

BYLAWS OF  
SAN DIEGO ASSOCIATION OF HEALTH UNDERWRITERS  
a California Nonprofit Mutual Benefit Corporation  
Adopted-December 17th, 1998  
Revised April 1<sup>st</sup>, 2012

ARTICLE I

- Section 1. This organization shall be known as the San Diego Association of Health Underwriters.
- Section 2. The territorial limits of this Association shall be confined to San Diego County, California. This territorial limitation shall not be changed unless permission shall first have been obtained from the Board of Trustees of the California Association of Health Underwriters and the Board of Trustees of the National Association of Health Underwriters.
- Section 3. The principal office of this Association shall be the address of the person or persons serving as Association Executive Director or President of the corporation. The Board of Directors at its discretion may change the principal office from one location to another.

ARTICLE II

- Section 1. The objectives of this Association shall be:
- A. To promote the common business interests of those engaged in the health and disability insurance industry. To advance public knowledge for the need and benefit of health insurance and/or disability income products.
  - B. To promote the adoption and application of high standards of ethical conduct in the health insurance industry.
  - C. To provide and promote a program of continuing education and self-improvement of San Diego Association of Health Underwriters members.
  - D. To increase the knowledge of members concerning the principles, functions and applications of health insurance and disability income products.
  - E. To promote education, legislation, regulation and practices which are in the best interest of the health and disability insurance industry and the insuring public.
  - F. To encourage adequate protection against the hazards of disability as a part of a well-rounded insurance program.

- G. To do such other things and to carry out such other programs so as to further the purposes of the Association.
- H. To present accurately, honestly and completely every fact essential to the client's decision as expressed in the Code of Ethics of the National Association of Health Underwriters.

### ARTICLE III

Section 1. This Corporation shall have three (3) classes of members. Any person dedicated to the purposes of this corporation and meeting the qualifications for membership as outlined in this Article III, shall be eligible for membership on approval of the membership application by the Board of Directors and the payment of such dues and fees as the Board may fix from time to time. The three classes of membership are designated as follows:

- A. Individual
- B. Associate
- C. Life

Section 2. Individual Members:

Individual members will also be referred to as "active members". An individual member may be any individual licensed by the State of California for the sale of disability income and health insurance products. Individual members may also include non-licensed individuals engaged in the distribution of disability income and health insurance products such as, but not limited to, home office personnel and others engaged in the management and distribution of such products.

Section 3. Associate Members:

Associate members shall be active members of other chapters in The California Association of Health Underwriters.

Section 4. Life Members:

Life membership shall be granted when an active member has been in good standing for a minimum of ten (10) consecutive years and 1) has attained the age of 65; or 2) retired; or 3) became disabled. The San Diego Association of Health Underwriters dues will be reduced by 50% for such life member. For any member in good standing who becomes totally and permanently disabled all further dues will be waived. Life Member status shall automatically be conferred when all qualifications are met and application is made to the Association's Board of Director's and verified.

## ARTICLE IV

- Section 1. A membership shall terminate on occurrence of any of the following events:
- A). Resignation of a member, on reasonable notice to corporation;
  - B). Expiration of the period of membership, unless the membership is renewed on the renewal terms as fixed by the Board of Directors;
  - C). Failure of a member to pay dues, fees, or assessments as set by the Board of Directors within ninety (90) days after they become due and payable;
  - D). Occurrence of any event that renders a member ineligible for membership, or failure to satisfy membership qualifications;
  - E). Expulsion of the member under these Bylaws, based on the good faith determination by the Board of Directors, or a committee or person authorized by the Board to make such a determination, that the member has failed in a material and serious degree to observe the rules of conduct of the corporation, or has engaged in conduct materially and seriously prejudicial to the purposes and interests of the corporation.

## ARTICLE V

- Section 1. The officers of this Association shall be a President, a President Elect, an Immediate Past President, a Vice President of Finance, a Vice President of Legislation, a Vice President of Membership, a Vice President of Professional Development, and if applicable, a non-voting Executive Director. Officer positions may be combined at the discretion of the Board.
- Section 2. Each officer shall be an Active Member in good standing.
- Section 3. All officers shall take office on the first day of July of each year following their election, and shall serve for a term of one year, or until their successors shall be duly elected and qualified.
- Section 4. The duties of the officers shall be as follows:
- A. President-The President shall be the chief executive officer of this Association, and shall preside over all meetings of this Association and the Board of Directors. He/she shall be an ex-officio member of all standing and special committees of the Association. The President shall represent the Association at various industry meetings and assign specific duties to other officers and board members.

- B. President-Elect- The President-Elect, in the absence of the President, shall preside at all meetings and perform such other duties as may be assigned by the President or Board of Directors. The President-Elect shall immediately assume the office of President when that office becomes vacant by reason of death, disability, resignation, recall, or removal by due process of the then sitting President.
- C. Immediate Past-President - The Immediate Past-President shall serve as an advisor to the Board of Directors, and perform other duties assigned by the President or the Board of Directors.
- D. Vice President of Finance - The Vice President of Finance shall be responsible for receiving all funds and dues paid to this Association, shall deposit such funds and dues in the Association's official depositories, and shall disburse such funds on the order of the Board of Directors. The accounts and books of the Vice President of Finance shall at all times be open to inspection by the President, the Board of Directors, and any authorized auditors. The Vice President of Finance shall be responsible for the completion and submission of forms required by laws governing the administration and/or tax status of this Association. The Vice President of Finance shall also perform other duties as may be assigned by the President or the Board of Directors.
- E. Vice Presidents - The Vice Presidents, in addition to being responsible for overseeing the activities of their position, shall be responsible for such other activities as are assigned to them by the President or the Board of Directors.
- F. Executive Director - The Executive Director (if one is retained by the Board of Directors) shall serve at the discretion of the Board for such period, such compensation, and with such authority, duties, facilities and assistance as the Board of Directors may determine from time-to-time. The Executive Director shall have no voting rights in this Association.

## ARTICLE VI

- Section 1. Subject to the limitations of these Bylaws, the Articles of Incorporation and the laws of the State of California, the affairs of this corporation shall be managed, and all corporate powers shall be exercised by, or under the direction of a Board of Directors. The Board of Directors shall consist of the Officers and six (6) elected directors, along with the Association's Executive Director, should one exist.
- Section 2. Each director shall be an Active Member in good standing.
- Section 3. All directors shall take office on the first day of July of each year following their election, and shall serve for a term of one (1) year, or until their successors shall be duly elected and installed.

- Section 4. The Board of Directors shall determine the policies and activities of this Association, approve the budget, approve all expenditures and authorize all disbursements, and has the authority and responsibility to manage the Association's affairs.
- Section 5. The Board of Directors shall meet no less than eight (8) times per year or at the call of the President. Special meetings of the Board of Directors may be called by or at the request of the President, the President-Elect or a majority of the Directors.
- Section 6. Notice of any regular or special meeting of the Board shall be given at least 48 hours prior thereto either personally or by telephone or by electronic mail, or four days prior written notice if sent via first-class mail postage prepaid. All such notices shall be given or sent to the Director's address or telephone number as shown on the records of the corporation. No business, other than the business the general nature of which was set forth in the notice of the meeting, may be transacted at a special meeting.
- Section 7. A majority of the authorized number of Directors shall constitute a quorum. The Directors may continue to transact business during a meeting at which a quorum is initially present notwithstanding the withdrawal of Directors, so long as any actions which are thereafter approved are approved by at least a majority of the required quorum at the meeting.
- Section 8. The transactions of any meeting of Directors, either regular or special, however called and noticed and wherever held, shall be as valid as though they were had at a meeting duly held after regular call and notice, if a quorum is present either in person or by proxy, and if each person entitled to vote who was not present in person or by proxy, either before or after the meeting, signs a written waiver of notice or a consent to holding the meeting or an approval of the minutes of the meeting. The waiver of notice or consent need not specify either the business to be transacted or the purpose of any annual or special meeting of the Directors unless otherwise required under California law. A Director's attendance at a meeting also constitutes a waiver of notice of that meeting, unless the Director at the beginning of the meeting objects to the transaction of any business on the ground that the meeting was not lawfully called or convened. In addition, attendance at a meeting does not constitute a waiver of any right to object to consideration of matters required by law to be included in the notice of the meeting which were not so included, if that objection is expressly made at the meeting.

## ARTICLE VII

- Section 1. The election of officers and directors shall be held at the annual meeting of this Association.
- Section 2. At least three (3) months prior to the date of the annual meeting, the President shall appoint a committee on nominations and elections. The

duties of this committee shall be to solicit, receive and prepare nominations and to have general charge of the election, including the preparation, distribution, collection and counting of ballots.

- Section 3. The committee on nominations and elections shall cause a ballot to be prepared containing the names of all nominees for the use of the members during the election. Nominees selected by the committee shall be distributed to all Active Members of this Association at least one month prior to the annual meeting.
- Section 4. Whenever members are required or permitted to take any action at a meeting, written notice of the meeting shall be given, in accordance with these bylaws, to each member entitled to vote at that meeting. The notice shall specify the place, date, and hour of the meeting and, (1) for a special meeting, the general nature of the business to be transacted, and no other business may be transacted, or (2) for the annual meeting, those matters that the Board, at the time notice is given, intends to present for action by the members, but except as provided in Section 5, Article VII of these bylaws, any proper matter may be presented at the meeting. The notice of any meeting at which directors are to be elected shall include the names of all persons who are nominees when notice is given.
- Section 5. Approval by the members of any of the following proposals, other than by unanimous approval by those entitled to vote, is valid only if the notice or written waiver of notice states the general nature of the proposal or proposals:
- (a) Removing a director without cause;
  - (b) Filling vacancies on the board;
  - (c) Amending the articles of incorporation;
  - (d) Approving a contract or transaction between the corporation and one or more directors, or between the corporation and any entity in which a director has a material financial interest;
  - (e) Electing to wind up and dissolve the corporation.
- Section 6. Notice of any meeting of members shall be in writing, facsimile, or by electronic mail, and shall be given at least 10 but no more than 90 days before the meeting date. The notice shall be given either personally or by first-class, registered, or certified mail, or by other means of written communication, charges prepaid, and shall be addressed to each member entitled to vote, at the address of that member appearing on the books of the corporation or at the address given by the member to the corporation for purposes of notice. If no address appears on the corporation's books and no address has been so given, notice shall be deemed to have been given if either (1) notice is sent to that member by first-class mail or facsimile, electronic, or other written communication to the corporation's

principal office or (2) notice is published at least once in a newspaper of general circulation in the county in which the principal office is located.

- Section 7. An affidavit of the mailing of any notice of any members' meeting, or of the giving of such notice by other means, may be executed by the Executive Director, Vice President, or any transfer agent of the corporation, and if so executed, shall be filed and maintained in the corporation's minute book.
- Section 8. Forty (40) percent of the voting power shall constitute a quorum for the transaction of business at any meeting of members, provided, however, that if any regular or annual meeting is actually attended in person or by proxy by less than one third of the voting power, the only matters that may be voted on are those of which notice of their general nature was given under these bylaws.
- Section 9. Subject to the provisions of the California Nonprofit Mutual Benefit Corporation Law, members entitled to vote at any meeting of members shall be members in good standing as of the record date determined under Section 10 of this Article VII of these bylaws. Voting may be by voice or ballot, except that any election of directors must be by ballot if demanded by any member at the meeting before the voting begins. Each member entitled to vote shall be entitled to cast one vote on each matter submitted to a vote of the members. If a quorum is present, the affirmative vote of the majority of the voting power represented at the meeting, entitled to vote and voting on any matter, shall be the act of the members, unless the vote of a greater number is required by the California Nonprofit Mutual Benefit Corporation Law or by the articles of incorporation.
- Section 10. For purposes of determining the members entitled to notice of any meeting, entitled to vote at any meeting, entitled to vote by written ballot, or entitled to exercise any rights with respect to any lawful action, the board may fix, in advance, a record date. The record date so fixed as follows:
- (1) for notice of a meeting shall not be more than 90 or less than 10 days before the date of the meeting;
  - (2) for voting at a meeting shall not be more than 60 days before the date of the meeting;
  - (3) for voting by written ballot shall not be more than 60 days before the day on which the first written ballot is mailed or solicited; and
  - (4) for any other action shall not be more than 60 days before that action.

## ARTICLE VIII

- Section 1. There shall be the following standing committees:

- A. Legislation
- B. Membership
- C. Professional Development
- D. Communication
- E. Programs
- F. CAHU-PAC
- G. Consumer-Ed
- H. Nomination & Elections
- I. Executive Committee - comprised of President, Past-President, and Vice President of Finance
- J. Such other committees as maybe determined by the Board of Directors.

Section 2. The President shall appoint the chairpersons and the members of all special, standing or ad hoc committees. All appointments shall be subject to approval by the Board of Directors. The Board of Directors shall establish guidelines for all committees regarding usual duties, terms of office and requirements for reports unless otherwise specified in these Bylaws.

Section 3. Special committees may be appointed by the President, with the approval of the Board of Directors, and shall perform such duties as may be defined in their creation.

#### ARTICLE IX

Section 1. This Association agrees to be bound by the Bylaws of the National Association of Health Underwriters as adopted and or amended from time to time and those similarly adopted and/or amended from time to time by the California Association of Health Underwriters.

Section 2. The Board of Directors shall provide for the prompt review, approval and forwarding of all reports required or requested by the National Association of Health Underwriters and the California Association of Health Underwriters.

Section 3. Insofar as possible, this Association shall be represented by its proper delegates, or it's duly appointed alternate delegates, at the annual meeting of the National Association of Health Underwriters and the annual meeting of the California Association of Health Underwriters.

#### ARTICLE X

Section 1. Each Active Member of this Association shall pay local, state and national annual dues. Such annual dues shall be payable on the first day of their anniversary month as recorded at National Headquarters. All dues shall be submitted to and through the office of the National Association of Health Underwriters.

## ARTICLE XI

- Section 1. The fiscal year of this Association shall begin on the first day of July of each year.
- Section 2. Local dues can only be changed once per year and will be in effect as determined by the National Association of Health Underwriters bylaws. Not later than the fifteenth of September of each year, if the Association is going to increase or decrease its dues for the next year, the President will advise the National Association of Health Underwriters, in writing, of the Board approved dues for the next year.
- Section 3. The Association's books of account shall be reviewed and/or audited at least once each year. The reviewers or auditors shall be named by the Board of Directors.
- Section 4. The Board of Directors shall determine the official depository or depositories for Association funds and shall designate one or more persons in addition to the Vice President of Finance to sign or countersign checks or countersign checks or other documents for the disbursement of such funds.

## ARTICLE XII

- Section 1. Roberts Rules of Order, or The Standard Code of Parliamentary Procedure shall be the parliamentary authority for all matters of procedure not specifically covered in these Bylaws.

## ARTICLE XIII

- Section 1. Any amendments of these Bylaws, if in conformity with the policy of the National Association of Health Underwriters, may be adopted by a two-thirds (2/3) vote of the Active Members present at any meeting of this Association; provided that written notice of the meeting and of the proposed amendment shall have been given to the members at least one month prior to the meeting.
- Section 2. Notwithstanding the provisions of Section 1 of this Article XIII, these Bylaws and any amendments thereto shall be effective only when submitted to and approved by the National Association of Health Underwriters. True copies of these Bylaws and all such amendments shall be provided by the President or Executive Director of this Association to the California Association of Health Underwriters and the National Association of Health Underwriters.

## ARTICLE XIV

- Section 1. Dissolution of this Association requires a three-fourths (3/4) vote of all Active Members.

Section 2. This corporation is not organized, nor shall it be operated, for pecuniary gain or profit, and it does not contemplate the distribution of gains, profits, or dividends to its members and is organized solely for nonprofit purposes. No part of the profits of net income of this corporation shall ever inure to the benefit of any Director, Officer, or member thereof, or to any individual. Upon the dissolution or winding up of this corporation, its assets remaining after payment of, or provision for payment of, all debts and liabilities of this corporation, shall be distributed to the Secretary/Treasurer of the California Association of Health Underwriters a corporation exempt pursuant to Section 501(c)(6) of the Internal Revenue Code, or if, in the event that the California Association of Health Underwriters does not exist, or ceases to exist, then such funds shall be returned to the Treasurer of the National Association of Health Underwriters a corporation exempt pursuant to Section 501(c)(6) of the Internal Revenue Code, for placement in escrow. Funds placed in escrow will be distributed in accordance with the procedures outlined in the National Association of Health Underwriters Bylaws. In the event that the National Association of Health Underwriter's ceases to exist, then such funds shall be distributed to a nonprofit fund, foundation or corporation exempt under Section 501(c)(3) of the Internal Revenue Code.

#### ARTICLE XV

- Section 1. To the fullest extent permitted by law, this corporation shall indemnify its directors, officers, employees, and other persons described in Section 7237(a) of the California Corporations Code, including persons formerly occupying any such position, against all expenses, judgments, fines, settlements, and other amounts actually and reasonably incurred by them in connection with any "proceeding," as that term is used in that section, and including an action by or in the right of the corporation, by reason of the fact that the person is or was a person described in that section. "Expenses," as used in this bylaw, shall have the same meaning as in Section 7237(a) of the California Corporations Code.
- Section 2. On written request to the board by any person seeking indemnification under Section 7237(b) or Section 7237(c) of the California Corporations Code, the board shall promptly determine under Section 7237(e) of the California Corporations Code whether the applicable standard of conduct set forth in Section 7237(b) or Section 7237(c) has been met and, if so, the board shall authorize indemnification. If the board cannot authorize indemnification because the number of directors who are parties to the proceeding with respect to which indemnification is sought prevents the formation of a quorum of directors who are not parties to that proceeding, the board shall promptly call a meeting of members. At that meeting, the members shall determine under Section 7237(e) whether the applicable standard of conduct set forth in Section 7237(b) or Section 7237(c) has been met and, if so, the members present at the meeting in person or by proxy shall authorize indemnification.
- Section 3. To the fullest extent permitted by law and except as otherwise determined

by the board in a specific instance, expenses incurred by a person seeking indemnification under Section 2 of this Article of these bylaws in defending any proceeding covered by that Section shall be advanced by the corporation before final disposition of the proceeding, on receipt by the corporation of an undertaking by or on behalf of that person that the advance will be repaid unless it is ultimately determined that the person is entitled to be indemnified by the corporation for those expenses.

- Section 4. The corporation shall purchase and maintain insurance to the full extent permitted by law on behalf of its officers, directors, employees, and other agents, against any liability asserted against or incurred by any officer, director, employee, or agent in such capacity or arising out of the officer's, director's, employee's, or agent's status as such.
- Section 5. The Corporation shall keep and maintain, at its principal place of business, adequate and correct books and records of account, written minutes of the proceedings of its Board of Directors, committees, delegates, Articles of Incorporation, Bylaws and addresses of its Directors and members.
- Section 6. These Bylaws, as revised, supersede all provisions or any previous bylaws of the San Diego County Association of Health Underwriters.

#### CERTIFICATE OF PRESIDENT

I certify that I am the duly elected and acting President of the San Diego Association of Health Underwriters, a California nonprofit mutual benefit corporation, that the above bylaws, consisting of 12 pages, are the bylaws of this corporation as adopted by the board of directors on the 3rd day of December, 1998, and that they have not been amended or modified since that date.

Executed on this 1<sup>st</sup> day of April, 2012 at San Diego, California.

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Signature

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Craig Gussin, President

Typed name and Title