

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

POLICY TITLE:	Use of State Legislative Defense Account Funds
CLASSIFICATION:	Legislative
POLICY NUMBER:	02-01-L
DEPARTMENT COORDINATION:	Legislative/Board of Trustees
MOTION:	Ken Schmidt
SECONDED:	Russ Childers
DATE APPROVED:	February 1, 2005
AMENDED:	April 18, 2011
APPROVED BY:	Board of Trustees
SUNSET:	2014

PURPOSE: To specify the circumstances and procedures for withdrawing funds from NAHU's State Legislative Defense Fund (SLDF).

POLICY: For use of SLDF funds for legislative, regulatory, and related expenses an affirmative vote of a simple majority of the Board of Trustees (BOT) shall be required. Disbursement of grants in excess of \$10,000 requires an affirmative vote of at least 75% of the BOT. Transferring SLDF money to the Federal Legislative Defense Fund would require a vote of 75% of the BOT. In an emergency situation, where a chapter needs to utilize SLDF monies on an immediate basis and a full meeting of the BOT cannot be convened, the NAHU Legislative Management Team (LMT) can authorize disbursements of up to \$10,000 with a unanimous vote.

PROCEDURE(S): Upon recognition of an urgent and unforeseen need for state legislative expenditures, a state chapter may complete the latest version of the "Application for State Legislative Defense Funds." The latest version of the application shall be made available through the NAHU legislative staff and the NAHU web site. Chapters must work with their assigned NAHU legislative staff member and the Regional Vice President to complete the application. After completion, the application must be approved by a 2/3 vote of the state chapter's board and copies submitted to the NAHU legislative staff, and the Regional Vice President. A chapter's submission must include not only the completed application, but also documentation of the state board's vote and the chapter's most recent financial statements and balance sheet, in order to be considered.

Upon receipt, the application should be reviewed by staff to ensure that adequate information is present for a decision and then immediately forwarded to all members of the LMT for review. The LMT will review the application at its next scheduled meeting and develop recommendations for action for the BOT. In an emergency situation, where a chapter needs to utilize SLDF monies on an immediate basis and a full meeting of the BOT cannot be convened, the NAHU LMT shall meet on an emergency basis, either electronically or via teleconference within seven business days of receipt of the application. During such an emergency meeting, the LMT may authorize SLDF disbursements of up to \$10,000 with a unanimous vote.

Following the review of the application by the LMT, the Chair of the NAHU Legislative Council will inform the appropriate Regional Vice President of the LMT's recommendation. The application will then be presented to the BOT, where a motion may be made by the NAHU President, Regional Vice President of the State's Region, Legislative Council Chair or the Executive Committee liaison to the Legislative Council for disbursement of funds from the SLDF.

All SLDF funds may be disbursed in the form of a grant, an interest-free loan to the chapter or a combination of a loan and a grant. SLDF loans may be accepted or declined by the relevant chapter within 30 days of the chapter being notified about their application's status. If accepted, the chapter must agree to repay NAHU 50% of the loan balance within 12 months of the disbursement, and the remaining 50% balance within 24 months of the disbursement. An affirmative vote of a simple majority of the Board of Trustees will be required to release grant funds in the amount of \$10,000 or less from the SLDF for legislative activity. An affirmative vote of no less than 75% of the entire Board of Trustees will be required to release grant funds in excess of \$10,000 from the SLDF for legislative activity.

If a state does not have a state chapter or if the state chapter is not actively functioning, the process outlined above can be initiated by a local chapter. By the same process, if a state has no chapter but there is a serious legislative threat in the state, an application submitted by either a member-at-large working in cooperation with the National legislative staff or an application submitted by the LMT on behalf of the state may be considered.

Urgent and unforeseen legislative needs" shall be determined by the LMT. It can be considered an event such as, but not limited to:

- a) The introduction of state legislation, regulatory actions, ballot initiatives or other measures (i.e. Single Payer) which may require a massive and closely-coordinated legislative and public relations campaign by NAHU's affiliate chapter to exert its influence. The expense of such an effort (media, non-staff lobbyist, printed materials, promotions, etc.) would not normally be included in the legislative budget of a state chapter or would greatly exceed the amount budgeted.
- b) Participation in a coalition effort which is unexpected and not normally included in the budget of a state chapter, and is deemed by the LMT to be in the best interest of the NAHU membership.

Following a LMT and/or BOT vote to disburse funds from the SLDF, the Legislative Council Chair and/or the Regional Vice President shall work with the NAHU staff to inform the chapter of the results of the application and the terms of the disbursement. The Legislative Council Chair will also provide a report to the full Legislative Council about any disbursements at the council's next meeting following a disbursement. NAHU chapters that receive SLDF disbursements must provide to the NAHU BOT with a written progress report about the legislative situation in their state within one month of the disbursement as a condition of receiving SLDF funds. Chapters will provide regular updates to the BOT on the issues at hand for as long as the emergency legislative situation continues. The chapters will work with the legislative staff, Regional Vice

President and the NAHU government affairs staff to provide these updates and updated information will be forward to not only the BOT but also the full NAHU Legislative Council upon receipt. The LMT and BOT will annually review disbursements from the SLDF and will each year determine the appropriate level of funding for the SLDF in its entirety.

FINANCIAL IMPACT: The amount budgeted by the BOT for the SLDF during each fiscal year.