



TEXAS LIFE & HEALTH  
INSURANCE GUARANTY ASSOCIATION

---

**Amended and Restated Bylaws  
(July 26, 2011)**

These Amended and Restated Bylaws (hereinafter the "Bylaws") of the Texas Life and Health Insurance Guaranty Association (hereafter the "Association") are adopted by the Board of Directors pursuant to Section 5(c)(2) of the Plan of Operation of the Association, as amended (hereafter the "Plan of Operation") and supersede all bylaws previously adopted. The Association shall be governed by these Bylaws, the Plan of Operation, and Texas Insurance Code Chapter 463, or its successor, as amended (hereafter the "Act"). In the event the provisions of these bylaws are in conflict with, or inconsistent with, the provisions of the Plan of Operations, or with the Act, the provisions of the Plan of Operation or the Act shall control.

**Article 1**

**Offices**

**Section 1.1 Offices.** The Association's offices shall be located in the State of Texas, in the City of Austin, County of Travis.

**Section 1.2 Agent for Service.** The Executive Director or the person acting in that capacity shall be the designated agent for service of process for the Association, whose offices shall be at the same location as the Association's offices.

**Article 2**

**Members**

**Section 2.1 Association Members.** The members of the Association shall be as set forth in the Plan of Operation and the Act.

**Article 3**

**Board of Directors**

**Section 3.1 General Powers.** The powers of the Board of Directors shall be as set forth in the Plan of Operation and the Act.

**Section 3.2 Number, Tenure and Qualifications.** The number of directors shall be selected and shall hold office as set forth in the Plan of Operation and the Act.

## **Texas Life and Health Insurance Guaranty Association Bylaws**

---

**Section 3.3 Regular Meetings.** Regular meetings of the Board of Directors shall be held as set forth in the Plan of Operation. Written notice of the business to be transacted at any regular meeting of the Board of Directors shall be provided to each director prior to the meeting. Meetings shall be held at the Association offices in Austin, Texas, unless the notice designates otherwise. Any meeting site other than the Association offices must be in the state of Texas and fully accessible to the public. Telephonic and video conference meetings may be held, and shall be in compliance with the Open Meetings Act, the Plan of Operation, and the Act.

(a) Vacancies. Upon a vacancy in the Chairperson office, the Vice-Chairperson shall act as the Chairperson until the next meeting of the Board of Directors. Upon vacancies in the Chairperson and Vice-Chairperson offices, the Secretary, the Treasurer, or Secretary-Treasurer shall act as the Chairperson until the next meeting of the Board of Directors. The Board of Directors shall elect new officers at its next meeting.

**Section 3.4 Special Meetings.** Special meetings of the Board of Directors may be called by written notice issued to all of the members of the Board of Directors at the direction of the Chairperson of the Association or the person acting as the Chairperson or by any two Directors. Such written notice shall state the purpose or purposes of the meeting, and shall fix the time, date and place at which such special meeting is to be held. The person(s) calling such meeting shall provide for the filing of the proper notice of the meeting. Meetings shall be held at the Association offices in Austin, Texas, unless the notice of said meeting designates otherwise. Any meeting site other than the Association offices must be in the state of Texas and fully accessible to the public. Telephonic, videoconference, and similar telecommunication method meetings may be held, and shall be in compliance with the Open Meetings Act, the Plan of Operation, and the Act.

**Section 3.5 Notice.** Notice for all meetings of the Board of Directors shall be as required by the Open Meetings Act, or the notice period set forth below, whichever is longer.

(a) Non-emergency meetings. Written notice of non-emergency meetings of the Board of Directors shall be given to each Director at least seven (7) days before the meeting.

Notice shall be conclusively presumed to have been given if a written notice is delivered personally or mailed to a member at his/her address as shown in the records of the Association or sent by facsimile at the facsimile number shown on the records of the Association. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail addressed to the member at his/her address as shown in the records of the Association. Written notice of the time, date, place, and subject of non-emergency meetings must be posted by the Secretary of State at least seven (7) days before the day of the meeting. The posting of such notice shall be made in the same manner as prescribed for notice of Board of Directors meetings as set forth in the Association's Policy and Procedure Manual in effect at that time.

(b) Emergency meetings. Notice of emergency meetings of the Board of Directors shall be given in writing to each Director at least two (2) hours before the meeting. Notice shall be effective if it is delivered in person or sent via telefacsimile to the facsimile number shown on the Association's records.

Written notice of the time, date, place, and subject of emergency meetings must be posted by the Secretary of State at least two (2) hours before the time the meeting is scheduled to begin. The posting of such notice shall be in the same manner as prescribed for notice of emergency Board of Directors meetings as set forth in the Association's Policy and Procedure Manual in effect at that time.

**Section 3.6 Quorum.** The presence of a majority of the Directors holding such office on the date of a meeting of the Board of Directors shall constitute a quorum for the transaction of business at such meeting, unless a larger number is required to constitute a quorum by the Plan of Operation, the Act or by these Bylaws.

**Section 3.7 Manner of Acting.** The vote of a majority of the Directors present at a meeting at which a quorum is present shall be the act of the Board of Directors, unless a larger majority is required by the Plan of Operation, the Act or by these Bylaws.

**Section 3.8 Interested Directors.** If a Director has, directly or indirectly, a personal, private or business interest in a matter to be voted upon by the Board of Directors or by a committee of the Board of Directors, he/she shall be deemed to be an "Interested Director" and such Director shall disclose to the Board of Directors or to the committee, as the case may be, such personal, private or business interest prior to the vote on such matter. Such Interested Director(s) shall not vote upon the matter to which such interest pertains. The vote of a majority of the disinterested directors shall be the act of the Board of Directors or the committee, as the case may be, even though the disinterested directors may be less than a quorum.

An "Interested Director" shall include:

- (a) in the case of action by the Board of Directors, or a committee of the Board of Directors, with respect to any member insurer (whether impaired or insolvent or otherwise), a Director who is an officer or Director of such member insurer or an affiliate of such member insurer, or
- (b) in the case of action by the Board of Directors, or a committee of the Board of Directors, with respect to a person or entity other than a member insurer, a Director who is an affiliate of such person or entity, or
- (c) a Director who otherwise has (or his/her affiliates have) a material financial interest in the matter or transaction which is the subject of action by the Board of Directors.

Notwithstanding the foregoing provisions, no Director shall be deemed to be an Interested Director solely by virtue of the fact that such Director may be an officer or Director of a member insurer subject to assessments by the Association, or an officer or Director of an affiliate of such member insurer.

**Section 3.9 Presumption of Assent.** A Director who is present at a meeting of the Board of Directors or at the meeting of a committee of the Board of Directors at the time when action on any Association matter is taken shall be conclusively presumed to have assented to the action taken unless such Director's negative vote or abstention, as the case may be, shall be entered in the minutes of the meeting or unless such Director shall file his/her written dissent or abstention to such action with the person acting as the Secretary of the meeting before the adjournment thereof. Such right to dissent or abstain shall not apply to a Director who voted in favor of such action.

## **Article 4**

### **Officers**

**Section 4.1 Officers.** The Board of Directors shall elect from its membership the following Board officers: a Chairperson, a Vice-Chairperson, a Secretary-Treasurer, or a Secretary and a Treasurer. At least one Board officer must be a public member. The Board of Directors may also employ operational officers, including an Executive Director, one or more Assistant Executive Directors and a General Counsel, to have the authority and perform the duties prescribed by the Board of Directors.

**Section 4.2 Election and Term of Office.** The officers of the Board of Directors shall be elected annually by the Board of Directors at the first regular meeting of the Board of Directors each fiscal year. Operational officers may be employed at any meeting of the Board of Directors.

**Section 4.3 Removal.** Any officer may be removed by the Board of Directors whenever in their judgment the best interests of the Association would be served by his/her removal. Any operational officer may be removed by the Board of Directors or the President/Executive Director whenever in their judgment the best interest of the Association would be served by his/her removal, but such removal shall be without prejudice to the contract rights, if any, of the operational officer so removed.

**Section 4.4 Vacancies.** A vacancy in any office because of death, resignation, removal, disqualification or otherwise, may be filled by the Board of Directors at any meeting for the unexpired portion of the term.

**Section 4.5 Executive Director.** The Executive Director shall be the principal executive officer of the Association and shall in general supervise and control all of the day to day business and affairs of the Association. He/she may sign, with any other proper officer of the Association authorized by the Board of Directors, any contracts or other instruments which the Board of Directors has authorized to be executed, except in cases where the signing and execution shall be expressly delegated by the Board of Directors, these Bylaws or by the Act to some other officer or agent of the Association; and in general he/she shall perform all duties incident to the office of Executive Director and such other duties as may be prescribed by the Board of Directors. The Chairperson may authorize and direct the Executive Director and/or staff of the Association to take necessary and appropriate action with respect to an entity identified as an "Impaired Insurer" by the Texas Insurance Commissioner, if an immediate response appears reasonably appropriate under the

Act. Any such action shall be subject to approval by the Board of Directors at the next regularly scheduled meeting of the Board of Directors. The Executive Director shall not have assessment authority or authority to borrow money.

**Section 4.6 Assistant Executive Directors and Other Officers.** Assistant Executive Directors and other officers of the Association shall perform such duties as may be assigned to him/her by the Executive Director or by the Board of Directors.

**Section 4.7 Delegation.** The Board of Directors may delegate temporarily the powers and duties of any officer of the Association, in case of his or her absence or for any other reason, to any other officer, and may authorize the delegation by any officer of the Association of any of his powers and duties to any agent or employee, subject to the general supervision of such officer.

## **Article 5**

### **Committees**

**Section 5.1 Committees of Directors.** The Board of Directors may designate and appoint such committees as set forth in the Plan of Operation or these Bylaws.

**Section 5.2 Committee Procedures.** The Board shall adopt policies and procedures relating to the conduct of committee meetings, which shall be made part of the Association's Policy and Procedures Manual in effect at that time, and which may be amended by the Board of Directors at any regular or special meeting.

**Section 5.3 General Powers of Committees.** The powers of the committees shall be as set forth in the Plan of Operation or these Bylaws, and shall be in compliance with the Act.

**Section 5.4 Rules.** Each committee may adopt written rules for its own governance not inconsistent with these Bylaws, the Plan of Operation, the Act, the Open Meetings Act, Committee Charter, if any, or with the policies adopted by the Board of Directors.

**Section 5.5 Number and Tenure of Committee Members.** At the first Board of Directors meeting of each calendar year, the Board of Directors shall appoint at least three (3) Directors to serve on each standing committee, one of whom the Board of Directors shall appoint as chairperson of the committee. Each member of a committee shall continue as a member until his/her successor is appointed, unless the committee shall be terminated sooner, unless a member is removed from the committee by the Board of Directors, or unless the member shall cease to serve as a member of the committee or the Board of Directors. Vacancies in the membership of any committee may be filled by appointments made by the Board of Directors at any Board of Directors meeting.

**Section 5.6 Committee Meetings.** Meetings of committees shall be conducted in compliance with the Open Meetings Act, the Act, the Plan of Operation, Bylaws, Committee Charter, if any, and policy and procedures pertaining to committees. Meetings shall be held at regular intervals designated by the Board of Directors. A meeting of a committee may be called by

## **Texas Life and Health Insurance Guaranty Association Bylaws**

---

written notice issued to all of the members of the committee at the direction of the committee, the chairperson of the committee, any two members of the committee, or the Chairperson of the Board. Such written notice shall state the purpose or purposes of the meeting, shall fix the time, date, and place at which such meeting is to be held. The person(s) calling such meeting shall provide for the filing of the proper notice of the meeting. Meetings shall be held at the Association offices in Austin, Texas, unless the notice designates otherwise. Any meeting site other than the Association offices must be in the state of Texas and fully accessible to the public. Telephonic meetings may be held, and shall be in compliance with the Open Meetings Act, the Plan of Operation, and the Act.

**Section 5.7 Standing Committees.** Standing committees are those committees specifically set forth in these Bylaws, and are of infinite duration and for the purposes set forth below.

(a) Executive Committee. The Executive Committee shall consist of at least three (3) Directors of the Association. The Executive Committee shall have and may exercise all of the authority of the Board of Directors in the management of the Association except that such committee shall not have the authority of the Board of Directors in reference to amending, altering or repealing the Bylaws or the Plan of Operation; electing, appointing or removing any member of a committee of the Board of Directors; or amending, altering or repealing any resolution of the Board of Directors unless by its terms such resolution provides that it may be amended, altered or repealed by such committee; imposing assessments upon the member insurers or refunding such assessments; borrowing money; or exercising any authority of the Board of Directors that has been expressly reserved to the Board of Directors by the Plan of Operation, the Act, these Bylaws or a resolution of the Board of Directors.

(b) Audit Committee. The Audit Committee shall consist of at least three (3) Directors of the Association. The Audit Committee shall review the auditing of all books and records of the Association, and perform such other duties as described in the Audit Committee Charter. The Audit Committee shall report its recommendations, findings, and conclusions to the Board of Directors at the meeting of the Board of Directors next following a meeting of the committee. The audit committee has no authority to act for the Board of Directors unless the Board of Directors grants such authority in a resolution adopted by the Board of Directors.

(c) Assessment/Investment Committee. The Assessment/Investment Committee shall consist of at least three (3) Directors of the Association. The Assessment/Investment Committee shall review records of the Association relating to assessments levied upon the member insurers, provide recommendations to the Board of Directors regarding the investment of Association funds, oversee the management of the Association custodial account with an institutional custodian for the purpose of safekeeping securities purchased in the name of the Association, and oversee the Association's investments in accordance with the Association's investment policy. The Assessment/Investment Committee shall make recommendations regarding assessments and perform such other duties as described in the Assessment/Investment Committee Charter. The Assessment/Investment Committee shall report its recommendations, findings, conclusions, and oversight activities to the Board of Directors at the meeting of the Board of Directors next following a meeting of the committee. The Assessment/Investment Committee has no authority to act for the

## **Texas Life and Health Insurance Guaranty Association Bylaws**

---

Board of Directors unless the Board of Directors grants such authority in a resolution adopted by the Board of Directors.

(d) Personnel Committee. The Personnel Committee shall consist of at least three (3) Directors of the Association. The Personnel Committee shall review annually the performance and compensation of the Executive Director, consider benefits for all employees, monitor all training that may be required by any Association policies, and such other duties as described in the Personnel Committee Charter. The Personnel Committee shall report its recommendations, findings, conclusions, and oversight activities to the Board of Directors at the meeting of the Board of Directors next following a meeting of the committee. The Personnel Committee has no authority to act for the Board of Directors unless the Board of Directors grants such authority in a resolution adopted by the Board of Directors.

**Section 5.8 Ad hoc Committees.** The Board of Directors may designate and appoint ad hoc committees from time to time as the Board of Directors may deem to be appropriate. The authority, duration, membership, and chairperson of ad hoc committees shall be set forth in the resolution creating the ad hoc committee and adopted by the Board of Directors. The ad hoc committee shall report its recommendations, findings and conclusions to the Board of Directors at the meeting of the Board of Directors next following a meeting of the committee.

**Section 5.9 Notice.** Notice for all committee meetings shall be in writing and shall be as required by the Open Meetings Act, or the notice period set forth below, whichever is longer.

(a) Non-emergency meetings. Notice of non-emergency meetings of a committee shall be given to each committee member at least seven (7) days before the meeting.

Notice shall be conclusively presumed to have been given if a written notice is delivered personally or mailed to a member at his/her address as shown in the records of the Association or sent by telefacsimile at the facsimile number shown on the records of the Association. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail addressed to the member at his/her address as shown in the records of the Association. Written notice of the time, date, place, and subject of non-emergency meetings must be posted by the Secretary of State at least seven (7) days before the day of the meeting. The posting of such notice shall be made in the same manner as prescribed for notice of Board of Directors meetings as set forth in the Association's Policy and Procedures Manual in effect at that time.

(b) Emergency meetings. Notice of emergency meetings of a committee shall be given to each member at least two (2) hours before the meeting. Notice shall be effective if it is delivered in person or sent via telefacsimile to the facsimile number shown on the Association's records.

Written notice of the time, date, place, and subject of emergency meetings must be posted by the Secretary of State at least (2) hours before the time the meeting is scheduled to begin. The posting of such notice shall be in the same manner as prescribed for notice of emergency Board of Directors meetings as set forth in the Association's Policy and Procedures Manual in effect at that time.

**Section 5.10 Quorum.** A majority of the members of the committee holding such office on the date of a meeting of the committee shall constitute a quorum, unless more members are otherwise required as provided by resolution of the Board of Directors. If a member of a committee is unable to or does not attend a scheduled committee meeting, such member, or the chairperson or other member of such committee, is empowered to appoint another Director to act as a temporary substitute committee member for the member unable to attend the committee meeting for purposes of achieving a quorum. Such temporary substitute member should have all powers and authority of the member for whom he or she is substituting during such scheduled meeting, but such powers and authority shall terminate upon the adjournment of such scheduled meeting.

**Section 5.11 Action of Committee.** In order for a committee to take any action, a quorum of the committee must be present throughout the meeting. The vote of a majority of the committee members present at a meeting at which a quorum is present shall be the act of the committee, unless a larger majority is required by the Plan of Operation, the Act, these Bylaws, or by resolution of the Board of Directors.

**Section 5.12 Executive Sessions.** A committee may meet in executive (closed) session only to deliberate pending or contemplated litigation, including settlements, the appointment or evaluation of Association personnel, or other matters that may be discussed and deliberated in closed session under the Open Meetings Act.

## **Article 6**

### **Records of Meetings**

**Section 6.1 Records of Meetings.** The Board of Directors and the committees of the Board of Directors shall keep records of each meeting as set forth below.

(a) Official Minutes – Digital or Audio Recordings.

(i) A digital or audio recording of each meeting shall be made. The digital or audio recordings of a meeting are the official minutes of the meeting. Digital or Audio recordings shall be prepared and maintained in the manner as more fully set forth in the Association's Policy and Procedures Manual in effect at that time.

(ii) A separate digital or audio recording shall be made of each executive session meeting of the Board of Directors or committee. Digital or audio recordings shall be prepared and maintained in the manner as more fully set forth in the Association's Policy and Procedures Manual in effect at the time. The digital or audio recordings of the executive session of a meeting shall be stored and access provided in the manner as more fully set forth in the procedures for storage and maintaining confidential digital or audio recordings of the meetings of the Association.

(b) Summary of the Official Minutes.

## **Texas Life and Health Insurance Guaranty Association Bylaws**

---

(i) A written Summary of the Official Minutes of each meeting of the Board of Directors or committee, except executive sessions, shall be prepared at the direction of the chairperson.

(ii) The Summary of the Official Minutes of each meeting of the Board of Directors shall be reviewed and approved by the Board of Directors at its next meeting and shall be signed by the person or persons who acted as Chairperson and Secretary of such meeting.

(iii) The Summary of the Official Minutes of each meeting of a committee shall be presented to the committee at the next committee meeting in which the minutes are reviewed and approved by the committee, and shall be signed by the person who acted as Chairperson and one other committee member who attended such meeting.

### **Article 7**

#### **Books and Records**

**Section 7.1 Association Records.** The Association shall keep correct and complete books and records of accounts and shall also keep records of the proceedings of its Board of Directors and committees of the Board of Directors, as described in Article 6 of these Bylaws, except that no written summary will be kept of executive sessions.

**Section 7.2 Confidentiality.** All records, documents and other information obtained by the Association shall be confidential as required by law.

### **Article 8**

#### **Fiscal Year**

**Section 8.1 Fiscal Year.** The fiscal year of the Association shall begin on the first day of January and end on the last day of December in each year.

### **Article 9**

#### **Amendments**

**Section 9.1 Amendment of Bylaws.** These Bylaws may be amended and/or restated by the Board of Directors. The proposed amendments and/or restatements shall be provided to the Board of Directors at least five days prior to the meeting in which the vote is to be held.

### **Article 10**

#### **Certificate of Secretary**

Amended or amended and restated Bylaws adopted by the Board of Directors shall be signed and dated by the Secretary to certify their adoption thereof and date of adoption thereof.

**Texas Life and Health Insurance Guaranty Association Bylaws**

---

Certification

The Amended and Restated Bylaws of the Texas Life and Health Insurance Guaranty Association Bylaws were adopted by the Association Board of Directors on July 26, 2011.

By: \_\_\_\_\_  
John Henry McDonald, Secretary

Date: \_\_\_\_\_