

# CONSTITUTION AND BY LAWS of the National Association of Independent Insurance Adjusters

Revised – June 2017

**PREAMBLE** - We, independent insurance adjusters of the United States of America, in order to establish professional standards, to ensure working relations with one another, to promote our general welfare, and to provide means for dealing with our common problems make this constitution for our association.

**ARTICLE I. NAME - Section 1.** The name of the association shall be the National Association of Independent Insurance Adjusters.

**ARTICLE II. - Section 1.** The association shall be a non-profit association.

**ARTICLE III. OBJECTIVES - Section 1.** The objectives of the association shall be to regulate the activities of independent adjusters in a manner that will dignify the profession; to establish standards of conduct and technical ability; to further the success of the members of the Association; to encourage cooperation and foster cordial relations among them; to improve adjusting methods; to encourage educational efforts in all subjects relating to adjusting and to promote the general welfare of the insurance business.

**ARTICLE IV. MEMBERSHIP - Section 1.** Sole proprietorships, partnerships or corporations that provide a routine service for insurers or self-insurers for the investigation, adjustment and settlement of losses or claims, under contracts of insurance or plans of self-insurance, and that fulfill all other requirements of the association, shall be eligible for membership as described in sub-sections (a) and (b) of this section.

- (a) A regular membership may be granted when the applicant firm can meet all of the qualifications and conditions described in this constitution and its bylaws.
- (b) A provisional membership may be granted when the applicant firm can meet all of the qualifications and conditions of this constitution and its bylaws except those defined in Bylaw 2(a) but can qualify under the provisions in Bylaw 2(b). A special provisional membership may be granted as defined in Section 3(a) of this article.

**Section 2.** Membership shall be in the name of the sole proprietorship, partnership limited liability company or corporation and each membership shall be entitled to only one vote in any meeting, election or balloting. Voting rights do not extend to provisional member firms.

**Section 3.** This section pertains to regular, provisional and special provisional firms. Any change in the partners of a member partnership, or in the ownership of the majority of the stock of a member corporation, or in the creation of a new sole proprietorship, limited liability company or corporation by a member firm, individual member or provisional member or any change in the name of the member firm, shall be reported within 30 days by the member, through the executive offices to the executive committee. The executive committee shall have the authority to determine whether the new organization or management of same organization, operating under a new name, in whole or in part, can qualify as a member and the terms and conditions under which such membership can be continued or newly granted.

A failure to comply with such terms or conditions or to report such developments as described may terminate the membership or prevent the granting of a new membership. The membership of a sole proprietorship may be terminated upon the death of the sole proprietor or the sale of the firm. In any event, new owners of a member firm, which has been sold, must continue to qualify the firm for membership.

- (a) When changes occur in the personnel, management or ownership of a regular member firm, resulting in disqualification under the provisions of Bylaw 2(a), the executive committee may award a special three year provisional membership to the firm at once. The executive committee may use its discretion in granting or rejecting such membership.
- (b) Provisional members must apply for regular membership when they qualify under the provisions of Bylaw 2(a). All articles and bylaws, not specifically excepting provisional members, apply to provisional members, which shall be listed in the association's directory in italics, to indicate the classification of provisional membership, and alphabetically with the regular members.

**Section 4.** Only active sole proprietors, partners or corporate officers of a member firm, who have had no less than five years' experience in the adjusting of losses and, who have had at least three years' experience in such an ownership or corporate executive capacity, who provide a routine service for the investigation, adjustment and settlement of losses or claims and who otherwise qualify, in the opinion of the executive committee, shall be individual members of the association and be entitled to the benefits of Article IV, Section 5. The holding of such office shall not give them a vote in excess of the one to which their firm is entitled, in any meeting election or balloting.

**Section 5.** Whenever an individual member of the association separates, or otherwise has the relationship terminated from the member firm, he may apply for a new membership in the association providing the individual is the sole proprietor of the applicant firm or has at least a 50% ownership interest. The executive committee shall consider the qualifications of the applicant firm and have the authority to determine whether it shall be granted membership without further processing or whether it shall be required to make application for a new membership in the manner required in the Constitution and Bylaws. In exercising such authority, the executive committee shall not grant a new membership, under this section, unless the applicant firm can meet all the qualifications for membership set forth in the constitution and Bylaws, except the provisions in Bylaw 2(a) pertaining to three years of independent firm operation. The executive committee shall have the authority to waive, prorate or require full payment of application and initiation fees from such applicant. Membership under this section must be applied for within a reasonable period of time from the date of separation of the individual member from the member firm.

**Section 6.** Honorary membership may be accorded a retired member who has provided meritorious service to the association and is nominated by an active member, and being approved by the executive committee. Honorary members may attend meetings and participate in discussions but may not vote. No dues or assessments shall be required of honorary members. Election to honorary membership is on a lifetime basis or until such time as the honorary member requests that his name be removed from the list, or in the opinion of the executive committee, no longer warrants being considered as an honorary member.

**Section 7.** Claims Affiliate - An associate membership will be accorded to an individual, not a company or firm membership, by the executive committee on such terms and under such conditions that may be established by the executive committee. The Claims Affiliate membership shall be open to the following entities whose primary role is the review of and claims determination for: third party administrators, risk managers, claims examiners with managing general agents, foreign and domestic insurance brokers, and foreign and domestic insurance carriers or syndicates. The Claims Affiliate shall receive copies of all publications and directories issued by the association and may **attend** all meetings but not vote.

**ARTICLE V. OFFICERS - Section 1.** The officers of the association shall consist of a president, a president-elect, a secretary-treasurer, immediate past president, and each regional vice president. They

shall be elected by a majority vote of regular member firms in attendance at the annual business meeting of the association, except as otherwise provided.

**Section 2.** The president shall hold office for one year following the completion of his term President- Elect, except as provided otherwise by these articles.

**Section 3.** The president-elect shall be elected for a term of one year at each annual meeting of the association. The president- elect shall become president of the association when his predecessor in that office completes his term of office or when the office of president becomes vacant.

**Section 4.** In the event a vacancy occurs in the office of president, the president-elect shall immediately become president. If the office of president-elect is vacant, or if the president-elect is unable or unwilling to assume the presidency, a successor to the office of president shall be elected by the executive committee, by majority vote, to serve out the unexpired term, at which time a president shall be elected by the members.

**Section 5.** In the event a vacancy occurs in the office of president-elect, the executive committee shall appoint, by a majority vote, a president-elect to serve out the unexpired term in the office of president-elect. At the end of such term a new president and president-elect shall be elected by the membership as provided by these articles.

**Section 6.** The immediate past president shall act as an advisor to the president and perform respective responsibilities as the president may request.

#### **Section 7.**

(a) Regional vice presidents shall be elected for a term of two years, as provided by this article. Each regional vice president shall appoint a nominating committee of three from his region, and name its chairman, no later than one year prior to the end of his biennial term of office. Each nominating committee shall nominate from the members of said region one or more candidates for a successor at least thirty days prior to its regional meeting in the last year of the term, at which meeting a successor shall be elected. Such nominating committee shall provide the membership of their region with the name and qualifications of their nominees thirty days prior to the said regional meeting. Nominations for regional vice president may also be made from the floor of the said regional meeting.

(b) Any region not desiring to conform to (a) of this article, for the election of its regional vice president, may use the following procedure: At least 90 days prior to the regional meeting where the membership will vote to elect a regional vice president, the outgoing regional vice president shall send written notice to the membership of the region that they may submit letters to the regional vice president for nominations to the office, accompanied by written approval from the nominee. No later than 30 days prior to the said regional meeting, the regional vice president shall send written notice of such meeting to the members of the region, together with a list of the nominations which have been received. Nominations may be made from the floor of the said regional meeting where a new regional vice president is to be elected. At the first annual meeting of the region the incumbent regional vice president shall cause a vote to be taken as to whether such region shall follow sub-sections (a) or (b) of this article, for the election of their next regional vice president. The results of such vote shall be communicated to the executive vice president of the association within 60 days.

(c) If a vacancy occurs in an office of a regional vice president a successor shall be appointed immediately by the president, with the approval of the executive committee. This successor shall be a qualified (or individual) member of the region wherein the vacancy exists.

(d) Should the vacancy have an unexpired term of more than one year, the appointed successor shall, within 30 days, through the executive office, send notices to the membership of the involved region that they may elect by mail or email vote a regional vice president to serve out the said unexpired term. Responses to such notice must be made within 30 days of mailing. The nominee receiving a majority of returned mail votes will then take over the office and duties of regional vice president and serve out the unexpired term.

**Section 8.** The secretary-treasurer shall be elected at each annual meeting of the association. He shall take office at the beginning of the next following fiscal year and shall serve until a successor takes office. If a vacancy occurs in the office of secretary-treasurer, a successor shall be appointed by the president with the approval of the executive committee.

**Section 9.** Except as provided otherwise by these articles, all officers of the association shall serve until their successors take office. All officers of the association shall serve without compensation.

**ARTICLE VI. DUTIES OF OFFICERS - Section 1.** The president shall be in charge of the affairs of the association. The president shall preside at all meetings of the association and of the executive committee during the term of office. The president shall appoint all committees except (1) the executive committee and (2) the regional members of the nominating committee. The president shall consult with regional vice presidents regarding the availability and qualifications of the contemplated appointee in their respective regions.

**Section 2.** The president-elect shall act in case of disability of the president and on such other occasions as the president may request, and as specified by these articles.

**Section 3.** Each regional vice president shall advise the president on matters pertaining to the region the vice president serves and shall perform such duties as the president or executive committee may require. If unable to attend an executive committee meeting, the vice president MAY designate another member from the region to serve, and failing to do so, the president shall then appoint an individual member from or for the region to serve. He shall hold a regional meeting of the membership in the region annually and shall transmit to the executive committee at its next meeting the recommendations and suggestions of the membership of the region. The vice president shall institute measures for the nomination and election of a successor as provided by these articles. At the regional meeting the membership of each region may instruct their member on the nominating committee as to their preference for officers of the association. The membership shall determine, by a majority vote of those in attendance, the type and location of the next regional meeting, the cost of which will be borne by the region.

**Section 4.** The secretary-treasurer shall be in charge of the funds of the association, shall see that dues and assessments are collected and bills paid and shall perform such other duties as are usual to the office. The secretary-treasurer, under the direction of the president, shall supervise the operation of the executive office and shall employ such persons as deemed necessary for the proper conduct of association affairs, as provided in Article VII.

**ARTICLE VII. STAFF AND THEIR DUTIES - Section 1.** An Executive Director and other staff employees shall be employed by the secretary-treasurer upon authorization and approval of the president and the executive committee, and shall be assigned duties by the secretary-treasurer and the president as the affairs of the association shall require. The terms and conditions of employment and the assignment of duties shall be approved by the executive committee. Regardless of any title conferred upon any staff employee, such employee shall not be considered as an officer of the association or have voting privileges at any time. Wherever, in these articles, the title "executive vice president" appears, the phrase "Executive Director" shall be substituted for the said title.

**ARTICLE VIII. COMMITTEES AND THEIR DUTIES - Section 1.** General. Committees of the association shall be composed as follows.

(a) Chairmen and the committee members except the executive committee, shall be appointed in writing by the president and may be removed at the discretion of the president.

(b) Committee chairmen and members shall serve for one year or until their successors shall be appointed, except as otherwise provided in this Article.

(c) All committees except the nominating committee shall report to the executive committee prior to the annual meeting and at such other times as the president may direct.

(d) Each committee shall formulate rules of procedure.

**Section 2. Executive Committee** - Shall consist of the officers of the association, with no more than one individual per member firm so serving, and the immediate past president. It shall have general control of the association between association meetings and pass upon all applications for membership. Two-thirds of the committee membership shall constitute a quorum. No actions or discussions of the committee shall be binding upon the association unless written notice of the meeting, in which such action and decisions were made, was mailed thirty days in advance to the committee members. A vote by mail is authorized as a matter of expediting when directed by the president.

The Board of Directors may take action:

1. By unanimous consent in writing, setting forth the action taken, and approved in writing by **all** of the executive committee members (805 ILCS 105/108.45), or
2. By the executive committee at a meeting (in-person or by conference call) provided a quorum is present. The NAIIA Constitution sets the quorum (minimum number of members that must be present at a meeting) for the executive committee at two-thirds of the committee membership. (Art, VIII, Sec. 2) Assuming a quorum is present, then a majority must vote in favor of the action (805 ILCS 105/108.15(b)).

If an in-person meeting is held, one or more executive committee members are allowed to participate by calling in via a conference phone. These callers are considered to be in attendance, in person, at the meeting. (805 ILCS 105/108.15(c)).

Also, no member of the executive committee may vote by proxy, i.e., by designating another individual to vote on his or her behalf. (805 ILCS 105/108.05). This differs from association members, who may vote by proxy. (805 ILCS 105/107.50)

**Section 3. Membership Growth Committee** - shall consist of a chair and a regional representative with terms as established by the President. It shall coordinate with the executive office regarding recruitment of qualified members and establish retention initiative.

**Section 4. Grievance Committee** - Shall consist of three members so appointed that one member shall be replaced yearly. It shall investigate complaints against any member upon request of the president of the association.

**Section 5. Legislative Committee** - Shall consist of one individual from each state or representing each state. It shall seek, receive and disseminate information on existing or proposed legislation affecting the membership and shall recommend procedure in any situation when action by the association is advisable.

**Section 6. Ways and Means Committee** - Shall consist of the president, president-elect, secretary-treasurer and immediate past president who would be required to meet with the principal staff employee to prepare an annual budget for submission to the executive committee, at its convention meeting, for final approval. The Ways and Means Committee, after budget approval, shall make all financial decisions, except those pertaining specifically to regional matters. The association shall maintain a balanced budget annually. Should the end of the fiscal year produce any deficit in that year's budget, the Ways and Means Committee shall correct the deficit in the succeeding year.

**Section 7. Publications Committee** - Shall consist of three individuals so appointed that one shall be replaced yearly. It shall advise and assist the editors of all association publications. It shall supervise association publicity. It shall act as an editorial board upon editorial request or instructions from the president. The chairman of this committee, who completes a third year of service, may, on the discretion of the president, be retained for one year as an advisor to the committee.

**Section 8. Nominating Committee** - Shall consist of one member to be elected by each region and one appointed by the president from the membership at large, the latter to act as chairperson who shall vote only in case of a tie. If the members elected by the region are unable to attend the nominating committee meeting, the regional vice president from that region may appoint a member. In the event that a regional member is not available for such appointment, the president is authorized to appoint any member at the convention site to act for a specific region on the committee. It shall consider the qualifications and availability of members to serve as officers of the association, excepting regional vice presidents and nominate for election at the annual meeting officers as provided by this constitution. Nominations for such officers may also be made from the floor at the annual meeting by any member of the association.

**Section 9. Educational Committee** - Shall consist of three individuals, so appointed that one shall be replaced yearly. It shall study and make recommendations to the executive committee for development and execution of plans and programs for training adjusters. It shall prepare and revise, as necessary, forms to implement such plans and programs developed for training or assisting members to better perform their duties and responsibilities as adjusters.

**Section 10. Convention Site Selection** – The Executive Committee shall investigate potential sites and the available accommodations for future conferences of the association and shall report thereon to the membership.

**Section 11. Constitution and Bylaws Committee** - Shall consist of three members each appointed for a term of three years, but with tenure of office so staggered that only one new member shall be appointed to the committee each year. It shall study all proposed amendments, changes and additions to the constitution and bylaws and standard procedure for discipline. It shall report to the executive committee on their propriety and format before they are submitted to the membership for vote. Proposed amendments, changes and additions to the constitution and bylaws and standard procedure for discipline shall be submitted to this committee no later than thirty days prior to the date when they will be considered by the executive committee. Amendments to such amendments must be submitted to this committee no later than fifteen days prior to the date when they will be considered by the executive committee.

**Section 12.** The president may appoint other committees and define their duties.

**ARTICLE IX. PAST PRESIDENTS' ADVISORY BOARD** - There shall be an advisory board consisting of past presidents of the association who are members under this constitution. The immediate past president shall be the chairman and preside at its meeting. The board shall formulate its own rules of procedure. Three members of the board shall constitute a quorum at any meeting. The president may request the consultation and advice of the board. All requests for advice from the board shall be channeled through the president. The board shall meet in conjunction with the annual meeting of the association to

consider matters before it. The board will submit its recommendations to the president and the executive committee. The recommendation of the board shall not be mandatory upon the president, the officers or membership of the association.

**ARTICLE X. MEETINGS OF THE ASSOCIATION - Section 1.** The association shall meet once in each calendar year at a time and place fixed by the membership. No conference site shall be considered by the association at its annual convention unless it has been investigated by the Executive Committee. Recommendations for sites to be considered by this committee should be submitted to this committee at least 90 days in advance of a conference.

**Section 2.** Proceedings in any meeting shall be according to Robert's Rules of Order. The executive committee, however, is empowered to decide whether a voting matter, shall be presented at the annual meeting of the association, or shall be submitted to the membership by mail or email. If submitted by mail or email, votes which are returned by the membership to the executive office within 30 days from date of mailing are to be counted. The affirmative vote required to pass or approve a matter by mail shall be the same if voted upon in the annual meeting. Matters submitted for a vote by mail shall be accompanied by sufficient information to enable a member firm to understand the purpose of the matter submitted and the effect of the vote. All ballots shall be certified by the secretary-treasurer and the certified results kept on file in the association's national headquarters.

Members may also designate a proxy voter in the event no members will be in attendance at the annual meeting. The proxy vote will be submitted to the Secretary/Treasurer no later than 30 days prior to the meeting date. Any Proxy Vote form submitted will be in effect for just the date of the meeting indicated on the Proxy Vote form.

**Section 3.** The president, upon the recommendation of the executive committee, may call a special meeting by giving 30 days written notice to the membership, stating the reason for the call and designating the time and place for holding the meeting.

**Section 4.** Two-thirds of the regular member firms registered at any meeting shall constitute a quorum.

**ARTICLE XI. AMENDMENTS TO CONSTITUTION AND BYLAWS - Section 1.** All amendments and amendments of amendments to the constitution and bylaws shall be processed as provided by constitution Article VIII, Section 11, before they are acted upon by the executive committee.

A two-thirds majority vote of the member firms present at any meeting shall be required for the passing of any amendment and in the case of voting by mail or email, a two-thirds vote of the membership whose ballots are returned to the executive office within 30 days from the date they are mailed to the membership.

**Section 2.** Any member whose proposed amendment to the constitution and bylaws fails to reach the floor of a meeting for vote, after such amendment has been processed as required by Article VIII, Section 11, and Article X, Sections 1 and 2, may call for an open discussion of said amendment from the floor of such meeting. The member may also call for a vote by mail on the amendment, within thirty days of said meeting, if two-thirds of the member firms present approve. A two-thirds majority of the member firms in good standing shall be required to pass the amendment so processed under this article.

**ARTICLE XII. RULES AND REGULATIONS - Section 1.** The membership shall make appropriate bylaws, providing rules and regulations for the association. The phrases "these articles" and "constitutional provisions," shall include all articles of the constitution and all bylaws of the association.

**ARTICLE XIII. ASSOCIATION PROPERTY** - The legal title and ownership of all property and assets of this association shall vest in the National Association of Independent Insurance Adjusters.

**BYLAWS - 1. Independence.** - Each applicant or member, sole proprietorship, partnership, limited liability company or corporation must establish and maintain to the satisfaction of the Executive Committee that it is established as a full time insurance claim/loss adjusting organization with the principal purpose to serve the claim/loss needs of insurance carriers and self-insured. The Executive Committee may use its discretion in granting or rejecting such membership. Each applicant or member, sole proprietorship, partnership, limited liability company or corporation must establish and maintain plus present documentation of professional liability insurance coverage.

2. (a) **Firm Experience.** - A sole proprietorship, partnership, limited liability company or corporation must have successfully maintained an independent office for at least three years next prior to the date of application for membership. Its sole proprietor, or at least one partner or corporate officer must qualify for individual membership under Article IV, Section 4, to be eligible for regular membership.

(b) A sole proprietorship, partnership or corporation that has successfully maintained an independent office for at least one year, whose sole proprietor or at least one partner or corporate officer has had a minimum of five years experience in the adjusting of losses and a minimum of one year in such an ownership or corporate capacity, shall be eligible for provisional membership.

(c) The only exception to the above paragraphs, 2(a) and 2(b), is outlined in Article IV, Section 3(a).

3. **Attorneys-at-Law** - No individual, partner or corporate officer of a member firm or employee thereof, shall engage in the practice of law, wherein he represents a claimant or an insurance company, insurance agency, brokerage office, or self-insured in litigation of any rights under any insurance policy or where insurance coverage may become involved. All individual members, partners, corporate officers, stockholders or employees of member firms, may engage in the legalities of subrogation claims; practice before workers compensation boards or commissions and conduct all other phases of normal adjusting procedures, as permitted by the "Statement of Principles" adopted by the Conference Committee on Adjusters, if qualified by applicable law, special permission of the courts of jurisdiction or public officials, acting within the scope of their authority. Any attorney who devotes an insignificant amount of time to law matters entirely foreign to the insurance industry and whose income from such law practice is comparatively small and entirely incidental to the operation of a full time adjusting service shall not be considered to be engaged in the practice of law as prohibited by these bylaws.

4. **Applications for Membership** - The executive committee shall determine what information shall be required of applicants and shall prescribe the form of application to be used.

5. **Applicant's Pledge** - Applicants, if accepted, must pledge themselves to support the association and conform to its rules, regulations and code of ethics.

6. **Application and Initiation Fees** - Application and initiation fees shall be determined, upon recommendation by the executive committee, by a two-thirds vote of the member firms present at any annual meeting of the association or, if put to a mail or email vote, by two-thirds of the member firms whose ballots are returned to the executive office within 30 days from the date they are mailed or emailed to the membership.

7. **Membership Dues** - Membership dues in all categories, including any maximum of said dues, shall be determined annually, upon a two-thirds vote of the executive committee. Provided however, no annual



increase by the executive committee shall exceed five (5%) percent per annum of the prior year's dues unless approved by two-thirds vote of the member firms present at any annual meeting of the association. On the basis of this decision, a member firm shall pay in advance yearly personnel dues, not exceeding this maximum, for each sole proprietor, partner, or corporate officer who is also an adjuster, and for each adjuster, investigator, and appraiser in the firm. Additionally, each member firm shall pay in advance yearly facility dues not exceeding the maximum, for a main office, for each branch office and for each resident adjuster facility. Dues of member firms elected after the beginning of any fiscal year and dues for a new branch or resident adjuster opened or acquired by a member firm shall be prorated to the unexpired portion of each year. The dues of provisional members shall be the same as those of regular members.

**8. Data for Computing Dues and Schedule of Payment** - Annually, the executive offices of the association will mail or email to each member firm a form which contains a complete schedule of dues and which will enable the member firm to calculate the amount of its annual dues. Annual dues are payable without penalty prior to the beginning of the new fiscal year. A member firm which has not paid its annual dues by the beginning of the fiscal year must request approval of the secretary-treasurer to enter into an agreement with the association, whereby an immediate down payment would be made and the balance plus a 10% penalty to be paid as agreed between the secretary-treasurer and the member, or be subject to immediate loss of membership.

#### **9. Special Assessments**

- (a) National: The executive committee shall have the authority to levy such assessments as may become necessary.
- (b) Regional: The prorated cost of a regional meeting, constitutionally determined, shall be treated as an assessment. For the purposes of this bylaw, member firms shall be considered members of each region in which they operate a main office, branch offices, or resident adjuster facilities and they shall be subject to such assessments.

**Payment of Dues and Assessments** - (a) National: Dues, other than as provided by bylaw #8, and assessments shall be payable within 60 days after billing or they shall become delinquent and subject to a ten percent (10%) penalty. A member firm which becomes delinquent under the provisions of this bylaw #10 shall be notified thereof, in writing, by the secretary-treasurer. If any such member firm shall fail to pay its indebtedness to the association within 30 days after the date of notification, it shall cease to be a member of the association and shall be notified of the fact by the secretary-treasurer, provided, however, that the executive committee shall have power on good cause to reinstate such a membership under conditions the said committee shall deem proper. (b) Regional: Regional assessments shall be payable to the regional vice president within 60 days after billing or they shall become delinquent and referred to the national secretary-treasurer for collection when approved by the executive committee. The secretary-treasurer shall then notify the delinquent member firm of his indebtedness. If such member firm shall fail to pay its indebtedness within 30 days of such notification, it shall cease to be a member of the association and shall be notified of the act by the secretary-treasurer, provided, however, that the executive committee shall have power on good cause to reinstate such a membership under conditions the said committee shall deem proper.

**11. Main Office** - Member firms must maintain a business office that must be accessible to visitors during normal business hours. Excepting other member firms of the association, member firms shall not share offices with individuals or concerns directly or indirectly involved in the insurance business, or who might influence the assignment of losses, or to whom the member might assign work incident to the handling of losses.

- (a) Private Dwellings - Business office areas within private dwellings provided the applicant firm can meet the provisions of Article IV. Membership, section 1 (a) and (b) and Section 2 of the Constitution and Bylaws shall be deemed proper

**12. Branch Office** - The requirements for a “Main Office” are equally applicable to a branch office. In addition, a member firm must show that said branch office is owned and operated on a full time basis by full time salaried personnel under the direction, control and supervision of the member firm, and that the expenses of said branch office and the salaries of the personnel are controlled and recorded in the main office, provided, however, the branch office personnel may receive in addition to salary a bonus or share of the profits. (See Bylaw 20.)

**13. Resident Adjusters** - Member firms may establish and maintain resident adjusters in localities approved by the executive committee. The resident adjuster must be competent to adjust the lines publicized. The resident adjuster must be employed on a full time basis and be under the supervision of the member’s main office or one of its branch offices. All business expenses and the salary of the resident adjuster must be paid from the member’s main or branch office. A resident adjuster may receive in addition to salary, a bonus or share in the profits.

**13.1 Branch Office and Resident Adjuster Notification** - Member firms shall notify the executive secretary within 30 days of their establishment or discontinuance of branch office and resident adjuster facilities.

**14. Area Serviced** - The geographical area within which member firms regularly provide adjusting service must be accurately described within proper limitation in any advertising or other form of representation as to the capabilities of any office or resident adjuster.

**15. Licensing** - Member firms and/or their officers, partners or employees must have and maintain licenses as independent adjusters where such licenses are required by law in the localities where they operate.

**16. Improper Use of Membership** - No member firm shall be permitted to display the NAIIA Logo on any letterhead, roster, circular, advertisement, listing or other publication used in the operation of its business as insurance adjusters, any owned office not certified by the association. Non-owned offices must be clearly identified. Member firms may display on their letterheads, roster, circulars, advertisements, listings or other publications used in the operations of their business as insurance adjusters, a resident adjuster, provided such resident adjuster is specifically described as such and meets the requirements of the association. Provisional member firms shall be permitted to display a Provisional NAIIA logo on any letterhead, roster, circular, advertisement, listings or other publication used in the operation of their business as insurance adjusters. This provisional NAIIA logo will be designed by the executive committee of the association, and shall designate their status as a provisional member firm in the association. A liquidated damage of \$250 per day fine for each day such former member is found to be in violation, in addition to other remedies available at law (i.e. trademark infringement) including attorney fees and cost.

**17. Insignia, Cards and Certificates of Membership** - The executive committee shall design or draft all insignia, cards and certificates of membership. All emblems and plaques loaned to member firms will remain the property of the association and upon termination of membership shall be returned immediately to the association.

**18. Professional Integrity** - Investigations and adjustments shall be made with judicial impartiality. Reports shall be factual and provided on a “best of our knowledge basis”.

**19. Professional Ability** - Member firms must be fitted by knowledge and experience for the work they undertake. They must not endanger the interests of insurers or risk doing injustice to claimants by attempting to handle work for which they are not qualified and for which they cannot find competent technical assistance.

**20. Prohibited Activities** - No member firm shall accept gratuities from claimants or participate in charges of experts, salvors or repairmen. Member firms shall not acquire any interest in property salvaged except by permission of the insurer. Member firms are prohibited from establishing franchised operations not conforming to the requisites of Article IV, Section 3. No member firm shall engage in any activity as a public adjuster.

**21. Relations Between Members** - Member firms shall cooperate and give to one another professional aid and support. No member firm shall offer affiliation or employment to an employee of another member without first obtaining the consent of such other member firm. This regulation shall not apply where an employee, on the employee's own initiative, or in response to public advertisement, shall apply to another member firm for employment or affiliation.

**22. Tenure of Membership** - A member firm shall hold membership as long as it pays its dues and assessments and has not been suspended, expelled or otherwise duly terminated in membership because of a violation of the provisions of the constitution and bylaws of the National Association of Independent Insurance Adjusters.

**23. (a) Investigation of Complaints** - All complaints and charges against a member or member firm shall be investigated and a hearing held in accordance with a Standard Procedure for Discipline adopted by the association and amendments thereto. Any failure to follow such procedure shall not affect the legality of the proceedings or the decision rendered unless such failure has deprived the firm or individual of a fair and impartial hearing or an opportunity to present an answer to the complaints. The findings and decisions of the executive committee shall be final.

**(b) Disciplinary Action** - If the investigation of charges by the grievance committee indicates that the individual or member firm involved is guilty but the offense is not severe enough to justify expulsion, the executive committee shall have authority to waive formal hearing and to impose a reprimand, fine, suspension or such other penalty as appears appropriate. The president shall present a copy of the complaint, report of investigation, report of grievance committee and a recommendation at the next meeting of the executive committee, which shall decide on what further action should be taken. Nothing herein shall deprive the individual or member firm involved of the right to a formal hearing in the manner prescribed in the Standard Procedure for Discipline, provided request for such hearing is made within ten days after receipt by the member of notice of the penalty imposed.

**(c) Standard Procedure for Discipline** - The provisions of the Standard Procedure for Discipline, as they existed on May 15, 1956, and as amended thereafter, shall be treated as bylaws of the association.

**(d) Grounds of Expulsion** - A member or members found guilty of any breach of trust, violation of the constitution, bylaws or code of ethics, incompetency or any other misconduct that is prejudicial to the reputation and good standing of the association, may be expelled by the executive committee, as provided by the Standard Procedure for Discipline.

**24. Reinstatement** - In the event a member firm ceases to maintain membership for any reason other than upon request of the executive committee, this former member firm may, upon written application, again become a member of the association, if elected as such by the executive committee, and upon payment of a reinstatement fee, to be determined by the executive committee, and on such other conditions as the executive committee may fix for such applicant.

- 25. Notice of Meetings and Programs** - Written notice of any meeting and a copy of the program shall be mailed, emailed, or faxed to each member firm at least 30 days before the date of the meeting.
- 26. Order of Business** - The order of business of any meeting shall be planned by the executive office and approved by the president. It shall then be incorporated in the program of the meeting.
- 27. Reports of Annual Meetings** - The reports of each annual meeting shall be printed and distributed to the membership promptly.
- 28. Guests** - Invitation to guests to attend a meeting of the association or executive committee shall be issued through the executive office at the request of the president or members of the executive committee.
- 29. Bonds** - All employees and members of the association who handle funds of the association or its committees shall be bonded in an adequate amount to be approved by the Ways and Means committee.
- 30. Use of Electronic Communication and Media** – For the purpose of conducting the business of the association matters may be sent to members through electronic communication or other electronic media. The Secretary – Treasurer may utilize electronic communications and media to deliver approved ballots for matters before the membership.

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## ANTITRUST COMPLIANCE POLICY

The NAIIA was created and is operated for the purpose of promoting the “Purposes and Aims” as stated in its published directory. These “Purposes and Aims” are in full compliance with federal and state antitrust laws. However, since the activities and functions of the NAIIA bring together representatives of individual firms that might be in competition, it is the policy of the NAIIA in the course of its activities and functions to discourage and prohibit the disclosure of competitive information. The burdens of defending even a frivolous antitrust suit are considerable, and it is important to administer and operate the NAIIA in a manner so as to avoid even the appearance of facilitating anticompetitive conduct. Accordingly, the NAIIA has adopted a formal Antitrust Compliance Policy that applies to all NAIIA meetings and functions.

Each NAIIA member should individually seek its own counsel if it has any questions as to the permissible scope of activities under the antitrust laws.

At all educational, social, and business events connected with these meetings, there should be no discussion or agreement, formal or informal, expressed or implied, as to any matters which might give rise to an allegation of violation of antitrust laws.

*Discussions of competitive information are prohibited.*

For purposes of this policy, "competitive information" includes, but is not limited to, information concerning:

- raising, lowering, or stabilizing rates;
- actual current or future rates, including actuarial projections;
- what is a "fair" profit level;
- credit terms and other price-related or ancillary terms;
- individual company results, or current or future marketing or pricing strategies or business plans;
- allocation of markets, territories, or potential insureds;
- the concerted refusal to deal with a customer, supplier, competitor; or to provide an insurance product or service;
- decisions to quote or not to quote on certain types or classes of risks; and
- any other matters on which insurers ordinarily compete with each other.

Individuals attending NAIIA functions or meetings have independent responsibility to comply with this NAIIA policy and all applicable laws.

Informal or unscheduled meetings of NAIIA committees, subcommittees, working groups, and the board should be avoided. The NAIIA recognizes that one important benefit it provides to its members is an opportunity to interact with other participants in the insurance claims business nationwide. When such interaction is properly focused on NAIIA business, it is beneficial and promotes the interests of the NAIIA and the public at large whom the member firms serve. At the same time, all individuals attending NAIIA meetings and functions should recognize that discussion or exchange of competitive information among competitors creates the same risks of antitrust litigation, even if such activities occur outside formal meetings. Consequently, competitive information should not be discussed during coffee breaks, meals, and social gatherings related to any functions.

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