

# NAHU EDUCATION FOUNDATION

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## BYLAWS

NAHU EDUCATION FOUNDATION  
a membership nonprofit public benefit corporation

### ARTICLE I

#### Purposes

1.1 Purpose. The corporation is a nonprofit public benefit corporation and is not organized for the private gain of any person. It is for charitable purposes and to promote consumer education about the health care system and to improve the health care system, which purposes shall include, but not be limited to, the following:

- (i) Informing consumers, government, insurers & field underwriters about health care, including access to, utilization of, and current issues relating to health care & disability insurance.
- (ii) Fundraising for creation and distribution of seminars, courses, and educational materials relating to health care & disability issues.
- (iii) Creation and distribution of materials relating to health care and disability issues.
- (iv) Provision of information resources to consumers of health care, health insurance providers and other health care & disability industries.
- (v) Provision of support, both financial and otherwise, to other programs that promote or improve health care & disability education.

1.2 Limitations. The purposes for which this corporation is organized are exclusively charitable and educational within the meaning of Section 501 (c) (3) of the Internal Revenue Code of 1986. Notwithstanding any other provision of the Articles of these Bylaws, the corporation shall not carry on any activities not permitted to be carried on (a) by a corporation exempt from federal income tax under Section 501 (c) (3) of the Internal Revenue Code of 1986 (or the corresponding provision of any future United States Internal Revenue Law), or (b) by corporation contributions to which are deductible under Section 170 (c) (2) of the Internal Revenue Code of 1986 (or the corresponding provision of any future United States Internal Revenue Law). The property of the corporation shall inure to the benefit of, or be distributable to, its members, directors, officers, or other private persons. The foregoing shall not preclude the corporation from paying reasonable compensation for services rendered or from making payments and distributions in furtherance of the purposes set forth in the Articles and

otherwise in these Bylaws. No substantial part of the activities of the corporation shall consist of carrying on propaganda, or otherwise attempting to influence legislation. The corporation shall not participate or intervene in any political campaign (including the publication or distribution of statements) on behalf of (or in opposition to) any candidate for public office.

## ARTICLE II

### Board of Directors

2.1 Powers. Subject to the limitations of the Articles of Incorporation, of the Bylaws, and of the Nonprofit Public Benefit Corporation Law of the State of California, and subject to the duties of Directors as prescribed by the Bylaws, all corporate powers shall be exercised by or under the authority of, and the business and affairs of the corporation shall be controlled by, the Board of Directors. Without limiting the foregoing, the Board of Directors shall have the power to levy dues and assessments, to select and remove all officers, agents, employees and contractors, and to fix reasonable compensation therefor, to authorize and empower officers or agents to enter into contracts and other commitments on behalf of the corporation, and to appoint and delegate responsibilities and authority to committees, officers and agents.

2.2 Number of Directors. The number of Directors of the corporation shall be not less than five (5) are not more than twenty (20) until changed by a duly adopted amendment to this Bylaw section. The exact number of Directors shall be fixed from time to time, within the limits specified in this section, by a resolution of the Board of Directors. Subject to the foregoing provisions for changing the number of Directors, the exact number of Directors of the corporation is hereby fixed initially at five (5), with the understanding that the size of the Board shall be increased as soon as additional prospective Directors agree to accept a position on the Board.

2.3 Eligibility. The Board of Directors shall consist of a balanced mix of persons (whether or not members of the National Association of Health Underwriters) ("NAHU") interested in promoting the purposes of the corporation. The Board shall include persons with interests, expertise, skills or knowledge concerning financial, legal, accounting, managerial, operational, educational, fund raising, and community aspects related to the corporation's purposes and activities.

2.4 Election; Term of Office. Members of the Board of Directors shall be elected annually by the Board of Trustees of NAHU. Directors shall serve for a one-year term expiring on the last day of the NAHU annual meeting. Persons may serve as Directors for an unlimited number of consecutive terms.

2.5 Vacancies. Vacancies in the Board of Directors may be filled by the Board of Trustees of NAHU and each Director so named shall hold office until the expiration of that term. A vacancy or vacancies shall be deemed to exist in the case of the death, resignation or removal of any Director, or if the authorized number of Directors be increased without election of the additional Directors so provided for, or in case of the failure at any time to elect the full number of authorized Directors. If any Director fails to attend three (3) consecutive meetings of the Board without excuse, they shall be automatically removed from the Board. Provided, however, that except upon notice to the Attorney General, no Director may resign where the corporation would be left without a duly elected Director in charge of its affairs. No reduction in the number of Directors shall have the effect of removing any Director prior to the expiration of his or her term of office.

2.6 Place of Meeting. All meetings of the Board of Directors may be held at any place within or without the State, which has been designated from time to time by resolution of the Board or by the written consent of a majority of the Directors.

2.7 Organization Meetings. Not less frequently than annually, the Directors shall hold a regular meeting for the purpose of organizing the Board, the election of officers and the transaction of such business as may come before the meeting. Pending such organization meeting, all officers of the corporation shall continue to hold the officer position. The annual organization meeting shall be held in the month of June.

2.8 Other Regular Meetings. Other regular meetings of the Board of Directors shall be held approximately annually, or on such other periodic basis as may be specified and noticed by the Board of Directors or the President of the corporation.

2.9 Special Meetings. Special meetings of the Board of Directors for any purpose may be called at any time by the President or by 25% of the Directors.

2.10 Notice of Meetings. Notice of the time and place of each meeting of the Board of Directors not fixed by an express provision of the Bylaws or by an standing Resolution of the Board of Directors shall be given to each Director not less than 14 days prior to the meeting.

2.11 Consent of Meetings. The transactions of the Board of Directors at any meeting however called and noticed or wherever held, shall be as valid as though done at a meeting duly held after call and notice if a quorum be present and if either before or after the meeting each Director not present signs a written waiver of notice, or a consent to the holding of such meeting or approval of the minutes thereof, or who attends the meeting without protesting, prior thereto or at its commencement, the lack of notice to such Director. All such waivers, consents or approvals shall be filed with the corporate records and made a part of the minutes of the meeting.

2.12 Action Without Meeting. Any action required or permitted to be taken by the Board of Directors under any provision of the Nonprofit Public Benefit Corporation Law of the State of California may be taken without a meeting if all members of the Board shall individually or collectively consent in writing to such action. Such written consent or consents shall be filed with the minutes of the proceedings of the Board. Such action by written consent shall have the same force and effect as a unanimous vote of such Directors. Any certificate or other document filed under any provision of the Nonprofit Public Benefit Corporation Law of the State of California which relates to action so taken shall state that the action was taken by unanimous written consent of the Board of Directors without a meeting, and that the Bylaws authorize the Directors to so act. For the purposes of this section only, "all members of the Board" shall not include any "Interested Directors" as defined in Section 2.21.

2.13 Telephonic Meetings. Members of the Board may participate in a meeting through use of conference telephone or similar communications equipment, so long as all members participating in such meeting can hear one another. Participation in a meeting through use of telephone or similar communications equipment shall constitute presence in person at such meeting.

2.14 Quorum. Except to adjourn as hereinafter provided, a majority of the members of the Board of Directors shall constitute a quorum for the transaction of business. Every act or decision done or made by a majority of the Directors present at a meeting duly held at which a quorum is present shall be regarded as the act of the Board of Directors.

2.15 Adjournment. A majority of the Directors present, whether or not a quorum is present, may adjourn any Directors' meeting to meet again at another time or place. In the event a meeting of the Board of Directors is adjourned for more than twenty-four (24) hours, notice of any adjournment to another time or place shall be given prior to the time of the adjourned meeting to the Directors who were not present at the time of the adjournment.

2.16 Fees and Compensation. Directors shall not be compensated for serving on the Board of Directors. Directors shall be entitled to reimbursement of expenses incurred on behalf of the corporation. Members of committees may receive such compensation, if any, for their services and such reimbursement for expenses as may be fixed or determined by resolution of the Board of Directors; provided that such compensation shall be reasonable and shall be comparable to compensation paid by unaffiliated entities for a like position. Nothing herein shall be considered to preclude any Director from serving the corporation in any other capacity, including as a officer, agent, employee or otherwise, and receiving compensation therefor.

2.17 Nonliability of Directors and Certain Officers.

a. Volunteer Directors. Pursuant to Section 5239 of the Nonprofit Public Benefit Corporation Law of The State of California, there shall be no personal liability to a third party on the part of a volunteer Director or volunteer President, Vice-President, Secretary or Treasurer of this corporation caused by the Director's or officer's negligent act or omission in the performance of that person's duties as a Director or officer, if all the following conditions are met:

- i. The act or omission was within the scope of the Director's or officer's duties.
- ii. The act or omission was performed in good faith;
- iii. The act or omission was not reckless, wanton, intentional, or grossly negligent;
- iv. The corporation has complied with the requirements of subsection (b) below.

This limitation on the personal liability of a volunteer Director or officer does not limit the liability of the corporation for any damages caused by acts or omissions of a volunteer Director or volunteer officer, nor does it eliminate the liability of a director or officer provided in Section 5233 or 5237 of the Nonprofit Public Benefit Corporation Law of the State of California in any action or proceeding brought by the Attorney General.

b. Requirement to Obtain Liability Insurance. In order to obtain the full benefit of the limitation of liability set forth in subsection (a) above, the corporation and the Directors shall make all reasonable efforts in good faith to obtain liability insurance in the form of a general liability policy for the corporation or a director's and officer's liability policy.

- c. Paid Directors and Officers. Any Director or officer who receives compensation by the corporation for acting in his or her capacity as a Director or an officer, as the case may be, shall have no liability based upon any alleged failure to discharge such person's obligations as a Director, including, without limiting the generality of the foregoing, any actions or omissions which exceed or defeat a public or charitable purpose to which the corporation, or assets held by it, are dedicated, (i) so long as such compensated Director or officer complies with provisions of Section 2.20 of these Bylaws, and (ii) except as provided in Section 5233 of the Nonprofit Public Benefit Corporation Law of the State of California.

2.18 Indemnity for Litigation. The corporation hereby agrees to exercise the power to indemnify any person who was or is a party or is threatened to be made a party to any proceeding by reason of the fact that such person is or was a Director, officer, employee or other agent (as defined in Section 5238 of the Nonprofit Public Benefit Corporation Law of the State of California) of the corporation, to the full extent allowed under the provisions of said Section 5238 relating to the power of a corporation to indemnify any such person. The amount of such indemnity shall be so much as the Board of Directors determines and finds to be reasonable, or, if required by said Section 5238, determines and finds to be reasonable.

2.19 Interested Persons. Pursuant to section 5227 of the Nonprofit Public Benefit Corporation Law of the State of California, no more than forty-nine percent (49%) of the Directors serving on the Board may be "interested persons." For the purposes of this section, "interested persons" means either (i) any person currently being compensated by the corporation for services rendered to it within the previous twelve (12) months whether as a full-time or part-time employee, independent contractor, or otherwise, excluding any reasonable compensation paid to a Director as Director; or (ii) any brother, sister, ancestor, descendant, spouse, brother-in-law or father-in-law of any such person. The provisions of this Section 2.19 shall not affect the validity or enforceability of any transaction entered into by the corporation.

2.20 Standard of Conduct. Pursuant to Section 5231 of the California Nonprofit Public Benefit Corporation Law, a Director shall perform the duties of a Director, including duties as a member of any committee of the Board upon which the Director may serve, in good faith, in a manner such Director believes to be in the best interest of the corporation and with such care, including reasonable inquiry, as an ordinary prudent person in a like position would use under similar circumstances. In performing the duties of a Director, a Director shall be entitled to rely on information, opinions, reports or statements including financial statements and other financial data, in each case prepared or presented by:

- a. One or more officers or employees of the corporation whom the Director believes to be reliable and competent in the matters presented;
- b. Counsel, independent accountants or other persons as to matters which the Director believes to be within such person's professional or expert competence; or
- c. A committee of the Board upon which the Director does not serve, as to matters within its designated authority, which committee the Director believes to merit confidence. Provided, that in any such case, the Director acts in good faith, after reasonable inquiry when the need therefor is indicated by the circumstances and without knowledge that would cause such reliance to be unwarranted.

2.21 Self-Dealing Transactions. Pursuant to Section 5233 of the Nonprofit Public Benefit Corporation Law of the State of California, the corporation shall not be a party to a transaction in which one or more of its Directors has a material financial interest ("Interested Director") unless:

- a. Approval by Attorney General. The Attorney General, or the court in an action in which the Attorney General is an indispensable party, has approved the transaction before or after it was consummated; or
- b. Approval by the Board. Prior to entering into the transaction, after full disclosure to the Board of all material facts as to the proposed transaction and the Interested Director's interest and investigation and report to the Board as to alternative arrangements for the proposed transaction, if any, the Board in good faith and by a vote of a majority of the Directors then in office (without including the vote of the Interested Director):
  - i. Resolves and finds that (1) the transaction is in the corporation's own benefit, (2) the transaction is fair and reasonable as to the corporation, and (3) after reasonable investigation under the circumstances as to alternatives, the corporation could not have obtained a more advantageous arrangement with reasonable efforts under the circumstances; and
  - ii. Approves the entire transaction; or
- c. Interim Approval by Authorized Committee or Person. If it is not reasonably practicable to obtain approval of the Board prior to entering into such transaction, a committee or person authorized by the Board approves the transaction in a manner consistent with the procedure set forth in subsection (b) of this section; and the Board, after determining in good faith that the corporation entered into the transaction for its own benefit and that the transaction was fair and reasonable as to the corporation at the time it was entered into, ratifies the transaction at its next meeting by a vote of the Interested Director.

### ARTICLE III

#### Officers

3.1 Officers. The officers of the corporation shall be a President, Vice-Presidents, Secretary, Treasurer, and such other officers as the Board of Directors may appoint. One person may hold two or more offices, except that neither the Secretary nor Treasurer may serve concurrently as the President of the Board.

3.2 Election. The officers of the corporation shall be chosen annually by the Board of Directors, and each shall hold his or her office until he or she shall resign or shall be removed or otherwise disqualified to serve, or his or her successor shall be elected and qualified.

3.3 Removal and Resignation. Any officer may be removed, either with or without cause, by the Board of Directors or by the Board of Trustees of NAHU at any regular or special meeting thereof. Any officer may resign at any time by giving written notice to the Board of Directors, or to the President, or to the Secretary of the corporation. Any such resignation shall take effect at the date of the receipt of such notice or at any later time specified therein, and, unless otherwise specified therein, and , unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

3.4 Vacancies. A vacancy in any office because of death, resignation, removal, disqualification, or any other cause, shall be filled in the manner proscribed in the Bylaws for regular appointments to such office.

3.5 President. Subject to the control of the Board of Directors, the President shall have general supervision, direction and control of the business and affairs of the corporation. He or she shall preside at all meetings of the Directors, shall serve as an ex officio member of all committees, shall report periodically to the Board of Trustees of NAHU, and shall have such other powers and duties as may be prescribed from time to time by the Board of Directors.

3.6 Vice-President. In the absence or disability of the President, a Vice-President selected by the President shall perform all of the duties of the President, and in so acting shall have all of the powers of the President. The Vice-President shall have such other powers and duties as may be prescribed from time to time by the Board of Directors.

3.7 Secretary. The Secretary shall keep a full and complete record of the proceedings of the Board of Directors, shall keep the seal of the corporation and affix it to such papers and instruments as may be required in the regular course of business, shall make service of such notices as may be necessary or proper, shall supervise the keeping of the records of the corporation, and shall have such other powers and duties as may be prescribed from time to time by the Board of Directors.

3.8 Treasurer. The Treasurer shall receive and safely keep all funds of the corporation and deposit them with such depositories as may be designated by the Board of Directors. He/She shall disburse the funds of the Corporation as may be ordered by the Board of Directors; shall render to the President and the Directors, whenever they request it, an account of all transactions as Treasurer and of the financial condition of the Corporation; and shall have such other powers and duties as may be prescribed by the Board of Directors.

## ARTICLE IV

### Committees

4.1 Appointment of Committees. The Board of Directors may appoint an Executive Committee and such other standing or special ad hoc committees as the Board from time to time deems necessary or appropriate to conduct the business and further the objectives of the corporation. The appointment by the Board of an Executive Committee and any other committee having the authority of the Board shall be by resolution adopted by a majority of Directors then in office. The Executive Committee and any other committee having authority of the Board shall consist of two (2) or more Directors.

4.2 Powers and Authority of Committees. The Board of Directors may delegate to the Executive committee or any other committee having the authority of the Board, any of the powers and authority of the Board of Directors in the management of the business and affairs of the corporation, except the following:

- a. The approval of any action for which the Nonprofit Public Benefit Corporation Law of the State of California also requires the approval of members of a corporation, in which event the approval of the Board of Directors shall be required.
- b. The filling of vacancies on the Board or in any committee which has the authority of the Board.
- c. The amendment or repeal of any resolution of the Board which by its express terms is not so amendable or repealable.
- d. The appointment of committees of the Board having the authority of the Board, or the Board, or the members thereof.
- e. The approval of any self-dealing transaction, except as permitted in Section 2.21 of these Bylaws.

## ARTICLE V

### Miscellaneous

5.1 Fiscal Year. The fiscal year of the corporation shall end of the last day of June of each year.

5.2 Inspection of Corporation Records. The books of account and minutes of the proceedings of members and Directors, and of any Executive Committee or other committees of the Directors, shall be open to inspection at any reasonable time upon the written demand of any Director. Such inspection may be made in person or by an agent or attorney, and shall include the right to make photocopies and extracts.

5.3 Representation of Shares of Other Corporations. The President of the corporation is authorized to vote, represent and exercise on behalf of the corporation all rights incident to any and all shares of any other corporation or corporations standing in the name of the corporation. The authority herein granted to the President may be exercised by the President in person or by other persons authorized to do so by proxy duly executed by the President.

5.4 Checks, Drafts, Etc. All checks, drafts or other orders for payment of money, notes or other evidences of indebtedness issued in the name of or payable to the corporation and any and all securities owned by or held by the corporation requiring signature for transfer shall be signed or endorsed by such person or persons and in such manner as from time to time shall be determined by the Board of Directors.

5.5 Execution of Contracts. The Board of Directors may authorize any officer, or officers, agent, or agents, to enter into any contract or execute any contract or execute any contract or execute any instrument in the name of and on behalf of the corporation; and such authority may be general or



confined to specific instances. Unless so authorized by the Board of Directors, no officer, agent, or employee shall have any power or authority to bind the corporation by any contract or engagement or to pledge its credit or render it liable for any purpose or in any amount. Provided, that pursuant to Section 5214 of the Nonprofit Public Benefit Corporation Law of the State of California, any such contract or instrument between the corporation and any third person, when signed by the President or any Vice-President and the Secretary or Treasurer of the corporation, shall be valid and binding upon the corporation in the absence of actual knowledge on the part of said third person that the signing officers had no authority to execute the same.

5.6 Annual Statement of Certain Transactions and Indemnifications. To the extent required by Section 6322 of the Nonprofit Public Benefit Corporation Law of the State of California, the Board of Directors shall cause an annual statement of the transactions and indemnifications specified in Section 6322 to be distributed not later than one hundred twenty (120) days after the close of the fiscal year. If the corporation issues an annual report, this requirement shall be satisfied by including the required information in said annual report.

5.7 Corporate Loans, Guarantees and Advances. The corporation shall not make any loan of money or property to or guarantee the obligation of any Director or officer, except as is expressly allowed under Section 5236 of the Nonprofit Public Benefit Corporation Law of the State of California.

5.8 Public Inspection and Disclosure. The corporation shall have available for public inspection at its principal office a copy of its three (3) most recent annual exempt organization information returns and a copy of its application for recognition of exemption. In addition, in the event that the corporation provides services or information to the public for a fee, and such services or information are available from the federal government free of charge or for a nominal cost, such availability shall be conspicuously disclosed in an easily recognizable format in any solicitation or offer by the corporation.

5.9 Political Activities. The corporation shall not intervene in any political campaign on behalf of, or in opposition to, a candidate. The corporation shall not make any political expenditure or lobbying expenditure which will result in the loss of, or otherwise adversely affect, its status as a tax-exempt organization under the Internal Revenue Code of 1986, as amended.

## ARTICLE VI

### Effective Date and Amendments

6.1 Effective Date. These Bylaws shall become effective immediately upon their adoption. Amendments to these Bylaws shall become effective immediately upon the adoption of the amendment, unless the Board of Directors in adopting the amendment provides that it is to become effective at a later date.

6.2 Amendments. These Bylaws may be amended or repealed and new Bylaws adopted by the vote of the majority of the members of the Board of Directors then in office. No such amendment, or repeal, or adoption, having the effect of superseding Section 1.1, Section 2.4, Section 2.5, section 2.14, or this Section 6.2 shall be effective unless and until it is approved by the Board of Trustees of NAHU.

CERTIFICATE OF SECRETARY

I, the undersigned, do hereby certify:

1. That I am the duly elected and acting Secretary of NAHU Education Foundation.
2. That the foregoing Bylaws constitute the Bylaws of the said corporation adopted on \_\_\_\_\_ by the resolution of the Board of Directors.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed the seal of the said corporation this \_\_\_\_\_ day of \_\_\_\_\_ 1996, at Washington, D.C.

\_\_\_\_\_  
Secretary