



# Bringing Your Society's Bylaws into the 21st Century

## NFCFA Annual Meeting Workshop

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# Introduction

Todd Martin's special relationship with fraternal benefit societies grew out of the more than seven years he spent in the corporate legal department of Thrivent Financial for Lutherans and his service on the merger team for the merger of Aid Association for Lutherans and Lutheran Brotherhood. Since that time, Todd has continued to serve the fraternal benefit system providing legal advice and counsel to more than 20 fraternal benefit societies across the country and serving as general counsel to the National Fraternal Congress of America. Todd has advised on 9 fraternal mergers and 12 fraternal bylaw reviews and is a leader in initiatives to improve the effectiveness of fraternal governance. Todd's inside knowledge and understanding of fraternal benefit societies underpins his credibility in advising them in all areas including governance, insurance regulatory matters, lodge activities and requirements, dispute resolution, membership, product distribution, contracting, and mergers and acquisitions.



# Terms

- Articles of Incorporation
- Bylaws
- Policies/ Rules of Procedure

Some societies use other terms such as  
“Constitution”

# Are Your Society's Laws A Solid Foundation Or A Road Block?



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## Purpose of Articles/Bylaws

- Establish corporation as a fraternal benefit society
- Set out the broad purposes and objectives of the society
- Establish membership
- Establish the lodge system
- Set out key governance structures and processes
- Address key fraternal insurance issues

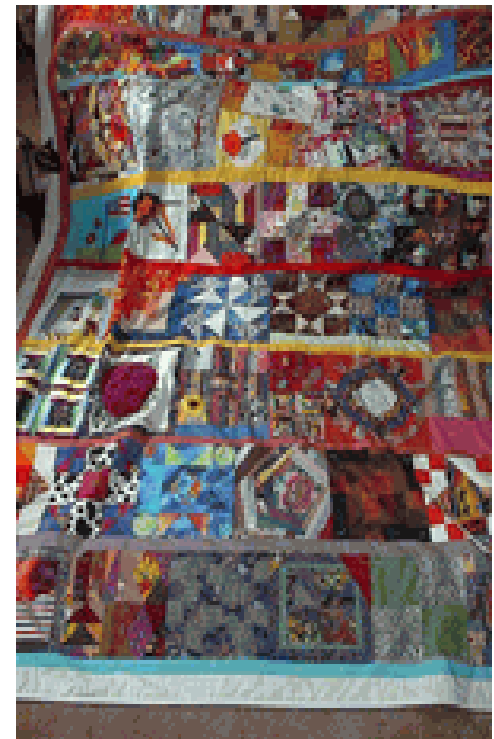
# HOW ARE WE DOING?

**14.** From Reinhart Boerner Van Deuren s.c., NFCA Bronze Sponsor If you determined that it was essential for your society to immediately make a fundamental change in its structure or operations, which of the following would you view as providing the most resistance to change?

The Society's Articles/ Bylaws or Other Laws and Policies		10	22%
Employees/Staff		4	9%
Senior Management		2	4%
Field Representatives		4	9%
Board of Directors		6	13%
Convention		5	11%
Regulators/ Legal Restrictions		1	2%
None of These - We Welcome Change and Innovation		13	29%
Total		45	100%

# Common Problems

- Large, Cumbersome, Disjointed
- Failure To Include Key Elements
- Failure To Include Best Practices
- Provide Unnecessary Restriction (fraternal decision creep)



# Society Laws Should Provide Strong Platform/ Not Box



## Who Should Review/Amend?

- Must Be Ultimately Done By Supreme Governing Body
- Conventions Are Not Well Equipped For This





## Best Practices

- (1) Amendments prepared & thoroughly reviewed in advance – (none from floor and all or nothing)
- (2) Extensive strategic leadership/ oversight by Board and senior management
- (3) Involvement by legal counsel
- (4) Periodic comprehensive review
- (5) Ability of Board to make clarifying amendments between conventions



# Articles

- Should be mostly unchanging
- No more than a couple of pages
- Set out most basic structure of society
  - Name
  - Domicile
  - Incorporation
  - Basic objectives
  - Basic governance structure



# Bylaws

- Less is more
- Should focus on fundamental issues that belong at supreme governing body level
- Should serve as a baseline for effective governance



# Elements To Include in Bylaws

- Society Objectives
- Fraternal benefit society statement (from state fraternal code)
- Membership
  - Categories
  - Requirements
  - Rights



# Elements To Include in Bylaws

- Convention
  - Procedure for election of delegates
  - Convention meeting
    - Regular meeting schedule
    - Convention officers
    - Quorum
    - Voting procedure
    - Special conventions
    - Ballots in lieu of convention
    - Convention committees



# Elements To Include in Bylaws

- Board of Directors
  - Election/ appointment procedure
  - Requirements for Directors
  - Composition
  - Quorum & voting
  - Committees
  - Officers
  - Vacancies and removal
  - Authority
  - Meetings
    - Regular/ special meetings
    - Consent resolutions
    - Electronic participation



# Elements To Include in Bylaws

- Officers
  - President – appointment process & general authority
  - Other principal officers – appointment process
- Lodges
  - Chartering
  - Meetings (monthly or quarterly depending on your state)
  - Language that subordinate & largely self-governing
- Indemnification
- Official Publication



# Elements To Include in Bylaws

- Insurance Matters
  - Open contract
  - Maintenance of solvency
  - Beneficiaries
  - Youth
- Dispute Resolution Procedure?
- No Waiver
- Amendments
- Anything Else Required by Your State



## Things Not to Include

- Detailed Convention/ Board meeting procedures
- Lodge procedures/bylaws
- Product listing
- Investment policy



# Things Not to Include

- Committee charters
- Home office departments
- Personnel policies
- Contents of the official publication
- Loan procedures



## Things Not to Include

- Position descriptions
- Exhaustive lists of authority
- Other certificate terms
- Representative information
- Any other matters not required

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# Selling Bylaw Changes

- Present as part of broad review/ restatement
- Preview review effort
- Describe best practices – and use materials from NFCA and other sources
- Describe in big picture terms
- Use inside and outside resources to explain rationale



# Questions?

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