Association without the full knowledge and written consent of the Board of Trustees.

PROCEDURE:

Definitions: For purposes of this Policy and Procedure:

1. *Conflict of interest* means any transaction in which a current or former NAHU Leader has a material financial interest. A *conflicted individual* is a NAHU Leader with a conflict of interest relative to a particular transaction.
2. *NAHU Leaders* means any member of NAHU Staff or any Member of a NAHU Entity.
3. *Former NAHU Leaders* means individuals who were a NAHU Leader during any part of the 12 months preceding a vote concerning a transaction in which the Former NAHU Leader has a material, financial interest.
4. *NAHU Entity* means any NAHU Board, Commission, Committee, Advisory Group, Working Group, Task Force or Foundation.
5. *Material Financial Interest* means any direct or indirect benefit, including salary and/or compensation received directly by a NAHU Leader or by a NAHU Leader's immediate relatives (parents, children, siblings, spouses and the spouse's immediate relatives), co-residents or roommates, or any corporation, partnership or business in which such person is an officer, partner, director, executive or major stockholder.
 - a. In the case of NAHU staff, material financial interest shall exclude regular salary, bonuses, benefits and other compensation paid them in the normal course of their duties on behalf of NAHU.
 - b. In the case of a member of a NAHU Entity, material financial interest shall exclude salary, compensation or benefit resulting from holding a position common to the general membership. (For example, a Board Member voting to spend money on behalf of a group supporting guarantee issue of health insurance does not have a conflict of interest even

though such a legal requirement would likely increase their income as many members of NAHU would likewise benefit).

6. *Major stockholder* means ownership or control of five percent (5%) or more of the outstanding stock of a business Entity.

Disclosure:

1. A NAHU Leader shall disclose any material financial interest in transactions contemplated or entered into by NAHU as soon as such interest is known. Such notification must be made, in writing, to the Executive Vice President (EVP) and the President. If the potential conflict involves the EVP, additional notification shall be made to a staff person designated by the EVP at the beginning of each year as “Staff Ethics Officer.” If the potential conflict involves the President, additional notification shall be made to the President-Elect.
2. When NAHU Leaders or Former NAHU Leaders are aware of potential conflict of interest concerning a Former NAHU Leader such information shall be disclosed in the same manner as for current NAHU Leaders.

Recusal

1. Members of NAHU Entities and NAHU staff shall not participate in any discussion or vote concerning a transaction in which they have a conflict of interest.
 - a. By a majority vote of the NAHU Entity, the conflicted individual may be permitted to participate in discussions concerning the transaction, but in no event may the conflicted individual vote on the matter.
 - b. In cases deemed appropriated by the President, a vote by the Board of Trustees in which at least 60 percent of its membership concurs, may permit a conflicted individual to participate in discussions on a transaction.
 - c. All votes by all NAHU Entities (including the Executive Committee) permitting a conflicted individual to participate in discussions concerning the transaction shall be reported immediately to the Board of Trustees. The Board of Trustees shall have the authority to overturn any decision made in connection to the conflict of interest.
 - d. In the case of staff, the EVP shall take all appropriate action to exclude the individual from the decision making process and from activities in support of the transaction.
2. Members of NAHU Entities and NAHU Staff shall voluntarily recuse themselves from activities in which they have or believe they have a conflict of interest. However, any other member of the NAHU Entity may seek a vote of the full NAHU Entity to determine whether a conflict of interest exists.
 - a. If a majority of the NAHU Entity determines a conflict exists for an individual Entity Member, that individual will not be permitted to participate in the discussion and vote concerning the transaction unless permitted to participate under *Recusal* item 1, above.
 - b. The individual subject to another Member of the NAHU Entity’s motion concerning a conflict of interest may participate but may not vote in the debate determining whether a conflict of interest exists.
3. NAHU Entities shall report all incidences of conflicts of interest to the Board of Trustees including a description of how the conflict was handled.

Transactions Involving Conflicts of Interest

1. NAHU shall not enter into a transaction involving a conflict of interest with a NAHU Leader unless:
 - a. Disclosure of the conflict of interest is made pursuant to this Policy and Procedure.
 - b. The NAHU Entity approves a motion by majority vote specifically acknowledging the conflict of interest and stating the level of participation in the decision related to the transaction by the conflicted individual. (For example, if after disclosing a conflict of interest, a Member of the Board of Trustees is permitted to discuss the matter prior to a vote, such involvement must be noted in specific motion). This motion may be part of the motion approving the transaction or in a separate motion.
2. The minutes of a NAHU Entity shall reflect all information relative to a conflict of interest. The minutes of the NAHU Board of Trustees shall specifically reference receipt of any information from staff or NAHU Entities concerning conflicts of interest.
3. No active member of the BOT shall solicit association business for any reason.

FINANCIAL IMPACT: