



National Association of Insurance  
and Financial Advisors

Subject: New NAIFA Bylaws - Summary of Changes in the Proposed NAIFA Bylaws Revision  
Date: July 10, 2017

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This memo summarizes proposed changes to the current NAIFA bylaws, as incorporated in the proposed NAIFA Bylaws revision, to reflect the direction of the NAIFA 20/20 strategic plan in general and the recommendations of the Quality Member Experience Task Force in particular.

Article I (Name and Principal Office) – no change except section 2 permits the Board to determine the location of NAIFA’s principal office.

Article II (Mission) – no change, except added new section 2 with restrictions aimed at requiring compliance with law.

Article III (Powers) – revised to recognize state and local chapter relationships and contemplates the operation of centers.

Article IV (was “Membership in NAIFA” now “NAIFA State and Local Chapters”) – replaced to recognize state and local chapter relationships.

Article V (was “Membership in National, State, Local and At-Large Associations” now “Membership in NAIFA and NAIFA State and Local Chapters”) – Recognizes state and local chapter relationships. The definition of active membership has been broadened to include advisors licensed to sell securities and to allow for membership in a state near where one lives, works or is licensed. The definition of associate membership has been broadened to cover non-licensed individuals related to insurance and financial services beyond life insurance and to allow associate members to serve as state and local chapter directors. The provisions for active emeritus, student associate and honorary members were simplified. Adds provisions concerning admission, resignation, and termination of membership.

Current Article VI (NAIFA Authority Over Member Associations) – deleted because NAIFA’s relationship with state and local chapters is addressed in Articles III and IV.

New Article VI (Officers) revises old Article VII – Simplifies officer role descriptions and deletes references to an Honorary Vice President because that position is not used. Clarifies that only one national officer position may be held by a person at one time. Section 3 clarifies that officers may be reimbursed for appropriate expenses. Section 4 deletes the reference to Board appointment of staff other than CEO. Section 5 replaces references to “annual convention” with “annual meeting” and sets officer terms as “one year” rather than between annual meetings to allow terms to begin after the annual meeting.

New Article VII (Board of Trustees) is old Article VIII – The National Council’s authority to overrule

Board decisions is retained for non-administrative matters. Appointment of the Executive Committee is required, not permitted. Removes prescription on timing of Board meetings and requires that written Board votes be unanimous. Section added to permit removal of Board members for cause. Provisions from current Article XVII, regarding filling Board vacancies between annual meetings, are now addressed in this article.

New Article VIII is old Article IX (National Council) – The National Council is now comprised of all active members who attend the annual meeting, or all active members when the board allows for online voting or voting at times other than at annual meeting. Removes the requirement that a quorum of the National Council be a majority of credentialed delegates representing 25% of associations and replaces it with 10% of active members registered and present at the meeting. For votes without a meeting, a quorum is 1/20 of active members. National Council power to overrule Board decisions is retained for non-administrative matters.

New Article IX (Annual Meetings) is old Article X (Conventions) – Now refers to annual meetings and is streamlined in language. Special meetings may only be called by vote of  $\frac{3}{4}$  of the board or at the request of 25% of active members, and may be held electronically.

New Article X (Committees) – Reduces the number of standing committees and streamlines their descriptions. Allows the Board to appoint other committees as needed. Standing Committees are Audit, Finance, Governance, Government Relations, Membership, and Professional Development and Education. Omits Associations, Communications, and YAT as required standing committees, to provide flexibility to address those areas and others as needed.

New Article XI (Revenue) – Replaces current provisions of Article XII to authorize the Board to set dues rates, with 40% of dues allocated to state chapters, or 20% each to a member's state and local chapters where a member belongs to a local chapter. Omits \$11.00 earmark for branding.

Article XII (Use of Name and Emblem) – Simplifies language from current Article XIII.

Article XIII (Resolutions) – Revises the notice of resolution timeline from current Article XV to be consistent with the bylaws amendment notice timeline, and allows for National Council voting on resolutions without a meeting. Removes rules of order regarding resolutions.

Article XIV (Nominations and Election) – Governance provisions from current Article XVI remain as amended in 2015, with some language streamlined, including (a) replacing the fixed dates to announce Governance Committee and floor candidates (May 15 and July 15), with a more flexible timeline of 90 and 60 days, respectively, before each annual meeting, and (b) replacing the Immediate Past President with the Second Immediate Past President as Chair of the Committee, so that the Chair has experience with the Committee's operation. Current Article XIV (Incorporated Bodies) is removed and can be addressed in chapter agreements.

Article XV (Finance) – Gives the Board the authority to set the fiscal year and omits unnecessary financial administration provisions from the current Article XVIII, while maintaining the requirement for an annual published audit.

Article XVI (Motto) – no change.

Article XVII (Parliamentary Authority) – Current Article XXII is revised to allow for the suspension of rules upon a two-thirds vote.

Article XVIII (Amendment of Bylaws) – Current Article XXIII is revised to allow for National Council amendment of the bylaws by a majority vote and for NAIFA Board amendment of bylaws, without ratification, except to restrict power of the National Council.

Article XIX (Conferences) – removed because the power to create and maintain affiliated units and committees to fulfill the needs of specialized groups, such as the AEAC, is addressed in Article III, Section 2(b) and Article X, Section 1.

Article XX (Official Publication) is removed because authorization for association publications need not be included in the bylaws.