



AMERICAN FRATERNAL ALLIANCE
CEO Forum

June 26, 2018

Transition Bulletin: FAQs

On June 5, 2018, the Alliance Board of Directors approved several proposals to facilitate the transition to the organization's new operating model effective January 1, 2019.

To keep you up to date on the Board's decisions and the transition process, we have prepared the following "Frequently Asked Questions" to address the most common issues raised by members at the 2018 Alliance Executive Summit and Spring Symposium. Please review the FAQs and contact me, any Alliance Board member, or Alliance CEO Joseph Annotti for more details on any specific issue, or for a topic not covered in this document.

Is the Alliance merging with the National Association of Mutual Insurance Companies (NAMIC)?

Earlier this year, the Board voted unanimously to retain NAMIC Services Corporation (NSC) as the Alliance's association management company (AMC). NSC is a for-profit subsidiary of the National Association of Mutual Insurance Companies (NAMIC) with corporate headquarters in Indianapolis, IN, and a satellite office in Washington, DC.

NAMIC is a national trade association that represents more than 1,000 mutual property/casualty insurers. NAMIC created NSC nearly a decade ago and the company now manages more than a dozen trade groups, primarily state trade associations of mutual insurers, but also a handful of national insurance industry trade groups. The Alliance will be one of NSC's largest clients.

The Alliance is not merging with NAMIC; we are contracting with NSC to provide specified association management services to achieve the following goals:

- Create a financially sustainable business model for the Alliance
- Improve the Alliance's state and federal advocacy capabilities
- Continue to provide meaningful education and information services to member societies
- Create the opportunity for an immediate presence in Washington, DC, and facilitate the future relocation of the CEO and/or the remaining Alliance staff to Washington, DC
- The Board also considered the cultural fit of the Alliance with the AMC, as well as the ease of transition to the new model and the quality of support staff of each AMC candidate.

What is the timeline for transition to the association management company operating model?

The transition to the association management operating model is in full swing. Over the next four months, Alliance staff will work with NSC staff to transfer the organization's administrative and operations functions, including accounting and finance; human resources; information technology; web site management; and event planning to NCS by November 1, 2018. This will allow Alliance and NSC staff to work together for two months to test systems, identify and correct bugs, and prepare for the full transition to the new operating model on January 1, 2019.

By outsourcing these functions to NSC, Alliance staff will be able to focus on the organization's most important member benefits:

- State and federal advocacy initiatives
- Fraternal-specific education and information programs
- Networking opportunities for member society executives and employees.

Will the Alliance retain any full-time professional staff?

The Alliance will retain three full-time staff positions. Joseph Annotti and Allison Koppel will continue to serve the Alliance in their current roles.

Annotti will be responsible for the overall management of the organization, including strategic planning. His primary duties will focus on leading the Alliance's state and federal advocacy initiatives. Koppel will be responsible for management of the Alliance's education, information, networking, and membership benefits programs, as well as facilitating the transition to the new operating model.

The third staff member will be responsible for marketing and communications functions, producing and distributing the vast amount of information the Alliance develops for its members. This includes creating marketing and promotional materials for Alliance-sponsored education programs and other membership benefits, updating and organizing the information on the Alliance web site, distributing legislative and regulatory bulletins to targeted audiences of member societies, and maintaining an active presence on the Alliance's social media platforms.

The Board will reassess staff needs and the overall performance of the Alliance after one year of operations under the association management model. The development of a formal CEO succession plan will be an integral part of a three-year (2019-21) strategic plan that the CEO and the Board are creating.

What will happen to the other current Alliance staff members?

Three of the Alliance's 10 staff members have left the Alliance since the Board's decision to move to a new operating model. The remaining five staff members' positions will be eliminated on December 31, 2018. Two of those five staff members plan to retire at the end of the year. The Alliance will provide outplacement services to the other three staff members to assist them in the transition to new positions. All staff members whose positions will be eliminated and who remain in their jobs through December 31, 2018, will receive an incentive compensation payment for assisting the organization in making a smooth transition to the new operating model.

Where will the Alliance headquarters be located?

Both Annotti and Koppel will work remotely beginning in 2019, as the Alliance's current office space will be sub-leased through the end of the current lease term. Annotti and Koppel will periodically utilize space in NSC's Indianapolis office, and Annotti will spend a significant percentage of time working from the Alliance's new Washington, DC, office, which will be housed in NAMIC's Capitol Hill office suite.

The third staff member will likely be based in NSC's Indianapolis office and will work closely with other NSC staff members on Alliance-related projects. This will allow the Alliance to not only have a staff member "embedded" with our association management partner, it will also allow the organization to take advantage of the lower costs associated with hiring employees in the Indianapolis market.

How will members be able to contact Alliance staff?

Beginning in January 2019, member phone calls to the Alliance will be answered by an NSC receptionist in Indianapolis rather than the electronic answering system currently in use. The receptionist will route calls to the appropriate Alliance staff member. Members will also continue to have immediate access to all Alliance staff via cell phones and email.

How will the new operating model improve the Alliance's advocacy initiatives?

Providing members with effective political advocacy at the state and federal level has been and will continue to be the most important component of the Alliance mission, and the Alliance Board and staff will retain responsibility for all advocacy and policy activities. The Alliance Board, working with various member Task Forces appointed by the Board, is responsible for adopting the policy positions on legislative and regulatory issues that affect the fraternal community, and for directing the advocacy initiatives that address these issues.

Alliance CEO Joseph Annotti is responsible for working with the Board to develop policy positions and for carrying out the various projects and programs designed to implement those positions. This includes retaining and working with lobbyists and other consultants, coordinating grasstops and grassroots programs involving member society representatives, and building coalitions with other industry groups on issues to ensure that the fraternal voice is heard by elected officials and regulators.

At the federal level, the Alliance retains Capitol Counsel, a Washington, DC-based lobbying firm, to be our "eyes and ears" on Capitol Hill. We also work closely with Thrivent and Knights of Columbus, our two members that maintain a presence in Washington, DC, either through a retained lobbying firm or with local staff.

These efforts will be enhanced in 2019 as the Alliance CEO will be able to expand the organization's presence and brand with both policymakers and industry allies, such as ACLI and NAIFA, by spending more time in the Alliance's new Capitol Hill office.

And finally, the Board approved the initial steps to create a federal Political Action Committee (PAC) that will allow the PAC to raise funds from member society PACs, executives, employees, board members, and field representatives and distribute them to our supporters in Congress. The Alliance will begin work on the legal, governance, and organizational structure of the PAC in 2018 and, if approved by the Board, begin raising funds in 2019. Watch for more information on the significant development in future member Bulletins.

At the state level, the Alliance will continue to rely on staff, member societies, and partnerships with state and national trade groups to advance its proactive agenda and defend against any proposals that would negatively impact fraternal. These efforts will be supplemented, where needed, with the retention of state lobbyists, as was the case in both Oregon and South Dakota in 2018.

At the NAIC level, Alliance staff, working closely with a task force of members that are actively engaged with NAIC issues and with other industry trade groups, will be primarily responsible for monitoring the work of the various NAIC Committees, analyzing model act proposals to determine their impact on fraternal, and developing plans to respond to such measures.

How will the Alliance deliver education, information, and networking services to members?

While the Board understands the importance of ensuring that the fraternal voice is heard on Capitol Hill, in state capitals, and at the NAIC, we also realize the importance of the other components of a trade association including education, information, and networking.

The Alliance's new operating model will keep many of the traditional programs that you and your staff value in place. Conferences like the Executive Summit and the Spring Symposium will be the two primary educational and networking events for members in 2019 and beyond. The 2018 Annual Meeting will be the final version of this event.

We will also be phasing out some unpopular and/or unprofitable programs, unveiling new ones thanks to our relationship with NSC, and testing new ways to bring more and better services to members through partnerships and strategic alliances with other trade groups and vendors.

Will there be any changes to program content and format for the 2019 Executive Summit?

The 2019 Executive Summit is scheduled for September 23-25 at the Liaison Hotel on Capitol Hill in Washington, DC. Beginning with the 2019 event, the Executive Summit will also incorporate the Annual Business Meeting of the Alliance, where members will elect the Board of Directors and consider proposed changes to the Alliance's governance structure.

The format and content for the 2019 Executive Summit will be similar to previous meetings that have been held in Washington and will include a full day of educational programs designed exclusively for CEOs and COOs, plus an afternoon of congressional visits. Sponsorships for this event will continue to be extremely limited to provide member society executives important networking opportunities with their colleagues.

The Board's Education, Information and Membership Benefits Committee will meet to discuss ways to improve the Executive Summit, including expanding participation to a larger group of member society "C-Suite" executives. They will also discuss the possibility of conducting the meeting in Washington on a biennial basis, with alternate years in other popular locations.

What about the 2019 Spring Symposium?

The Education, Information and Membership Benefits Committee will design a second Alliance event for 2019 that will be based on the very successful Spring Symposium model. Our objective is for the Symposium to become the premier fraternal networking event of the year, bringing members and associate members from across the country and a variety of disciplines together to network and learn from experts in their fields, as well as one another.

We know that fraternal and communications professionals at our member societies cannot easily find educational content and networking opportunities for their specific disciplines, so providing this unique group of individuals with fraternal-specific learning programs is a high priority for the Alliance.

The number and focus of the other educational tracks at the Symposium will be based on member demand and attracting enough attendees to make the programs financially sustainable. In addition to fraternal and communication sessions, these tracks could include governance, business operations, technology, and management/leadership skills.

We know that the most critical element of this meeting is the opportunity for fraternal professionals to come together, share ideas, and create effective communications networks. We welcome feedback from member society CEOs like you as to how we can best accomplish this goal.

Are any new educational programs or networking opportunities being considered?

The Alliance is exploring the formation of partnerships with other education providers and the possibility of scheduling regional meetings of member societies to reduce the financial expense and time away from the office created by attending national meetings.

These partnerships could be with life insurance industry trade groups for topics and disciplines that are common to both commercial insurers and fraternal - actuarial issues, product development, underwriting, distribution, etc. - and with non-traditional partners that focus on broader management, leadership, and governance issues. Stay tuned for more information on these potential partnerships in the coming months.

The regional meeting concept is growing in popularity across the broader association community, as many large, national organizations from professional societies to manufacturing trade groups are facing dwindling attendance at their traditional annual meetings and finding that regional events are a more cost-effective way to educate and engage members. Since Alliance members are clustered in a handful of states and regions, this format may work very well for our membership.

What about information services, especially related to compliance with new laws and regulations?

The Board knows how important it is for the Alliance to provide its members with accurate and timely information on legislative and regulatory issues, particularly the enactment of new laws and rules and basic advice on how to comply with them. One of the benefits of having NSC as our association management company is the potential to customize NAMIC's existing property/casualty compliance information resources for the life and annuity issues important to Alliance members.

Access to NAMIC's interactive web-based compliance service for Alliance members is one of the most interesting of these potential benefits. Over the summer, the Alliance will organize a working group of member society compliance professionals to review the current version of the NAMIC property/casualty compliance information service to confirm that format and content are responsive to our members' needs. If the Alliance working group concurs, we will work with NAMIC to develop the life and annuity issues and the fraternal specific compliance charts will be made available to Alliance members.

The Alliance is also working with NAMIC to arrange for tracking and analysis of state legislative and regulatory introductions and to participate in various NAIC Committees to ensure that the Alliance staff and Board is aware of emerging issues for policy development and advocacy activities, and to create bulletins to inform members of critical issues on an as-needed basis.

What will happen to other membership benefits?

While our popular Errors & Omissions program and Directors & Officers coverage through Calsurance will stay in place, many other programs will be eliminated due to low participation, member usage, and/or lack of revenue generation. These include:

- Educational webinars and teleconferences (although the Alliance will be promoting the offerings of other affiliated groups)
- Board Institute Boot Camp, Core Course and Master Class (some governance offering may be provided at Symposium and NAMIC offers outstanding board development curriculum)
- Yearbook (electronic directories, charts and reports will still be accessible online)
- FraternalGIVE.org

We Would Like Your Feedback

The Board is committed to providing you with the most accurate and up-to-date information on the transition to the new business model. We hope this latest Bulletin answers many of the questions about the future of the Alliance that may be on your minds. More information on this project will be presented at the Alliance's Annual Meeting in Minneapolis in September. In the meantime, we would like to hear your thoughts on this transformation. Please contact Alliance CEO [Joseph Annotti](#) or Alliance Board Chair [Kevin Marti](#) with your questions, comments, or concerns about the Board's decision and the impact of the new Alliance operating model on your society.

Best regards,



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