
CONFLICT OF INTEREST POLICY

April 1, 2006

I. INTRODUCTION

This statement documents the policy regarding general principles to be followed by the Boards of Directors (and its individual board members) and senior management of member companies in the Nonprofits Insurance Alliance Group (NIA Group) regarding matters of “conflict of interest”. The standard of behavior at NIA Group companies is that all staff and board members scrupulously avoid any conflict of interests of any nature including personal, professional, and business interests. This includes avoiding actual conflicts of interest as well as perceptions of conflicts of interest.

Conflicts of interest between member companies in the NIA Group and a board member or member of management are not inherently illegal, and from time to time companies in the NIA Group may benefit from dealing with board or staff members or their affiliates. This policy, accordingly, is not intended to draw hard and fast rules on these matters. Rather, this policy is intended to provide guidelines regarding the manner in which the Boards of Directors and their members and senior management should recognize and disclose a potential conflict, and determine an appropriate course of action.

Typically, a conflict of interest arises whenever a board member or member of management or a member of his or her family has a material personal interest in a proposed contract or transaction in which a company in the NIA Group may be a party. This interest can occur directly or indirectly, i.e., the board or staff member may be personally involved with the transaction, or may have an employment or other relationship with a person or entity with which the organization is dealing.

II. AWARENESS AND DISCLOSURE

Board members and management should be sensitive to any personal interest he or she may have in a decision to be made by the Board of Directors. The board member or member of management should recognize and disclose such potential conflict of interest prior to its discussion before the board. Any potential conflicts by members of management or members of the Boards of Directors must be brought to the board for discussion and approval. Upon disclosure by the board member or member of management, the board should conduct a disinterested review of the matter.

Annually, each board member and member of management must complete a Conflict of Interest Disclosure form. And, any material conflict of interest affecting a matter before the board for decision or review should be made in writing and recorded in the minutes of the Board meeting. The board member or member of management with the conflict or potential conflict must be absent from that part of the meeting when the matter is being discussed, except when her or his information is needed. Nevertheless, after providing information requested by the board, the board member or member of management should leave the meeting during discussion and vote of the matter and that absence should be recorded in the minutes.

In some cases, a board member or member of management may have an interest in a transaction, but be unable, because of duties to others, to disclose the nature of the interest. In such cases, the board member or member of management must at least state that an interest exists and physically remove him or herself from discussions and vote on the matter.

In summary, three basic principles should guide the board of: (1) awareness, (2) disclosure, and (3) disinterested review.

III. SPECIFIC EXAMPLES OF CONFLICTS OF INTEREST

Gifts, gratuities: Board members and members of management should not accept gifts, gratuities, free trips, personal property or any other item of value from any outside person or organization as an inducement to do business or provide services, and should be sensitive to situations where an outside person or organization offering a board member items of value may do business with member companies in the NIA Group.

Loans: Loans by any of the member companies in the NIA Group to a board member or member of management will not be allowed.

Use of NIA Group resources: Board members and members of management should not use NIA Group's staff, services, equipment, materials or property for their personal gain.

Broker or vendor relationships: Board members should not use their positions as board members to influence the use by companies in the NIA Group of insurance or financial brokers or other professional service providers or any other vendor relationships. A board member may properly make introductions of professionals who may provide valuable services to member companies in the NIA Group, but should not try to influence the outcome of the decision-making process relative to the ultimate vendor selection process.

Of course, other types of conflicts of interest can arise. Each should, in its turn, be analyzed as set forth herein.

IV. PERMITTED TRANSACTIONS

There are cases of self-dealing transactions where a company in the NIA Group is treated fairly and may actually benefit from dealing with its board members or members of management, i.e., a board member may contract with it to provide needed goods or services at a fair price. "Fair price" in this context means that the terms are reasonable to the company in the NIA Group, the contract is for that company's benefit (not the board member's or management member's benefit), and the company could not have obtained a more advantageous arrangement with reasonable effort. Of course, it is the function of the disinterested review of the Board of Directors to determine that the member company in the NIA Group receives a fair price.

V. NECESSITY OF A "DISINTERESTED" BOARD

At least fifty-one percent of the Board of Directors of member companies in the NIA Group must be members who are "disinterested" from the organization. "Disinterested" in this context means that the board member is not personally involved in any self-dealing transactions with member companies of the NIA Group, and that none of his or her relatives are receiving salaries, contract payments or other benefits from member companies of the NIA Group. A majority of disinterested members of the Board of Directors is absolutely critical to ensure that member companies in the NIA Group are protected against unfair self-dealing transactions and other conflicts of interest. Even appearances of conflict that may not directly result in direct compensation to a board member or member of management, but could be construed as inappropriate steering of business to friends or relatives, should be avoided.

VI. CONCLUSION

The objective of the member companies in the NIA Group is to recruit qualified and diverse board members and members of management which will offer a variety of resources through their expertise, contacts, judgment and experience to advance the mission. By this conflict of interest policy, member companies in the NIA Group and their Boards of Directors and management acknowledge that these resources should be made available and used by the member companies; however, each also

acknowledges that they must be used thoughtfully so as to avoid both the reality and the appearance of impropriety. Accordingly, each board member and member of management is annually required to disclose any potential conflicts of interest, sign a statement that he or she has read this policy statement, and agrees to abide by its terms.

I have read this policy statement and agree to abide by its terms. A copy of the required disclosure of conflicts or potential conflicts is attached.

Signed: _____

Dated: _____