

# Rules and Procedures of the Members' Participation Council

*Effective as of August 28, 2025*

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## SECTION 1 - BACKGROUND AND PURPOSE

### 1.1 Gender

Unless the context clearly indicates otherwise, where appropriate in these Rules and Procedures the masculine shall include the feminine and the neuter, and vice versa.

### 1.2 Creation and Authority

The Members' Participation Council (Council) was created as a committee of the National Organization of Life and Health Insurance Guaranty Associations (NOLHGA), at the suggestion of NOLHGA's Board of Directors, by the adoption of amendments to the Articles of Association and Bylaws by NOLHGA's members at the NOLHGA annual meeting held on October 28, 1993. The Council was formed as a substitute and replacement for the former NOLHGA Disposition Committee.

### 1.3 Purposes

The Council was created to provide a formal channel and consistent procedures through which member associations, operating under the provisions of governing laws, may address multi-state impairments and insolvencies through cooperative efforts, so as to:

- consolidate information gathering and analysis to avoid duplication and fragmentation of effort;
- promote consistent interpretation and application of laws and principles;
- assure that the requirements and views of all affected members are fully considered and are accommodated to the extent practicable;
- enable economies of scale in procuring services, ceding covered obligations, taking appropriate legal action, and seeking access to estate assets and recoveries;
- improve the efficiency, timeliness, and cost effectiveness of services necessary for members to meet their statutory obligations through the proper use of NOLHGA staff, guaranty association staff and, where appropriate, project managers and outside consultants;
- serve as an educational forum on current insolvencies and other issues that are important or otherwise relevant to member associations.

## **1.4 Powers and Duties**

Subject to the terms of these Rules and Procedures, the Council shall have the power and the responsibility to: (1) determine for the Council and recommend to the members appropriate and efficient means for fulfilling members' statutory obligations in a multi-state insurer insolvency in accordance with Section 7; (2) resolve all other issues regarding a multi-state insolvency referred to it by a task force or the NOLHGA president (hereinafter referred to as the "president") in accordance with Section 7; and (3) take such other actions at the request of the Council chair, the president, or the membership as may be reasonably necessary to fulfill the Council's purposes as set forth in Section 1.3.

## **SECTION 2 - MEMBERSHIP AND STRUCTURE**

### **2.1 General**

Membership in the Council for purposes of voting on insolvency matters that are of general interest to all guaranty associations shall consist of a representative from every member association, each of whom shall be entitled to one vote on each such matter.

Membership in the Council for any particular impairment or insolvency shall consist of a representative from each member association which may be affected by the insolvency or impairment. Only one representative from each member association affected by the insolvency or impairment shall be eligible to vote on any item coming before the Council. Council members must be a board member, alternate board member, administrator, other staff member of, or legal counsel to, the member association .

There shall be a Council chair who shall preside at all meetings of the Council however constituted.

### **2.2 Chair**

The Council chair shall be appointed annually by the NOLHGA chair and serve at the will and pleasure of the NOLHGA chair. The NOLHGA chair shall appoint the Council chair from a list of three candidates submitted by the Executive Committee. The candidates submitted by the Executive Committee shall be administrators of member associations who shall have served on at least one insolvency task force.

Prior to appointing the Council chair from the list of three candidates submitted by the Executive Committee, the NOLHGA chair shall (1) consult with the "Preference Poll Committee" (as defined in Section 2.3.1) on the relevant qualifications for serving as Council chair, and (2) interview the three candidates to objectively evaluate their respective capabilities for serving in that position.

The term of the Council chair shall be concurrent with the term of the NOLHGA chair. No person shall serve as Council chair for more than three annual terms in any eight-year period, nor shall a person serve as Council chair while concurrently serving as an elected member of the NOLHGA board. The Council chair shall preside at all meetings of the Council, shall serve as a member and chair of the Executive Committee, and shall have such other duties as are prescribed by these Rules and Procedures or the NOLHGA Articles of Incorporation or Bylaws.

The Council chair may designate a member of the Executive Committee to chair meetings of the Council in his temporary absence. In the event that the Council chair cannot complete the term of office, the NOLHGA chair shall appoint a temporary Council chair selected from the Executive Committee until a successor Council chair can be selected through the normal process. The Council chair, or the member association which employs the Council chair, shall be eligible to receive a fee for time expended based on a standard rate determined and approved by the NOLHGA Board of Directors.

### **2.3 Executive Committee**

The Council shall have an Executive Committee of its members which shall consist of not less than seven or more than nine members appointed annually on a calendar year basis by the Council chair with the advice and consent of the NOLHGA chair. The representatives of the members serving on the Executive Committee shall be the administrators of such members and shall have task force experience, except that one may be chosen without such experience.

The members of the Executive Committee, to the greatest extent possible, should be selected so as to provide for fair and equitable representation of member associations with regard to geographic and demographic contrasts. In addition, consideration should be given to selecting (i) member associations whose current administrator has served as a task force chair and/or (ii) member associations whose current administrator has not previously served on the Executive Committee but who has the appropriate experience to serve in that role.

#### **2.3.1 Powers and Duties**

Based on the results of a confidential poll of member associations (the "Preference Poll"), the Executive Committee shall annually prepare a list of three candidates for Council chair for submission to the NOLHGA chair. The MPC Executive Committee shall annually appoint a committee to conduct the Preference Poll (the "Preference Poll Committee"). The Preference Poll Committee shall consist of former MPC chairs who are either not eligible to serve, or not willing to serve, as Council chair in the coming year. To the extent there are not

at least two former MPC chairs available to serve on the Preference Poll Committee, the Executive Committee may appoint other experienced administrators to serve on the Preference Poll Committee, provided those administrators have confirmed that they are not willing to serve as MPC chair, and therefore will not be candidates for the MPC chair position in the coming year.

The Executive Committee shall also be responsible for preparing amendments to the Rules and Procedures of the Council for adoption by the Council, subject to final approval by the NOLHGA Board of Directors. In an emergency and upon request of a task force, the Executive Committee shall have the authority and responsibility to act on any matter on which the Council may act between Council meetings.

For the purpose of these Rules and Procedures, an "emergency" shall be limited to an unforeseen event or events that could have a material adverse effect on the interests of the affected associations if not handled expeditiously and with a degree of finality. An event will have a material adverse effect for the purposes of this Section 2.3.1 if it is perceived by the Executive Committee to be in opposition to the interests of the affected associations, and is of such import that to ignore the event or delay reacting to it is likely to impact the affected associations in a material way.

If such emergency powers are exercised by the Executive Committee, the Council chair and the relevant task force chair shall provide a written and an oral report to the Council at its next scheduled meeting explaining the nature and cause of such emergency, the factors considered by the Executive Committee in treating the matter as an emergency, all actions taken by the Executive Committee and the current status of the matter. The authority of the Executive Committee to act in an emergency shall be interpreted in the most limited way possible. The Executive Committee also is available as a resource on issues relating to task force operations and shall have such other duties as shall be assigned from time to time by the NOLHGA Board or the Council.

### **2.3.2 Meetings**

Meetings of the Executive Committee may be held in person and/or by means of remote communication. For purposes of these Rules and Procedures, the term "remote communication" shall mean teleconference, video conference and any other means of communication that permit participants in a meeting to simultaneously hear each other during the meeting.

### **2.3.3 Notice of Meeting**

Notice of meetings of the Executive Committee shall be in writing and may be given by any method of delivery, including, without limitation, regular mail, overnight mail, email and

other electronic means of communication. Meetings of the Executive Committee shall be held on at least seven days' notice if given by regular mail or three days' notice if given by overnight mail, email or other methods of delivery that can be accomplished within a timeframe that is the same as or less than that of overnight mail. In the event of an emergency, meetings of the Executive Committee may be held on 24 hours' notice provided notice is given by email or other electronic means of communication that can be accomplished within a timeframe similar to that of email. Notice shall be deemed given upon deposit in the mail or transmission of the notice. A waiver of the required notice shall be deemed given if a member attends the meeting or signs a written waiver before or after said meeting.

## **SECTION 3 – MEETINGS**

### **3.1 Schedule**

The Council shall schedule meetings no less frequently than quarterly and shall meet as called by the Council chair. Meetings shall also be held upon the written request of not less than three members of the Executive Committee or five member associations or upon the request of the NOLHGA chair. Meetings may be held in person and/or by means of remote communication. Meetings conducted in person shall be held in different areas of the country so as to facilitate the broadest possible attendance by member associations. The Council chair, with the assistance of NOLHGA staff, shall prepare an agenda for each meeting and distribute such agenda prior to the meeting, although items not on the agenda may be discussed and acted upon at any meeting. Members of the Executive Committee may provide the Council chair with suggestions for items to include in the meeting agenda.

### **3.2 Quorum**

To assure widespread participation and consideration, the presence of representatives from a majority of the member associations entitled to vote on a matter, participating in person or by remote communication, shall be required to constitute a quorum to take official action on that matter. If a quorum is present, the vote of a majority of such member associations present in person or by remote communication, shall be required to take official action.

### **3.3 Notice of Meeting**

Notice of the place, date and time of Council meetings shall be given by NOLHGA staff in writing and may be by any method of delivery, including, without limitation, regular mail, overnight mail, email and other electronic means of communication. Notice of Council meetings shall be provided at least 14 days prior to the meeting if the notice is sent by regular mail. If the notice is transmitted via overnight mail, email or other methods of delivery that

can be accomplished within a timeframe the same as or less than that of express mail, at least seven days' notice shall be given. In the event of an emergency, meetings of the Council may be held on 3 days' notice provided notice is given by email or other electronic means of communication that can be accomplished within a timeframe similar to that of email. Notice shall be deemed given upon deposit in the mail or transmission of the notice. A waiver of the required notice shall be deemed given if a member association attends the Council meeting or signs a written waiver before or after said meeting.

## **SECTION 4 - INSOLVENCY TASK FORCES**

### **4.1 Purpose**

For each insolvency or impairment, the task force represents the interests of affected member associations by working in cooperation with assigned NOLHGA staff and retained consultants to facilitate the resolution of issues which are of interest to guaranty associations. In a Class III or IV insolvency (as defined in Section 4.2 below), the task force shall be responsible for (1) formulating a work plan and budget for the insolvency which shall generally conform to these Rules and Procedures, and policies adopted by the Council and (2) making recommendations to the Council for handling covered obligations and resolving other major issues in the insolvency. For the purpose of these Rules and Procedures, an issue is a "major issue" if its outcome is reasonably expected to have a material impact on the rights or obligations of guaranty associations. Major issues may include, without limit, the decision whether to enter into an assumption reinsurance agreement, an early access agreement, a service agreement or a settlement agreement affecting material rights or obligations of guaranty associations.

### **4.2 Appointment and Structure**

A task force shall be appointed by the Council chair, with the advice and consent of the president, for insolvencies and impairments in accordance with the classification system for insolvencies shown below. The best financial information available shall be used to classify insolvencies and make the required task force appointments, realizing that early information from insolvent or impaired insurers is sometimes inaccurate. The Council chair shall have the option of altering the initial classification of an insolvency and the initial task force appointments, with the advice and consent of the president, if new information reveals a substantial change in the financial information regarding policies and covered obligations of the affected associations. If an affected member association requests to be a member of a task force, consideration will be given to that association's involvement. Any affected member association not specifically selected for the task force may request to be a task force observer. Affected member associations that are task force observers will receive

notice of all task force meetings and may attend any such meeting as a non-voting association to provide input or recommendations. The Council chair shall advise affected members of the appointment of a new task force.

Insolvency or impairment classifications for appointment of task forces are as follows:

CLASS I. Only one member association is affected (“single state case”). No task force shall be appointed, and the Council shall be informed but shall not become involved unless assistance is specifically requested by the affected member association. Notwithstanding the foregoing, the Council chair, with the advice and consent of the president, may appoint a task force for multiple single state cases occurring on or about the same time where (1) the impaired or insolvent insurers that are the subject of the single state cases are affiliated entities or (2) there are common facts or legal issues or other circumstances that make it necessary or advisable for there to be coordination among the affected associations. For task forces appointed for multiple single state cases, Council approval of actions will not be required and the task force may handle all aspects of the impairment or insolvency directly. Council and NOLHGA staff assistance will be available as requested by the task force chair or the affected member associations.

CLASS II. Two to five member associations are affected. All affected member associations are appointed to the task force and Council informed as to progress. Council approval of actions is not required and the task force may handle all aspects of the impairment or insolvency directly. Council and NOLHGA staff assistance shall be available as requested by the task force chair or the affected member associations.

CLASS III. Six or more member associations are affected. Five to nine task force members are appointed. The Council chair, with the advice and consent of the president, shall select task force members so as to assure balanced representation on all task forces, which shall include consideration for appointing one or more affected members that have not recently served on a task force. The domestic state shall always be a member of the task force and other members shall be selected to obtain a range of member associations affected financially as measured by their total dollar obligations and/or percentage of assessment capacity affected. Strict rules for selections will not be used so as to allow some discretion in providing for a broad-based and representative task force and to allow for appointment of a larger variety of individuals to the task forces. In accordance with Section 7 below, Council approval of task force recommendations on major issues shall be required before submission to the member associations for final approval.

CLASS IV. Thirty or more member associations are affected and the net financial obligation of the member associations is reasonably expected to exceed 10 percent of the current

annual assessment capacity of all member associations for the assessment account or accounts affected by the insolvency. Class III rules apply, but size of the task force may be increased to eleven or more as appropriate. A member of the NOLHGA Board of Directors may be appointed as an ex-officio non-voting member of the task force. In addition, a representative of a member insurer serving on the board of one or more affected associations may be appointed as a non-voting member of the Task Force .

After consultation with the task force chair and president, the Council chair may also assign Class IV status to (1) any insolvency or impairment which may involve issues of national significance or (2) insolvencies or impairments involving two or more affiliated insurance companies for the purpose of facilitating the appointment of one task force to handle such cases.

#### **4.3 Task Force Chair**

The Council chair, with the advice and consent of the president, shall appoint a chair for each task force appointed under Section 4.2. Any person eligible to serve on the task force may serve as task force chair, although usually the domestic association representative and/or the representative from the association with the largest dollar exposure will not be selected to serve as task force chair for an insolvency or impairment in Class II through Class IV. No person may serve as task force chair of more than three active task forces at the same time. The task force chair also assists the president in the selection of necessary consultants. The task force chair shall coordinate with appointed NOLHGA staff and the project manager (if one has been appointed) to accomplish the goals of the adopted work plan. The task force chair shall preside over meetings of the task force and have such other duties as are set out in these Rules and Procedures.

A task force chair may be removed at any time by agreement of the Council chair and the president, after consultation with members of the related task force.

#### **4.4 NOLHGA Staff Representative**

The president or the president's designee shall assign a NOLHGA staff representative to each task force in a Class III or Class IV insolvency or impairment after consulting with the task force chair, to the extent one has been appointed. A NOLHGA staff representative may also be assigned in like manner for a Class I or Class II insolvency or impairment, if requested by the task force chair or the affected member associations.

The NOLHGA staff representative shall be responsible to the president. The task force chair shall give notice of all task force meetings to the NOLHGA staff representative. The NOLHGA staff representative shall work cooperatively with the task force chair and the project

manager (if one has been appointed) in performing whatever duties are agreed to including completion of task force operational items, preparation of meeting minutes, task force communications, and review and control of outside consultants' expenses.

The NOLHGA staff representative shall have responsibility for overseeing the budget and work plan and reporting any significant variations in compliance to the task force chair and the project manager (if one has been appointed) for corrective action. Direct involvement in task force matters by NOLHGA staff, other than the assigned NOLHGA staff representative, shall be coordinated by the assigned NOLHGA staff representative and all such involvement shall be immediately communicated to the task force chair and the project manager (if one has been appointed).

#### **4.5 Meetings**

Task force meetings shall be called by the task force chair on at least three business days' notice to each task force member, unless the task force chair determines that emergency conditions exist which dictate that a shorter notice period is appropriate. Notice shall be given by NOLHGA staff in writing and may be given by any method of delivery, including, without limitation, regular mail, overnight mail, email and other electronic means of communication and shall be deemed given when deposited in the mail or transmitted. Meetings may be held in person and/or by means of remote communication. A quorum shall be constituted when a majority of the member associations appointed to the task force are present, in person or by remote communication. Member associations, rather than individuals, shall be counted when determining a quorum. Each member association appointed to the task force shall have one vote on task force matters. If a quorum is present, the vote of a majority of member associations present shall be required to approve an action.

#### **4.6 Task Force Subgroups**

A task force chair, with the consent of the task force, may designate one or more subgroups to handle specific duties on behalf of the task force. In carrying out its duties, a subgroup shall be subject to the authority of the task force, and shall keep the task force apprised as to the progress of its work.

#### **4.7 Confidential Information**

Guaranty associations have an expectation that confidential information shared among them in an insolvency will remain private. This expectation of privacy is based on various privileges and on the common interest which guaranty associations have in insolvency proceedings and other related litigation. Because of their common interest, member guaranty associations act collectively in insolvencies through a task force and retained

consultants. In light of the above, task force members, retained consultants and assigned NOLHGA staff shall take appropriate precautions to prevent confidential information from being disclosed to unauthorized third parties. These precautions shall include using best efforts to label appropriate task force documents as "Confidential Guaranty Association Information", provided that the absence of such label on a document shall not create a presumption that the document is not confidential. In addition, third parties shall be excluded from any meetings when confidential matters are being discussed, unless task force counsel advises that a confidentiality agreement or other precautions are sufficient to protect guaranty association confidences.

In cases where guaranty associations are requested to execute an agreement which requires them to maintain the confidences of a receiver or other third party, the task force shall attempt to negotiate mutual obligations of the receiver or third party to protect guaranty association information from disclosure. In no event shall a task force enter into such an agreement which prevents information from being shared with affected associations without first obtaining the consent of the Council.

## **SECTION 5 - PROJECT MANAGER AND CONSULTANTS**

### **5.1 Project Manager**

The president may select, with the advice and consent of the Council chair and the task force chair, a project manager for each Class III and IV insolvency task force. The task force chair and any other member of the task force are ineligible to serve as project manager. Any other qualified individual, including the NOLHGA staff representative, may be selected. The project manager shall have no vote on the task force. The primary function of the project manager (if one has been appointed) shall be to coordinate the day-to-day activities relating to task force responsibilities and act as a chief operating officer reporting to the task force and its chair, while working in cooperation with the assigned staff representative.

### **5.2 Consultants**

Consultants may be retained to assist the task force if such resources are needed and the insolvency or impairment requires greater resources than are available from NOLHGA staff professionals. Any such consultants shall be selected by the president, with the advice and consent of the task force chair in consultation with the Council chair. The task force chair shall advise the president with regard to the specific needs of the task force in the area of services of consultants and other professionals. Retained consultants shall report to the project manager, if one has been appointed. If a project manager has not been appointed, the retained consultants shall report to the assigned NOLHGA staff and the Task Force Chair. Any substantial consultant project or activity which falls outside of the previously

approved budget or work plan shall require the approval of the task force chair and the NOLHGA staff representative. Consistent with Section 9.2, consultants may be removed by the president, with the advice and consent of the task force chair in consultation with the Council chair.

### **5.3 Evaluation of Consultants**

Each task force chair, in consultation with the members of the task force and NOLHGA staff, may complete an evaluation, on a form prepared by NOLHGA, of retained consultants, including the project manager (if one has been appointed). These evaluations shall be sent to NOLHGA, which will maintain a confidential file containing the evaluations of task force consultants. Any task force member may request, either orally or in writing, to review the evaluations of the consultants to his task force.

When selecting a project manager or other consultant for a task force, the president shall, if requested, share the evaluations of the potential candidates with the Council chair and the task force chair, and shall, as appropriate, consider the results of the evaluations in making his selection.

## **SECTION 6 - COSTS AND EXPENSES**

### **6.1 Council Members**

No member of the Council shall be eligible for the reimbursement of expenses or other compensation by NOLHGA in connection with Council-related business, except that (1) the Council chair, or the member association which employs the Council chair, shall be eligible to receive a fee, in accordance with Section 2.2, for time expended on Council-related business; (2) the Council chair, an insolvency task force chair, or an Executive Committee member shall be eligible for the reimbursement of travel expenses incurred to attend stand-alone meetings (i.e., meetings not held in conjunction with other NOLHGA meetings) relating to their assigned responsibilities; and (3) the members of a non-insolvency task force or committee shall be eligible for the reimbursement of travel expenses in accordance with Section 9.1. Expenses that are eligible for reimbursement under this section shall be paid in accordance with NOLHGA's expense reimbursement policy

### **6.2 Project Manager and Consultants**

The project manager (if one has been appointed) and consultants, if they are not NOLHGA staff, shall submit regular bills for services performed to the NOLHGA accounting department with copies to the NOLHGA staff representative, the task force chair and the project manager (in the case of consultant bills only). The bills shall be reviewed by all

parties receiving the bills for accuracy, reasonableness and compliance with the work plan and budget (or any approved variances therefrom).

The project manager (if one has been appointed) and consultants shall submit work plans and budgets to the NOLHGA staff representative. The work plans and budgets, which shall be submitted on an annual basis or for such other time period as requested by the NOLHGA staff representative, shall be subject to the review and approval of the task force.

### **6.3 NOLHGA Internal Expenses**

Allocation of NOLHGA internal expenses to any insolvency or impairment shall be disclosed on a quarterly basis.

### **6.4 Allocation and Recovery of Expenses**

All reasonable expenses and costs incurred and approved in relation to Council or task force activities shall be assessed to the member associations as set out in the NOLHGA Articles of Incorporation or Bylaws. All reasonable efforts shall be made to have such expenses recovered from the estate of the insolvent insurer within the appropriate priority distribution classification.

## **SECTION 7 - DECISIONS OF THE COUNCIL AND OPT-OUT PROCEDURES**

### **7.1 Council Actions**

A recommendation or other action by the Council, which is permitted by Section 1.4 hereof, shall be binding on all affected member associations, except for those affected member associations which affirmatively opt out of the recommendation or action in accordance with the terms of this section and Section 7.2 below. Affected member associations shall have the opportunity to opt-out of (1) Council recommendations regarding the means by which members can fulfill their statutory obligations; (2) Council actions to resolve other “major issues” (as defined in section 4.1) in an insolvency; and (3) any other Council recommendations or actions which are made subject to the opt out process by a majority vote of the Council.

Member associations that are required by statute or regulatory action to opt-in to Council recommendations, as opposed to opting-out, shall notify NOLHGA staff in writing that it is so required, and the parties shall make such arrangements as are necessary for said member association to fulfill its statutory or regulatory requirement.

Actions of the Council which are not intended to be binding on member associations need not be made subject to the opt-out process.

## **7.2 Opt-outs**

To the extent provided for under Section 7.1 above, recommendations or actions of the Council shall be noticed to the affected member associations in writing by any method of delivery, including, without limitation, regular mail, overnight mail, email and other electronic means of communication. Any time within 30 days of the date of mailing or transmission of such notice, any affected member association may elect to not be bound by such decision by notifying NOLHGA that such association wishes to opt out. Notice of a decision to opt out shall be made in writing to NOLHGA, but telephonic notice within the opt-out period shall be effective if written notice is delivered to NOLHGA within five days of the end of the opt-out period. For good cause shown or in emergency situations, the Council may vote to shorten the opt-out period and member associations shall be bound by such decision. However, in no instance shall the opt-out period be shorter than 10 days after receipt of the notice by the member association.

## **7.3 Execution of Contracts**

The president, or his designee, is solely authorized to execute on behalf of NOLHGA all contracts necessary to carry out the decisions of the Council and its task forces.

# **SECTION 8 - CONFLICTS OF INTEREST**

## **8.1 General**

In matters in which a member association has an interest, such association should to the extent possible have full access to information generated by NOLHGA or the other member associations and full participation in the deliberations of the organization. Each member association must however, be conscious of occasions when it expects to oppose a course of action or determination of a task force or the Council.

Information provided and received in pursuit of a common effort would be misused if a member association (acting through its administrator, directors, employees, attorneys or other consultants) utilized such information against the interests of the organization, including in a court or similar forum. Therefore, any such use of the information, directly or indirectly, is prohibited. Further, in circumstances where continued participation in deliberations might be antithetical to the best interests of the organization, a member association (and its administrator, directors, employees, attorneys and other consultants) should voluntarily absent itself from such deliberations. If the member association does not

so abstain in such circumstances, then the procedures set forth in the following sections may be implemented.

## **8.2 Member Opposition**

If a member association affected by a particular insolvency has taken, or expresses an intent to take, a public or active position outside the Council to oppose a position approved by a task force or the Council, and such opposition is likely to have a material adverse effect on the work of the task force or the interests of the Council, the Council chair may exclude such opposing member association from deliberations of the Council (and of the relevant task force) concerning that insolvency or the issue giving rise to the opposition, and may take such other action as may reasonably be calculated to prevent confidential information relevant to the particular position that is the subject of the opposition from being disclosed to such opposing member association.

If the opposing member association protests the decision of the Council chair, that decision shall be approved or overruled by vote of the member associations affected by the particular insolvency, after deliberations that shall include an opportunity for the opposing member association to be heard. If the Council is not in session, the opposing member association may opt to appeal the decision of the Council chair to the Executive Committee, which shall approve or overrule the decision of the Council chair, after deliberations that shall include an opportunity for the opposing member association to be heard. Until either the Executive Committee or the Council has overruled the decision of the Council chair, the opposing member association shall remain subject to the decision of the Council chair.

## **8.3 Task Force Member Opposition**

If a member of a task force has taken, or expresses an intent to take, a public or active position outside the Council to oppose a position approved by the task force or the Council and such opposition is likely to have a material adverse effect on the work of the task force or the interests of the Council, the task force shall determine whether such public or active opposition makes any further participation by the opposing task force member in the work of the task force impracticable, in which case the opposing task force member shall be requested to resign from the task force. If the task force determines that a task force member's opposition is not of such import as to warrant resignation, the task force may exclude such task force member from attendance at meetings or portions of meetings at which the particular position being opposed is discussed, and the task force may take such other action as may reasonably be calculated to prevent confidential information relevant to the particular position from being disclosed to such opposing task force member.

If the opposing task force member refuses to resign when so requested by the task force or protests any other action by the task force under this section, the matter shall be referred to the Council chair for review and action by the Council, or by the Executive Committee in an emergency situation when the Council is not in session, after deliberations that shall include an opportunity for the opposing task force member to be heard. Until either the Executive Committee or the Council has overruled the decision of the task force, the opposing task force member shall remain subject to the decision of the task force.

If an industry representative serving as a task force member works for a company that has publicly or actively opposed a position approved by the task force or the Council, or has expressed an intent to do so, and such opposition is likely to have a material adverse effect on the work of the task force or the interests of the Council, the potential conflict arising from that opposition shall be attributed to both the company and the industry representative, in his or her capacity as a task force member, for the purpose of applying this Section 8.3.

#### **8.4 Intervention in Receivership Proceedings**

It shall be considered a potential conflict of interest if a task force member or other member association intervenes in a receivership case independently of the task force assigned to the case for purposes inconsistent with or opposed to the positions or interests of the task force. To the extent necessary to address the potential conflict, (1) the Council chair (in the case of an intervening member association not on the task force) may exercise one or more of the remedies provided for in Section 8.2 and (2) the task force (in the case of an intervening task force member) may exercise one or more of remedies provided for in Section 8.3. The applicable processes provided for in Sections 8.2 and 8.3 shall be used if the intervening member association or task force member refuses to accept the decision of the Council chair or the task force, as the case may be, or elects to protest that decision.

If an industry representative serving on a task force works for a company that has intervened in a receivership case independently of the task force assigned to that case for purposes inconsistent with or opposed to the interests or positions of the task force, the potential conflict arising from that intervention shall be attributed to both the company and the industry representative, in his or her capacity as a task force member, for the purpose of applying this Section 8.4.

#### **8.5 Bidding**

Any situation that involves a conflict of interest, or the appearance of such, in any bid process for blocks of business shall be immediately referred to the NOLHGA general counsel so that such matter may be resolved in accordance with NOLHGA's policy and

procedures on conflicts of interest. The resolution of any such conflict or appearance of conflict shall take place following appropriate consultation with the applicable task force.

It shall be deemed a conflict if a firm hired by NOLHGA or the task force and involved in the bid process in any way is also retained by a party which is an interested bidder, even if the work done for NOLHGA and the bidding party is performed by different individuals or different offices. A conflict may also exist if any person performing services for an affected member association (as an administrator, director, employee, attorney or other consultant) is also associated in any way with an interested bidder, if the participation of such person might affect the appearance of integrity and impartiality of the bid process. Whether any such conflict should be waived and upon what conditions shall be decided as provided in the preceding paragraph of this section 8.5.

Everyone involved on behalf of NOLHGA or a member association should also be sensitive to circumstances that might give the appearance of a conflict to a third party.

### **8.6 Notice to Affected Members**

In the event a material conflict of interest arises under this Section 8 with respect to an insolvency or impairment, the Council chair or the task force chair shall inform the affected members of the conflict and the steps being taken to address it. Upon the request of a majority of the affected members, the Council chair or the task force chair shall schedule a meeting of the affected members to discuss the conflict and the steps being taken to address it.

## **SECTION 9 - MISCELLANEOUS PROVISIONS**

### **9.1 Non-Insolvency Task Forces or Committees**

The Council chair may appoint non-insolvency task forces or committees to address special projects or issues. The members of a non-insolvency task force or committee shall be eligible for expense reimbursement if approved by the NOLHGA Board at the request of the Council chair and president, and the Council chair has determined that the functions of the task force or committee will benefit the guaranty association system as a whole by systematizing and clarifying procedural or operational issues significantly affecting all guaranty associations.

To be eligible for expense reimbursement, the task force or committee shall also submit to the NOLHGA Board a statement of its purpose, an annual work plan, and a budget; and the appointments to the task force or committee shall be with the advice and consent of the president or his designee, who shall also appoint a NOLHGA staff representative to the task force or committee, after consulting with the Council chair.

Expenses eligible for reimbursement under this section shall be paid in accordance with NOLHGA's expense reimbursement policy and shall be limited to travel-related expenses to attend stand-alone meetings (i.e., meetings not held in conjunction with other NOLHGA meetings) of the non-insolvency task force or committee.

## **9.2 Removal**

Any appointed or selected individual participant in the Council or task force process including the Council chair, Executive Committee member, task force chair, task force member, staff representative, project manager, or consultant may be removed from such position at any time by the same process and authority which originally appointed or selected such individual.

## **9.3 Disputes**

Any disagreement between or among NOLHGA staff and/or the task force chair and/or the project manager (if one has been appointed) as to substantive decisions shall be submitted to the entire task force for a final vote and decision after opportunity for each party to address the task force with his views.

## **9.4 Insolvency Protocols**

The Council and NOLHGA staff shall collaborate on the development of standard protocols, standard contracts and other standard documents which can be used to bring as much uniformity as possible to the resolution of insolvencies or impairments, realizing that each such insolvency or impairment is unique and that total standardization of approach will not be appropriate in every circumstance. The standard protocols shall serve as a checklist for essential items to be reviewed and considered in the handling of most insolvencies or impairments.

## **9.5 Communication**

The task force chair, the project manager (if one has been appointed), and the staff representative shall copy each other on all written communications to any party relating to task force activities. Each shall keep the others reasonably informed as to any substantive non-written communication with any other party including the consultants and the liquidation or rehabilitation staff.

Neither the task force chair, the project manager (if one has been appointed), nor any NOLHGA staff representative shall schedule or conduct any meeting with liquidation or rehabilitation representatives (including Insurance Department representatives prior to the entry of an official liquidation or rehabilitation order) without prior notice to each of the other parties and the domestic guaranty association representative.

If a task force has not been appointed at the time of such a meeting, the Council chair shall be informed and may appoint any Council member as a temporary Council representative for such meeting. Every effort shall be made to keep member associations informed as to the progress of the task force during the development stage of any plan.

## **SECTION 10 – AMENDMENTS**

### **10.1 Adoption**

The Executive Committee shall review these Rules and Procedures from time to time and shall recommend amendments to the full Council. After appropriate notice to member associations of proposed amendments and the scheduled time to vote on such amendments, amendments may be approved and adopted by a majority vote of the Council.

### **10.2 Approval**

Such amendments as are approved and adopted by the Council shall take effect after approval by the NOLHGA Board of Directors.

#### History of MPC Rules and Procedures

- (1) MPC Rules and Procedures originally adopted in 1994 (“Original MPC Rules and Procedures”).
- (2) Original MPC Rules and Procedures amended on October 15, 1997 (“First Amended MPC Rules and Procedures”).
- (3) First Amended MPC Rules and Procedures further amended on August 28, 2025.